

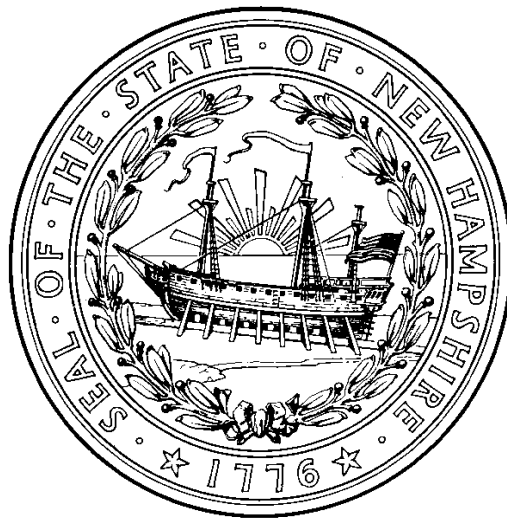
# Vital Signs 2004

## Economic and Social Indicators for New Hampshire

1999-2002

January 2004

a Labor Market Information Report



THE STATE OF NEW HAMPSHIRE  
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This annual review of New Hampshire's economic and social indicators is designed to present, in a concise manner, many significant aspects of the state's economic, social, and environmental structure. Four years of data are reported, when available, in order to depict recent trends. Comparisons are made with other states, the region, or the nation when appropriate.

Some data items have been drawn from published reports or unpublished records of many state and federal government agencies and private organizations. Other data was retrieved from the Internet. We are indebted to the numerous individuals who contributed special information or provided advice on evaluating reported data. Sources are identified by abbreviations in the right hand column in the tables of indicators. Attention should be paid to notations included with the line titles about data size and time intervals used. Fiscal year numbers are displayed under the second calendar year involved and run from July of the previous year to June of the following year, unless otherwise noted. For example, enrollments for the 2001-2002 school year are shown under 2002. Whenever possible, 2003 updates are reported along with other information in the summary analysis. While the data contained in this publication had been compiled from sources believed to be reliable, no guarantee is made as to the correctness, sufficiency, or completeness of such information.

Some of the data items in the tables are available for substate areas. If you need additional data please contact the Economic and Labor Market Information Bureau at (603) 228-4124.

The observations expressed in this report do not necessarily reflect those of New Hampshire Employment Security, and no official endorsement should be inferred.

## 1. Population

The population in New Hampshire increased by 15,697 from July 2001 to July 2002 and reached a total of 1,275,056 ❁ The median age in New Hampshire has increased steadily since 1988 from 32.1 years of age to 37.9 in 2002 ❁ For every two Florida residents who moved to New Hampshire, three New Hampshire residents moved to Florida between 2001 and 2002 ❁ In the 1980 Census, *White, not of Hispanic origin*, made up 98.4 percent of total New Hampshire population, compared to 95.3 percent of the total in 2000 ❁

## 2. Income & Wages

Total personal income grew by only 3.7 percent in 2001 to \$42.8 billion and then 2.2 percent in 2002, reaching \$43.7 billion ❁ Unemployment insurance benefits more than doubled in the Granite State from 2001 to 2002 ❁ Disposable income was \$30,285 per person in 2002, an increase of 3.7 percent over 2001 ❁ The national share of disposable income saved reached a 63-year low in 2001 ❁

## 3. Labor Force & Unemployment

New Hampshire's civilian labor force reached 705,630 in 2002, an over-the-year increase of 5,460 ❁ The number of unemployed people in their late 40s and early 50s saw the largest increase, nearly doubling from 4,000 in 2001 to 8,000 in 2002 ❁ As the nation slipped into the latest recession, the number of weeks compensated climbed to about 255,000 in 2001 and then to over 421,000 in 2002 ❁

## 4. Employment by Industry

Total nonfarm employment in New Hampshire in 2002 decreased by 1.4 percent over-the-year, ending a decade of growth ❁ The goods producing domain employment declined by 9.5 percent in the state in 2002, a bigger drop than both in New England and in the United States ❁ For the 1999-2002 period, service providing employment increased by 25,200 jobs ❁ Manufacturing employment in New Hampshire declined by 12,200 jobs from 2001 to 2002 ❁

## 5. Occupational Trends

Computer and Health jobs still maintain strong growth ❁ Retail supervisors, retail salespeople and cashiers rank either first or second in the state with the highest concentration of those workers ❁ Seven of the top 10 occupations with the most job losses are in Manufacturing ❁

## 6. Private Enterprise

In 2002 the state lost 21 percent of its Manufacturing jobs ❁ New Hampshire had 32,834 small businesses in 2002 and ranked 14<sup>th</sup> among the 50 states with highest concentration of small businesses ❁ The number of private firms in New Hampshire decreased 136 from March 2002 to March 2003 ❁ The New Hampshire Biotechnology Council has been tracking 120 companies involved in biotech and bio-science related disciplines, since 2001 ❁

### 7. Transportation & Traffic

With the increasing demands to travel in and through New Hampshire, the state continues to make major enhancements to its infrastructure ❁ Interstate 93 has become the economic lifeline to most of the State's major cities ❁ In 2005, the New Hampshire E-Z Pass user will be able to travel from Maine to Virginia without stopping at the tollbooths ❁ Manchester Airport serviced 3.4 million passengers and moved over 90.7 tons of cargo and 40.5 tons of mail in 2002 ❁

### 8. Energy

New Hampshire ranks 20<sup>th</sup> nationally in per capita energy expenditures with \$2,611 spent per person ❁ Gasoline prices reached a peak of \$1.742 per gallon for regular unleaded on Labor Day weekend ❁ The increase in home heating oil to a high of \$1.80 per gallon in March 2003 was a concern for many, because 58 percent of New Hampshire households use oil to heat their home ❁

### 9. Production

The value of manufacturing products in New Hampshire was hit the hardest of all the industries with a 13.8 percent drop ❁ New Hampshire and Massachusetts were the only New England states that showed negative growth in real GDP ❁ New Hampshire's total compensation of employees increased by 3.04 percent, which exceeded both the national and regional levels of increase ❁ From 2001 to 2002 New Hampshire exports to the world decreased 22.4 percent, which is not surprising considering the recession

### 10. Trade, Recreation, & Hospitality

The disappearance of the Old Man did not hurt tourism in New Hampshire in 2003 ❁ In April 2003, the New Hampshire Division of Travel and Tourism Development launched a "first-of-a-kind" in-state promotion designed to help New Hampshire lodging facilities increase off-season and mid-week occupancy ❁ More than 725,000 people visited the Verizon Wireless Arena from November 2002 to November 2003 ❁ Total retail sales in New England increased 0.3 percent from 2002 to \$207.5 billion in 2003 ❁

### 11. Construction & Housing

The low supply of affordable housing in New Hampshire and high demand for it drove up the average selling price for homes to historic levels ❁ Housing units authorized by permits in New Hampshire climbed to 8,700 in 2002 ❁ From 1999 to 2002, Construction employment in the state increased by 10.3 percent, adding more than 2,600 new jobs ❁ The recession of 2001 didn't seem to have an effect on home prices as the average price was up nearly 13 percent over-the-year to \$211,569 in 2002 ❁

### 12. Finance - Private

Mortgage rates hit a record low of 4.99 percent for the week ending June 13, 2003 and mortgage loan applications reached a record high for the week ending May 30, 2003 ❁ Granite State savings institutions posted over-the-year gains in assets and deposits of 9.6 percent and 11.7 percent, respectively ❁ For the second year in a row bankruptcy filings in New Hampshire increased, from 3,887 in 2001 to 4,018 in 2002 ❁

### 13. Finance - Government

The impact of the economic downturn was evidenced by the shortfall of the Business taxes received, at \$36.1 million below Fiscal Year 2003 plan expectations ❁ Fiscal Year 2004 year to date figures showed a continuing trend of Business profits tax being under the budget plan's expectations with \$21.1 million ❁ New Hampshire is projected to have a six percent deficit of the budget for Fiscal Year 2004 ❁

### 14. Education

As part of the No Child Left Behind Act of 2001 (NCLBA), New Hampshire started to hold all public schools accountable for adequate yearly progress (AYP) ❁ New Hampshire's definition of AYP includes growth expectations such that all students shall meet the "basic" level on state assessment tests in reading and mathematics no later than 2013-2014 ❁ New Hampshire ranked seventh in the nation in overall educational attainment ❁ In 2003 New Hampshire received \$2.1 million, the first year out of a six-year Reading First federal grant to improve students' reading abilities ❁

### 15. Health

US Bureau of Census estimated that there were 125,000 uninsured persons in New Hampshire in 2002 or 9.9 percent of the New Hampshire's population ❁ Considering that a lot of people have lost their jobs due to the recession, it is not surprising that the number of uninsured rose five percent in New Hampshire from 2001 to 2002 ❁ New Hampshire ranked as the healthiest state in the nation again in 2003 ❁ In 2003, there were three people confirmed with West Nile Virus in New Hampshire ❁ Hiring and retaining nurses was better in 2003 than the prior year, but smaller numbers of trained technicians and intensive care and emergency room nurses was still a concern ❁

### 16. Social Assistance

The poverty level in New Hampshire for 2002 was 5.8 percent, the lowest in the nation ❁ The caseload of TANF increased 5.2 percent from 2001 to 2002, reaching close to 6,000 cases ❁ From May to August 2003 there was a decrease in caseload numbers but it is too early to say whether this downward trend will continue ❁ From 2001 to 2002 the number of uninsured children under 18 years of age decreased by nearly a third, leaving 15,000 uninsured children in New Hampshire ❁

### 17. Crime & Crashes

For the second year in a row, New Hampshire had the lowest crime index in the nation ❁ As of June 30, 2002, New Hampshire's incarceration rate was 195 inmates per 100,000 Granite Staters ❁ There were just under 40,200 reported traffic crashes during 2002, an over-the-year increase of 17 percent ❁ Motor vehicle crashes was the leading cause of death in New Hampshire for people aged 15 to 24 years old ❁

### 18. Environment

In 2003, in response to the Bioterrorism Act of 2002, emergency response plans were received by 627 New Hampshire community water systems ❁ The Granite State is the first state to sue oil companies over the use of MtBE in gasoline ❁ In 2001, 58 infestations of exotic aquatic plants occurred in 53 bodies of water in the Granite State ❁ According to NHDES, by 2005 all eighteen NH hazardous waste sites on the NPL should have ongoing or completed cleanup ❁

## Change in Key Economic Indicators

Indicator	2000 to 2001		2001 to 2002		Section
	Net Change	Percent Change	Net Change	Percent Change	
Population	19,478	1.6%	15,697	1.2%	1
Income, per capita personal	\$703	2.1%	\$307	0.9%	2
Wages, average weekly (private)	\$13.77	2.0%	\$12.33	1.8%	2
Labor Force	8,450	1.2%	\$5,460	0.8%	3
Employment	2,980	0.4%	-3,160	-0.5%	3
Unemployment	5,470	2.9%	8,620	3.5%	3
Nonfarm jobs - total all industries	5,200	0.8%	-8,900	-1.4%	4
Vehicle registrations	68,276	6.4%	25,706	2.3%	7
Electricity purchased (million KWH)	358	3.6%	167	1.6%	8
Gross state product (1996 dollars-millions)	\$1,861	3.9%			9
Export Sales to the World (NAICS code) (\$ millions)	\$28.0	1.2%	-\$538.0	-22.4%	9
Meals and rooms receipts (millions)	\$27.9	1.4%	\$26.9	1.3%	10
Existing home sales (total units per year)	-340	-1.7%	692	3.5%	11
Bank assets (\$ millions)	\$3,804	12.0%	-\$6,058	-17.1%	12
Non-current loans (\$ millions)	-\$138.5	-22.2%	-\$148.6	-30.6%	12
Bankruptcy filings	326	9.2%	131	3.4%	12
School enrollment (K-12)	2,590	1.1%	1,536	0.7%	14
Poverty rate	-1.3		-0.7		16
Crime offenses	-835	2.8%	-927	-3.2%	17
Traffic crashes	-3,799	10.0%	5,833	17.0%	17



**A**s the front cover of this publication suggests, the Granite State has lost a very distinguished person with a lot of weight – the face of the Old Man of the Mountain fell down in the spring of 2003.

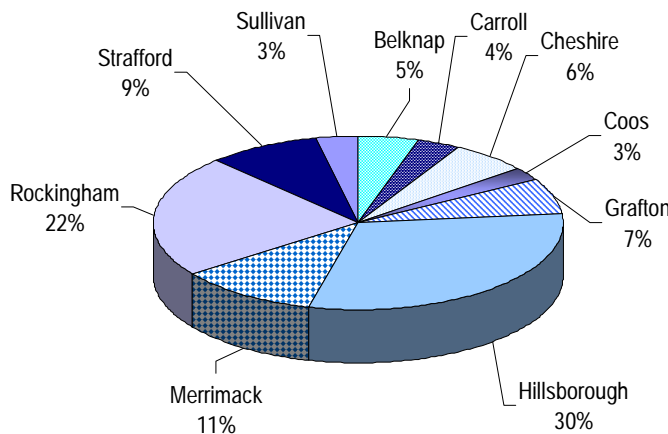
The state’s population growth rate dropped from being the eighth fastest nationwide in 2001 to being the 19<sup>th</sup> fastest growth in 2002. Despite the drop the Granite State still had the fastest population growth rate in New England at 1.2 percent. Rhode Island ranked second in New England in fastest growing population (twenty-second nationwide). The population in New Hampshire increased by 15,697 from July 2001 to July 2002 and reached a total of 1,275,056. Among the New England states, only Connecticut and Massachusetts had larger increases in population.

In New England, 70 out of every 100 residents live in either Connecticut or Massachusetts. Only nine out of every 100 New England residents live in New Hampshire.

**Population by county**

According to the County Population Estimates from US Census Bureau more than half of the population in New Hampshire lives in Hillsborough and Rockingham counties. The contrast in population size is more than tenfold, varying from the biggest population being 392,410 in Hillsborough County to the smallest population being 33,100 in Coos for 2002.

Three counties claimed over 60 percent of New Hampshire's population in 2002



From 2001 to 2002 Belknap and Carroll counties had the fastest population growth at 2.1 and 2.0 percent, respectively. Rockingham and Hillsborough counties increased the most in population. Rockingham increased by 4,061 and

**The bigger and more populous counties in the south are the ones growing the most, whereas it is the medium and smaller sized counties that are the ones with the fastest growth.**

Hillsborough increased by 3,648. Coos County increased the least in population with 54, and also had the slowest growth rate at 0.2 percent. It is, though, a positive sign that Coos County didn’t have a negative growth rate as it did in the prior year.

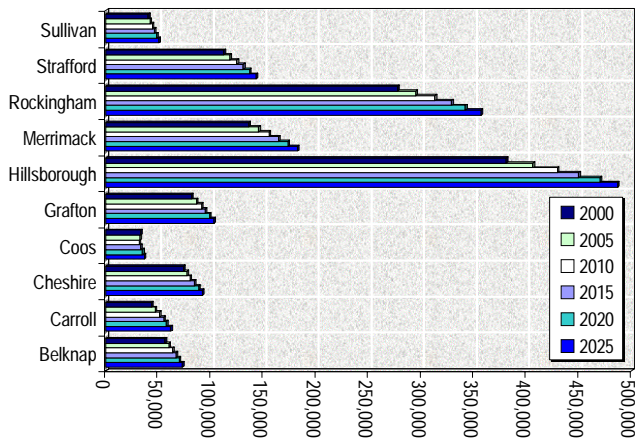
**Projections by county**

New Hampshire Population Projections for State and Counties 2005 to 2025 published by the New Hampshire Office of Energy and Planning (OEP) gives a picture of the direction in which the population growth in New Hampshire is heading. The base year for the projections is the 2000 Census population data. The two prime assumptions that guide the projections are the continuation of the nationwide population decentralization and that there will be no change to the strong growth trend New Hampshire has experienced the last forty years. The projections, though, take into account a slight slowing down in the state’s population growth.<sup>1</sup> As projections to a large extent are based on present population trends, the county projections will reflect the county population distribution and county growth rates described earlier.

Carroll County is projected to have the fastest growth in population over the next 25 years with a 41.6 percent increase, much faster than Merrimack, the second fastest growing county at 33.9 percent. The rest of the counties, with the exception of Coos County, are projected to grow between 25 to 30 percent over the 25-year period. Coos County is projected to have the slowest population growth at 10.2 percent between 2000 and 2025. The popula-

# 1. Population

Strong population growth is projected to continue in New Hampshire



tion is even projected to decrease in 2005 and 2010 and then start increasing again in 2015.

The population of Hillsborough County is projected to grow the most increasing by 106,000, followed by Rockingham County with about 80,000. The bigger and more populous counties in the south are the ones growing the most, whereas it is the medium and smaller sized counties that are the ones with the fastest growth. As Rockingham and Hillsborough get more saturated with population and business investment, the decentralization forces should expand toward the north and west.

## Baby boomers are getting older

The median age in New Hampshire has increased steadily since 1988 from 32.1 years of age to 37.9 in 2002. This increasing trend of median age is also true for the nation overall as well as in New England and is a sign of how baby boomers are getting older. New Hampshire's median age is lower than the median age for Maine and Vermont but higher than the rest of New England. New England in general has a higher median age than the nation, and can therefore expect to have to deal with an aging population sooner.

Another sign of the baby boomers getting older is that the age group 45 to 64 has increased its share of the total population since 1995. Since 1999 this age group has increased its share by four percentage points whereas the age group 25 to 44

decreased by about four percentage points as well. All the other age categories vary their share of total within a point.

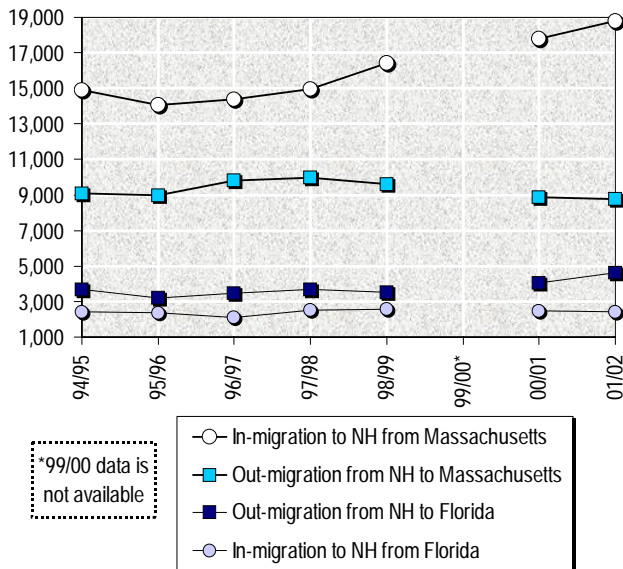
The problem with the aging of the large baby boomer generation is that a smaller labor force will have to pay for the increasing cost of medicare, social security and other expenses related to a retired population. Other concerns with the aging baby boomer generation is whether there will be enough experienced labor to fill the retired baby boomers' positions and whether there will be enough skilled labor in services related to an aging population, such as nurses and home care assistants.

The 2025 projections also reflect an aging population. In 2000, 12 percent of New Hampshire's population was 65 or older. This age group is projected to account for 14 percent of New Hampshire's population in 2010. Finally, in 2025, when the baby boomers are expected to reach the age of 60 or older, the age group 65 or older will account for 26 percent of total New Hampshire population.

The unknown questions are at what age will the baby boomers retire and will they stay in New Hampshire? The assumption behind the New Hampshire OEP's projections is that the baby boomers will stay.

The US Census' Estimate Branch<sup>2</sup> approximates migration patterns for the inter-censal years by comparing income tax returns for two different years. Looking at these data, only Maine and Florida have substantially more people migrating in from New Hampshire, than residents migrating out to New Hampshire. When comparing 2001 and 2002 tax returns, it shows that for every two Florida residents who moved to New Hampshire, three New Hampshire residents moved to Florida. In comparison with the estimate from the prior year, New Hampshire outflow ratio to Florida is on the rise. In other words there is an increase in New Hampshire residents moving to Florida. The migration data for inter-censal years has to be viewed with some caution, as the poor or the elderly are not represented accurately due to the

Most of the people moving to New Hampshire are coming from Massachusetts



fact that most of them are not filing tax-returns. According to the Office of Energy and Planning, the “snowbirds” move to Florida early in retirement but tend to return home to be closer to family as they become elderly and need assistance. The inter-censal migration data might not show this return flow of elderly residents.

The big influx of immigrants to New Hampshire comes from Massachusetts. For every one person migrating from New Hampshire to Massachusetts, two people did the reverse migrating from Massachusetts to New Hampshire comparing 2001/2002 tax returns. Since 1996/1997 the in-migration to New Hampshire from Massachusetts has increased steadily, whereas the reverse migration stayed at the same level.

### Diversity in New Hampshire – change in race component

In the 1980 Census, *White, not of Hispanic origin*, made up 98.4 percent of total New Hampshire population, compared to 95.3 percent of the total in 2000. It seems that this downward trend is continuing as the 2002 Population Estimate from US Census Bureau shows that this population group accounted for 94.9 percent of the total.<sup>3</sup>

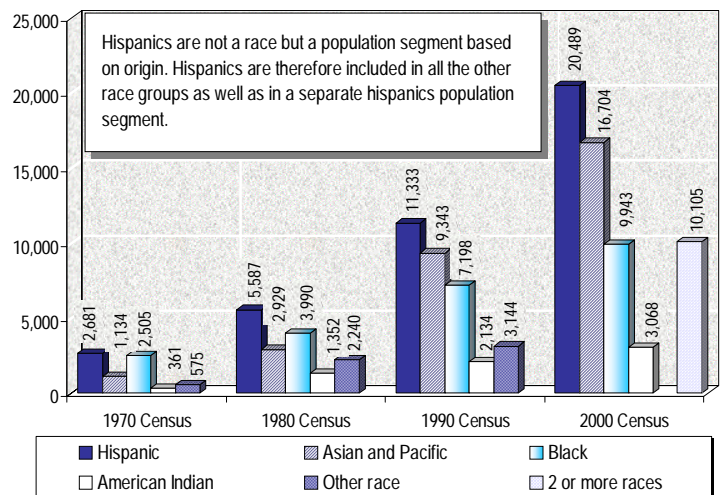
Since the 1980 Census the number of *Hispanics* in New Hampshire nearly quadrupled. In Census 2000 the number of *Hispanics* in New Hampshire was 20,489, and was the second biggest distinguished population group after *Whites, not of Hispanic origin*. The number of *Asian and Pacific Islanders* increased five-fold between 1980 and 2000. Within the same timeframe, *Blacks* and *American Indians* only little more than doubled. The fast growth of the *Asian and Pacific Islander* population made this race group outgrow the number of *Blacks* in New Hampshire by the 1990 Census.

The concentration of *Hispanic* population in New Hampshire is in the southern cities. Manchester and Nashua more than doubled their *Hispanic* population between 1990 and 2000 censuses. According to 2000 Census, there were just below 5,000 *Hispanics* in Manchester and about 5,400 *Hispanics* in Nashua<sup>4</sup>.

### Births and marital status of parents

The marriage rate in New Hampshire has stayed stable whereas the divorce rate since 1998 has dropped from 5.1 to 4.4 out of every thousand marriages in 2001.

The Asian and Pacific population is the minority group growing the fastest in New Hampshire



Source: US Census Bureau. Accessed on September 25, 2003  
<http://www.census.gov/population/documentation/twps0056/tab44.xls>  
<http://eire.census.gov/popest/data/states/tables/ST-EST2002-ASRO-05-33.xls>

## 1. Population

It is interesting that non-marital births as a percent of total live births has increased steadily since at least 1984 from 12.6 percent in 1988 to 24.1 percent in 2001. This means that the parents of one out of every four children were not married when the child was born. The data does not reveal whether the parents were living together or not, so it is therefore unknown if the child was raised with both parents in the household. It is, though, a positive sign that the percentage of births to teenage mothers out of total live births has dropped since 1997 from 7.8 percent to 6.3 percent in 2001.

The birth rate per 1,000 of total population has decreased steadily since 1989 from 16.1 to 11.6 in 2001, meaning that the younger generation is getting proportionately smaller. This is problematic in contrast to the large aging baby boomer population.

*Annette Nielsen*

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- <sup>1</sup> "New Hampshire Population Projections for State and Counties 2005 to 2025." New Hampshire State Data Center Projections. December 2002, New Hampshire Office of Energy and Planning. Accessed September 22, 2003 <<http://www.state.nh.us/osp/sdc/sdcProj.html>>.
  - <sup>2</sup> Migration to and from New Hampshire. New Hampshire Office of Energy and Planning. Accessed September 29, 2003 <<http://www.state.nh.us/osp/sdc/migration00's.htm>>.
  - <sup>3</sup> Table ST-EST2002-ASRO-05-33-State Characteristic Estimates, Population Division. September 18, 2003. US Census Bureau. Accessed September 26, 2003 <<http://eire.census.gov/popest/data/states/tables/ST-EST2002-ASRO-05-33.xls>>.
  - <sup>4</sup> Hispanic Population Comparison 1990-2000, based on 1990 and 2000 US Census of Population. New Hampshire State Data Center. Accessed on September 25, 2003 <<http://www.state.nh.us/osp/sdc/Hispan.XLS>>.
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**Resident Population**

	1999	2000	2001	2002	Source
Population, July 1st (thousands)	1,222	1,240	1,259	1,275	CB
Annual percent change	1.3%	1.5%	1.6%	1.2%	CB/NHES
United States rank of annual percent change	14	12	8	19	CB/NHES
Percent change since last census	10.2%	11.7%	1.9%	3.2%	CB/NHES
Population, Males	590,900	610,135	619,742	627,621	CB
Population, Females	610,200	630,337	639,617	647,435	CB

**Median Age**

	1999	2000	2001	2002	Source
United States	35.5	35.4	35.6	35.7	CB
New England	36.7	37.1	n/a	n/a	CB
New Hampshire	35.9	37.2	37.5	37.9	CB
Connecticut	37.0	37.3	37.6	37.8	CB
Maine	37.8	39.0	39.4	39.8	CB
Massachusetts	36.5	36.8	37.1	37.4	CB
Rhode Island	36.6	37.0	37.6	37.0	CB
Vermont	37.2	38.0	38.4	38.8	CB

**Distribution by Age**

	1999	2000	2001	2002	Source
Under 5 years	6.2%	6.1%	5.9%	5.8%	CB/NHES
5 to 17 years	19.2%	18.9%	18.6%	18.4%	CB/NHES
18 to 24 years	8.2%	8.4%	8.8%	9.0%	CB/NHES
25 to 44 years	33.4%	30.7%	30.3%	29.7%	CB/NHES
45 to 64 years	21.1%	23.9%	24.5%	25.1%	CB/NHES
65 years and over	12.3%	12.0%	12.0%	12.0%	CB/NHES

**Vital Statistics**

	1999	2000	2001	2002	Source
Marriages	10,301	10,540	10,650	n/a	BHSDM
Marriage rate (per 1,000 population)	8.6	8.5	8.5	n/a	BHSDM
Divorces	6,188	5,968	5,500	n/a	BHSDM
Divorce rate (per 1,000 population)	5.2	4.8	4.4	n/a	BHSDM

**Components of Population Change:**

Live births	14,026	14,561	14,647	n/a	BHSDM
Birth rate (per 1,000 population)	11.5	11.7	11.6	n/a	BHSDM/NHES
Births to teenage mothers (less than 20 years old)	996	994	920	n/a	BHSDM
Percent of live births	7.1%	6.8%	6.3%	n/a	BHSDM
Non-marital births (percent of live births)	24.2%	24.6%	24.1%	n/a	BHSDM
Late or no prenatal care (percent of live births)	1.4%	1.3%	1.6%	n/a	BHSDM
Resident deaths	9,457	9,689	9,813	n/a	BHSDM
Crude death rate (per 1,000 population)	7.9	7.8	7.8	n/a	BHSDM
Infant death rate (per 1,000 live births)	5.8	5.8	3.8	n/a	BHSDM
Natural increase rate (per 1,000 population)	3.8	4.0	3.8	n/a	BHSDM
Net in-migration rate (per 1,000 population)	8.6	n/a	n/a	n/a	BHSDM/NHES

## 2. Income & Wages

The latest recession directly affected total personal income growth in New Hampshire. Since 1993, New Hampshire has seen over-the-year growth rates in the 5.5 to 8.6 percent range. In 2000, total personal income increased 11.2 percent over-the-year, the largest increase in the state since 1987. The recession hit New Hampshire in mid to late 2001. Total personal income

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**Average weekly wages for all industries covered by unemployment insurance grew at a slower pace from 2001 to 2002 than the consumer price index (CPI-U), a guide usually used to gauge inflation.**

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grew by only 3.7 percent that year to \$42.8 billion and then 2.2 percent in 2002, reaching \$43.7 billion.

New Hampshire was not alone. All New England states experienced a deceleration in personal income growth over the past few years as well. Change in personal income in the region ranged from a low of 0.9 percent in Massachusetts to a high of 4.3 percent in Maine from 2001 to 2002. Nationally, total personal income grew 2.5 percent from 2001 to 2002, after growing 3.3 percent the previous year. Growth rates nationally ranged from a drop of 0.1 percent in New York to an increase of 5.0 percent in Hawaii.

### Personal income

Personal income is the income from residents within a state that is available for spending. It is the sum of three components - Net earnings, Transfer payments, and Dividends, interest, and rent.

#### Net earnings

In New Hampshire, about 70 percent of personal income came from net earnings in 2002. Net earnings, made up largely of earnings from covered employment and wages, increased 1.7 percent over-the-year. This slow growth was primarily driven by the 10.4 percent decline in Manufacturing earnings from 2001 to 2002. The decline in

Manufacturing earnings is a result of the large number of Manufacturing jobs lost during and after the recession.

#### Transfer payments

About 11 percent of personal income in 2002 came from Transfer payments. Transfer payments in New Hampshire increased more than eight percent over-the-year. Why the large increase? In part, Unemployment insurance benefits. These payments, although only a small share of the total transfer payments, more than doubled in the Granite State from 2001 to 2002. Subtracting Unemployment Insurance benefits, all other transfer payments grew about 6.6 percent, accounting for most of the increase.

#### Dividends, interest, and rent

Income from Dividends, interest, and rent showed a slight increase over-the-year. About 18 percent of personal income came from this source in 2002.

#### Per capita personal income

When divided among the state's population, New Hampshire's personal income breaks down to \$34,276 per person. This per capita personal income ranked the Granite State as third highest in New England and sixth highest nationally in 2002.

#### Disposable income

Disposable income is personal income minus taxes. This is often referred to as "take home" pay. New Hampshire's total disposable personal income was \$38.6 billion in 2002, an increase of 4.9 percent over 2001. This total calculated to

Components of Personal Income in New Hampshire

Component	2001	2002	Share of total	
			2001	2002
Net earnings	\$30,418	\$30,934	71.1%	70.8%
Dividends, interest, and rent	\$7,848	\$7,877	18.3%	18.0%
Transfer payments	\$4,513	\$4,892	10.5%	11.2%
Total Personal Income	\$42,779	\$43,703	100.0%	100.0%

Source: Bureau of Economic Analysis.

\$30,285 per person in 2002, an increase of 3.7 percent over 2001.

According to the Federal Reserve Board (FRB), the national share of disposable income paid out in debt reached a record high in the fourth quarter of 2001. The FRB has been tracking this series since 1980. The share was at 11.06 percent of disposable income during the first quarter of 1980. During the fourth quarter of 2001, when the nation was in a recession, this ratio climbed to 13.58 percent.

Conversely, the national share of disposable income saved reached a 63-year low in 2001,

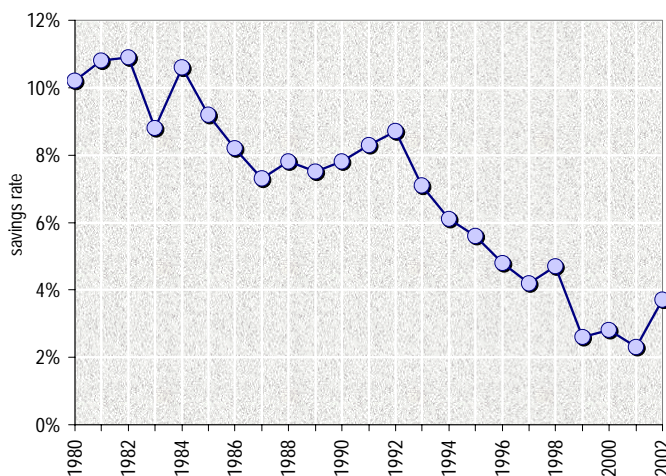
according to the Bureau of Economic Analysis. In 2001, US workers saved only 2.3 percent of disposable income. The last time this number was so low was in 1938 when the nation was showing signs of recovering from the Depression. Workers saved only 2.2 percent of their disposable income then. During the mid 1940s, when the nation was in the midst of World War II, US workers were saving nearly one-quarter of their disposable income. They were encouraged to buy US war bonds to help their fathers, sons, uncles, and brothers win the war by supplying them with more weapons and military vehicles.

### Average weekly wage

Average weekly wages for all industries covered by unemployment insurance grew at a slower pace from 2001 to 2002 than the consumer price index (CPI-U), a guide usually used to gauge inflation. With a growth rate just under 2.0 percent (compared to an increase of 2.4 percent in the CPI-U), New Hampshire's average weekly wage crawled to \$695.70 in 2002.

Fourteen of the twenty sectors in the state recorded increases in their average weekly wages. *Real estate and rental and leasing* showed the largest increase (\$81.12) and the fastest growth (14.0 percent) in average weekly wage from 2001 to 2002. At an average of \$661.79 a week in 2002, this sector's wage was still below the state average by about \$34 a week. Within this sector, *Lessors of nonfinancial*

The share of disposable income US households are saving reached a 63-year low in 2001



### Total Personal Income

	1999	2000	2001	2002	Source
New Hampshire (\$ millions)	\$37,121	\$41,265	\$42,779	\$43,703	BEA
Components:					
Net Earnings <sup>a</sup>	71.2%	71.2%	71.1%	70.8%	BEA
Dividends, interest, rent	18.3%	18.9%	18.3%	18.0%	BEA
Transfer payments	10.5%	10.0%	10.5%	11.2%	BEA

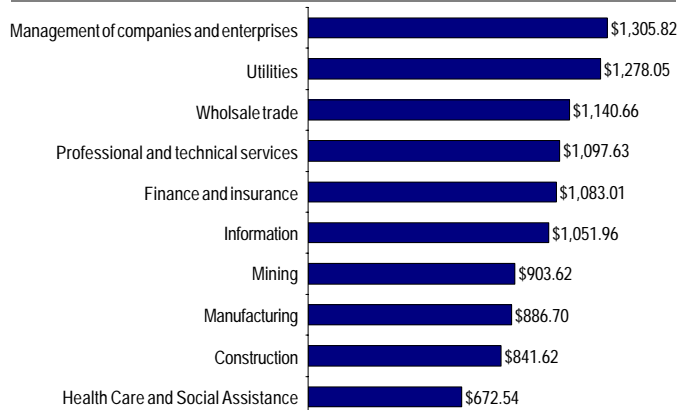
<sup>a</sup> Earnings (wages and salaries, other income, and proprietors' income) by place of work, less personal social insurance by place of work, adjusted for place of residence.

### Per Capita Personal Income

	1999	2000	2001	2002	Source
Per Capita Personal Income	\$30,377	\$33,266	\$33,969	\$34,276	BEA
United States rank (excluding D.C.)	7	6	6	6	BEA
Annual percent change	4.1%	9.5%	2.1%	0.9%	NHES/BEA
Percent change after adjusting for inflation using CPI	1.4%	5.9%	0.6%	-1.4%	NHES/BEA

## 2. Income & Wages

Six of the top paying sectors in the state had an average weekly wage over \$1,000 in 2002



*intangible assets* recorded an increase of \$467.54 in its average weekly wage from 2001 to 2002. However, this subsector employed less than one percent of the sector's total employment. The *Real estate* subsector employed nearly 63 percent of the sector's total employment. On average, employees working in *Real estate* earned \$111.87 more a week in 2002 than in 2001.

Employees who worked in the *Educational services* sector in 2002 also saw a significant increase in their wages, on average. With a growth rate of just under 10 percent over-the-year, the average weekly wage for this sector increased to \$655.93 in 2002.

Although *Manufacturing* lost nearly 12,600 employees from 2001 to 2002, its average weekly wage increased by just over three percent or \$27.05. The largest subsector in *Manufacturing*, *Computer and electronic product manufacturing*, lost more than 5,700 employees over-the-year. However, those still employed in this subsector in 2002 saw a wage increase of nearly \$90 a week, on average. Why is New Hampshire (as well as the nation) seeing *Manufacturing* jobs losses and average weekly wage increases? According to Mark Zandi, chief economist at Economy.com, "as the recession ended, many companies (nationwide) boosted their profits by being stingy about hiring, even as the workloads increased, which is one of the reasons worker productivity has zoomed." This increase in worker productivity probably resulted in a higher average weekly wage on the national level.

Employees in the *Information* sector earned nearly \$25 less a week in 2002 than the previous year. This decline of 2.3 percent (the fastest decline among the sectors) brought the average weekly wage in this sector down to \$1,051.96 in 2002. Within this sector, *Internet publishing and broadcasting* had the largest average weekly wage in 2001 (\$1,304.40). Within a year, this subsector's average weekly wage dropped by more than \$315, a loss of nearly 25 percent. However, only 49 of the nearly 13,000 *Information* employees worked in this subsector.

### Per Capita Disposable Income

	1999	2000	2001	2002	Source
Per Capita Disposable Income	\$26,174	\$28,337	\$29,218	\$30,285	BEA
United States rank (excluding D.C.)	6	6	6	6	BEA
Annual percent change	3.2%	8.3%	3.1%	3.7%	NHES/BEA
Percent change after adjusting for inflation using CPI	0.5%	4.7%	1.5%	1.2%	NHES/BEA

### Median Household Income



## 2. Income & Wages

More than half of the employees in the *Information* sector in 2002 actually worked in the *Publishing industries (except Internet)* subsector. Businesses in this subsector include publishers of newspapers, magazines, periodicals, and books, as well as

database and software publishers. In 2002, these employees earned an average of \$1,132.92 a week, an over-the-year drop of about \$55 or -4.7 percent.

*Elisabeth Picard*

### Wages

	1999	2000	2001	2002	Source
<b>TOTAL WAGES in employment covered by unemployment compensation (\$ millions)</b>					
Private and public employers	\$18,997	\$21,060	\$21,654	\$21,823	NHES
Annual percent change	6.6%	10.9%	2.8%	0.8%	NHES
<b>AVERAGE WEEKLY WAGES IN PRIVATE EMPLOYMENT covered by unemployment compensation</b>					
All industries (annual average)	\$622.87	\$677.74	\$691.51	\$703.84	NHES
Annual percent change	4.0%	8.8%	2.0%	1.8%	NHES
Agriculture, Forestry, Fishing, and Hunting	\$452	\$461	\$451	\$449	NHES
Mining	\$754	\$782	\$847	\$904	NHES
Utilities	\$1,122	\$1,195	\$1,239	\$1,278	NHES
Construction	\$693	\$736	\$810	\$842	NHES
Manufacturing	\$782	\$863	\$860	\$887	NHES
Wholesale Trade	\$1,055	\$1,139	\$1,152	\$1,141	NHES
Retail Trade	\$400	\$425	\$445	\$459	NHES
Transportation and Warehousing	\$502	\$537	\$582	\$592	NHES
Information	\$977	\$1,082	\$1,076	\$1,052	NHES
Finance and Insurance	\$917	\$1,019	\$1,029	\$1,083	NHES
Real Estate and Rental and Leasing	\$531	\$570	\$581	\$662	NHES
Professional and Technical Services	\$993	\$1,084	\$1,098	\$1,098	NHES
Management of Companies and Enterprises	\$1,307	\$1,500	\$1,326	\$1,306	NHES
Administrative and Waste Services	\$431	\$479	\$542	\$537	NHES
Educational Services	\$568	\$574	\$597	\$656	NHES
Health Care and Social Assistance	\$571	\$605	\$640	\$673	NHES
Arts, Entertainment, and Recreation	\$280	\$301	\$319	\$314	NHES
Accommodation and Food Services	\$238	\$255	\$270	\$276	NHES
Other Services, except Public Admin	\$439	\$466	\$481	\$500	NHES
<b>AVERAGE WEEKLY EARNINGS</b>					
Production Workers in Manufacturing Employment	\$534.30	\$550.52	\$565.51	\$591.20	BLS
United States rank, including D.C. (1 = highest)	33	31	31	28	BLS

### US Price Indices

	1999	2000	2001	2002	Source
<b>CONSUMER PRICE INDEX, All Urban Consumers, Year End</b>					
December each year (U.S., 1982-1984 = 100)	168.3	174.0	176.7	180.9	BLS
December to December percent change	2.7%	3.4%	1.6%	2.4%	BLS
<b>IMPLICIT PRICE DEFLATOR (U.S., 1996 = 100)</b>					
Annual percent change	1.4%	2.1%	2.4%	1.1%	BEA

### 3. Labor Force & Unemployment

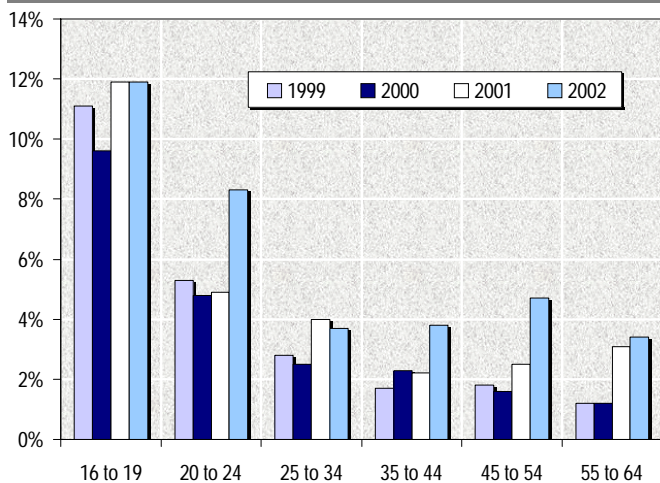
New Hampshire's civilian labor force reached 705,630 in 2002, an over-the-year increase of 5,460. This was the smallest over-the-year increase in the labor force since 1996 when it actually declined by more than 10,000. What else do we know about the labor force? It's aging. The number of people in the labor force between the ages of 35 and 44 dropped by 14,000 from 2000 to 2001 and then dropped by another 4,000 in 2002.

**In 2002, New Hampshire's average annual unemployment rate was 4.7 percent, its highest since 1993 when it was at 6.6 percent.**

Conversely, those between the ages of 45 and 54 increased roughly 16,000 from 2000 to 2001 and then increased another 9,000 in 2002. After regaining the 8,000 it lost the previous year, the number of people in the labor force age 55 to 64 totaled about 77,000 in 2002.<sup>1</sup>

The labor force is made up of two groups of people - those who are employed and those who are unemployed and are actively looking for a job. An increase in the labor force requires job growth to avoid an increase in the number of unemployed. However, this was not the case in 2002. As the nation was beginning to recover from the recession of 2001, New Hampshire was losing jobs.

The unemployment rate for those age 35 to 64 more than doubled from 1999 to 2002, while the unemployment rate for teenagers, although high, remained relatively stable.



In fact, over 8,600 more people were unemployed in 2002 than in 2001.

Who were they? Not teenagers. Typically, teenagers have a harder time getting a job because they lack the experience older workers may already have. The unemployment rate for teenagers, although high, remained relatively steady from 1999 to 2002. The number of unemployed people in their early 20s saw an increase of about 2,000 over-the-year. This increased the unemployment rate for this age group to just over 8.0 percent from the 5.0 percent range it had been hovering around the previous three years.

The number of unemployed persons ages 35 to 44 increased from about 4,000 in 2001 to about 7,000 in 2002, nearly doubling the unemployment rate for the same years. The number of unemployed people in their late 40s and early 50s saw the largest increase, nearly doubling from 4,000 in 2001 to 8,000 in 2002. This caused the unemployment rate for this age group to grow from 2.5 percent in 2001 to 4.7 percent in 2002.

The number of unemployed persons ages 55 to 64 increased roughly 1,000 in 2001 and then another 1,000 in 2002. This caused the unemployment rate for this age group to increase from 1.2 percent in 2000 to 3.1 percent in 2001.

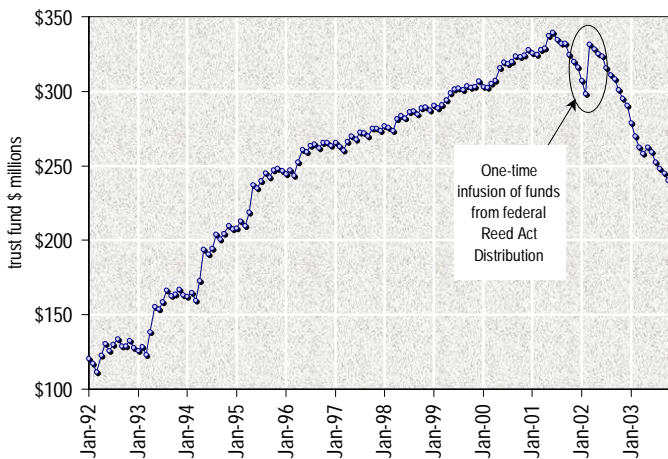
With little growth in the labor force, as the number of unemployed increased, the number of employed declined, thus increasing the unemployment rate. In 2002, New Hampshire's average annual unemployment rate was 4.7 percent, its highest since 1993 when it was at 6.6 percent. Although the Granite State's unemployment rate was just under that of New England's, it fell from being 8<sup>th</sup> lowest in the nation in 2001 to 16<sup>th</sup> lowest in 2002. The national unemployment rate was 5.8 percent in 2002.

#### Unemployment insurance

The number of claims paid (weeks compensated) in a state is a sure sign of the economic well being of that state. Weeks compensated in New Hampshire soared to over 663,000 weeks in 1991, the last time the nation was in a recession. They

### 3. Labor Force & Unemployment

Tax rate reductions that employers enjoyed in the past were decreased to help offset the fund outflows



dropped steadily over the decade to just over 122,000 in 2000. However, as the nation slipped into the latest recession, the number of weeks compensated climbed back up to about 255,000 and then to over 421,000 in 2002. The total number of weeks compensated in 2003 should be just shy of 2002s as the first 11 months of 2003 totaled about 376,500.

As the number of weeks compensated increased, so did the total amount of benefits paid. In 2001, the amount of benefits paid in New Hampshire increased 132 percent over the year to \$60.6 million and then jumped another 78 percent in 2002 to \$107.8 million. These increases put a strain on the Unemployment Trust Fund Balance. So much so, that the unemployment insurance tax reductions that employers enjoyed in the past were decreased to help offset the fund outflows.

The number of weeks workers in New Hampshire received unemployment benefits, on average, nearly doubled, from 9.5 in 2001 to 17.6 weeks in 2002. This dropped the Granite State's ranking from 1<sup>st</sup> in 2001 to 42<sup>nd</sup> in the nation in 2002.

The average weekly benefit amount in New Hampshire increased from \$240.59 in 2001 to \$259.84 in 2002. This maintained the higher than national average that was established in 2001.

*Dana Cudworth/Elisabeth Picard*

<sup>1</sup> "Employment Status of the Civilian Noninstitutional Population by Sex, Age, Race, and Hispanic Origin." *Geographic Profile of Employment and Unemployment*. Bureau of Labor Statistics.

#### Civilian Labor Force

	1999	2000	2001	2002	Source
Civilian Labor Force (annual average)	668,100	691,720	700,170	705,630	BLS
Annual percent change	2.3%	3.5%	1.2%	0.8%	BLS/NHES
Labor force participation rate	72.3%	73.0%	72.2%	71.4%	BLS
United States rank	Tie 6	4	Tie 7	7	BLS
Male participation rate	78.7%	79.8%	78.4%	77.9%	BLS
United States rank	6	3	7	8	BLS
Female participation rate	66.2%	66.7%	66.3%	65.2%	BLS
United States rank	9	7	9	9	BLS

#### Employment

	1999	2000	2001	2002	Source
Employed (annual average)	649,970	672,540	675,520	672,360	BLS
Annual percent change	2.5%	3.5%	0.4%	-0.5%	BLS/NHES
Work full-time - 35 hours or more per week	78.5%	78.2%	78.3%	n/a	BLS

### 3. Labor Force & Unemployment

#### Unemployment

	1999	2000	2001	2002	Source
Unemployed (annual average)	18,130	19,180	24,650	33,270	BLS
Unemployment rate (annual average)					
New Hampshire	2.7%	2.8%	3.5%	4.7%	BLS
United States rank (1=lowest)	2	7	8	16	BLS
New England	3.3%	2.8%	3.7%	4.9%	BLS
United States	4.2%	4.0%	4.8%	5.8%	BLS
Men					
New Hampshire	2.9%	2.8%	3.7%	4.8%	BLS
New England	3.4%	2.7%	3.9%	n/a	BLS
United States	4.1%	3.9%	4.8%	n/a	BLS
Women					
New Hampshire	2.5%	2.8%	3.4%	4.6%	BLS
New England	3.2%	2.9%	3.4%	n/a	BLS
United States	4.3%	4.1%	4.7%	n/a	BLS
Teenagers (16-19)					
New Hampshire	11.1%	9.6%	11.9%	11.9%	BLS
New England	9.4%	9.7%	11.0%	n/a	BLS
United States	13.9%	13.1%	14.7%	n/a	BLS

#### Unemployment Insurance

	1999	2000	2001	2002	Source
Weeks compensated for unemployment (UI)	147,597	122,099	254,856	421,511	NHES
Benefits paid, unemployment insurance (thousands)	\$30,173	\$26,073	\$60,628	\$107,810	NHES
Average duration, benefit payments (weeks)	9.6	9.0	9.5	17.6	UIS
United States average	14.5	13.7	13.8	16.5	UIS
United States rank, including D.C. (1=lowest)	2	2	1	42	UIS/NHES
Average benefits paid per covered worker	\$52.38	\$44.12	\$100.38	\$180.59	UIS
United States rank, including D.C. (1=lowest)	2	2	2	11	UIS/NHES
National average	\$166.14	\$161.92	\$246.10	\$329.00	UIS
Average weekly benefit amount					
New Hampshire	\$208.27	\$217.21	\$240.59	\$259.84	UIS
United States	\$211.75	\$220.67	\$238.07	\$256.77	UIS

#### Labor Disputes

	1999	2000	2001	2002	Source
Number of companies	1	2	1	0	NHES
Employees involved	65	1,765	3	0	NHES

The long streak of total nonfarm employment growth in New Hampshire during the last decade ended in 2002 as employment decreased by 1.4 percent over-the-year. While explaining economic events is not always that simple, there is no question that any long expansion will end at some point as a fact of business cycles. The recession of 2001 ended one of the longest economic expansions in US history.<sup>1</sup> However, each state has its own unique situation affecting its economy, and the Granite State is poised to recover, probably better than the region.

### Employment trends

The 2001 annual average state employment was greater than 2000 employment, but the increase was not that large, and the 2002 employment went down from the prior year as noted above. Total nonfarm employment at the midpoint of 2003 was about the same as it was in 2002. There is a feeling that recovery is on the horizon, but it may be a gradual slope to get there.

The goods producing domain employment declined by 9.5 percent in the state in 2002, a bigger drop than both in New England (-7.0 percent) and in the United States (-5.3 percent). For the period 1999-2002, the employment declined by 12,700 jobs. The Manufacturing supersector was the main factor for the trend in the goods producing domain.

Natural resources and mining employment declined by 100 from 2001 to 2002. This supersector has been stable over the last four years, the period of analysis. It includes areas such as mining and support activities for mining and makes up the smallest proportion of total nonfarm employment.

Construction employment remained a relative bright spot in the state's economy, exhibiting a positive increase for the entire four-year period of 1999-2002. In 2002, the supersector increased by 1.5 percent over the year. The industry increased by 3,400 jobs over the last three years. Mortgage rates have been historically low for residential mortgages, and housing needs remain high as a result of increasing population (i.e., instate net gain of births, in-migration). Harsh winter months in

2002-2003 may have caused lower levels of construction employment compared to first quarter 2002. At the same time, construction employment declined at both the regional and national levels.

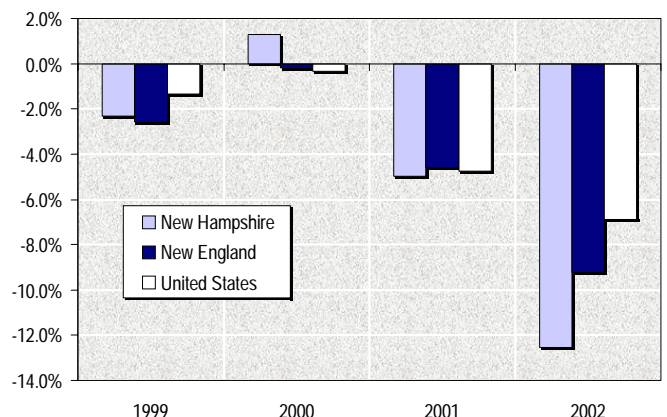
Manufacturing employment in the state continued its slide of the previous years, declining by another 12,200 jobs (-12.5 percent) from 2001 to 2002. This trend is universal in that New England's Manufacturing employment decreased by a little

**Total nonfarm employment at the midpoint of 2003 was about the same as it was in 2002. There is a feeling that recovery is on the horizon, but it may be a gradual slope...**

over nine percent, and US Manufacturing went down by almost seven percent over the same period. This supersector's employment in New Hampshire was above 100,000 in 2000, but the average Manufacturing employment level at the end of the first half of 2003 is 81,800, a few thousand less than the annual average for 2002.

Manufacturing made up about 14 percent of total nonfarm employment in 2002. The sector's share of employment in 1999 was about 17 percent. Nationally, Manufacturing made up about 12 percent of total nonfarm employment in 2002. However, there have been Manufacturing success stories in the Granite State such as rejuvenation of

**New Hampshire lost Manufacturing jobs at a faster rate than the region and the nation in both 2001 and 2002**



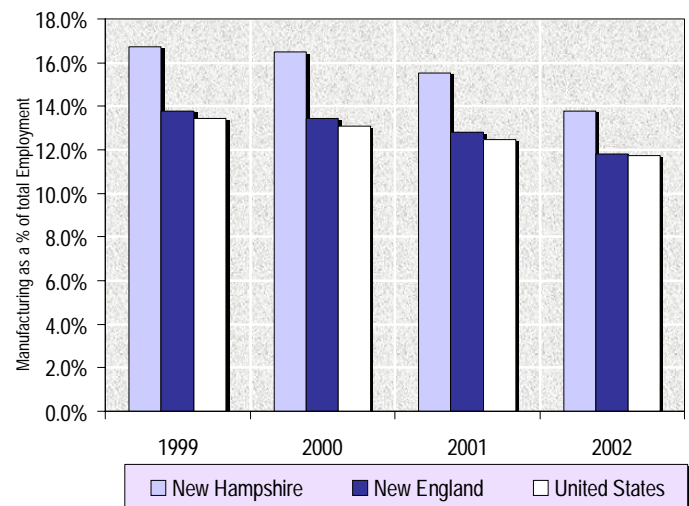
## 4. Employment by Industry

the paper mills, plant closing reversals, the health of defense firms and the rise of niche enterprises (e.g., microelectronics).<sup>2</sup>

Durable goods employment in particular had a significant tumble in 2002. (Durable goods are items with a normal life expectancy of three or more years, such as automobiles, appliances and electronics.) In New Hampshire this subsector declined by 14.0 percent in 2002 and 7.9 percent nationally. Nondurable goods employment went down by 8.1 percent in the state and down by 5.2 percent nationally.

Most sectors within the service-providing domain increased employment in 2002, rising to a level of 504,500. That's a relatively small increase, year-to-year, compared to previous periods (e.g., up 0.6 percent for 2001-2002 compared to up 1.6 percent for 2000-2001), but an increase nevertheless.

Despite huge job losses, New Hampshire maintained a higher share of Manufacturing employment than the region and the nation from 1999 to 2002



### Annual Employment Averages

	1999	2000	2001	2002 <sup>a</sup>	Source
TOTAL NONFARM	605,700	622,000	627,200	618,300	NHES
TOTAL PRIVATE	524,200	538,500	541,400	530,400	NHES
Goods Producing	126,400	128,500	125,600	113,700	NHES
Natural Resources & Mining	900	1,000	1,000	900	NHES
Construction	24,200	24,900	27,200	27,600	NHES
Manufacturing	101,200	102,500	97,400	85,200	NHES
Durable Goods	75,500	77,000	73,800	63,500	NHES
Primary Metal Manufacturing	3,500	3,400	3,200	2,900	NHES
Computer & Electronic Product	26,500	27,400	25,800	20,500	NHES
Electrical Equipment, Appliance, & Component	5,900	6,600	6,600	5,500	NHES
Nondurable Goods	25,600	25,400	23,600	21,700	NHES
Food, & Beverage, & Tobacco Product Manufacturing	3,200	3,300	3,400	3,500	NHES
Paper Manufacturing	4,100	4,000	3,600	3,100	NHES
Service Providing	479,300	493,500	501,600	504,500	NHES
Trade, Transportation, & Utilities	133,500	137,100	137,300	138,700	NHES
Wholesale Trade	24,400	25,700	26,700	26,600	NHES
Retail Trade	92,400	94,600	94,900	96,100	NHES
Food, & Beverage Stores	19,000	19,300	19,200	19,300	NHES
Transportation and Utilities	16,600	16,700	15,800	16,000	NHES
Information	13,000	13,900	13,700	12,900	NHES
Financial Activities	34,100	34,100	35,700	36,600	NHES
Professional & Business Services	55,500	58,600	57,000	53,500	NHES
Educational & Health Services	81,400	83,900	89,000	92,300	NHES
Educational Services	17,500	18,500	20,300	21,300	NHES
Health Care & Social Assistance	63,900	65,400	68,700	71,000	NHES
Hospitals	19,600	20,300	21,800	23,100	NHES
Leisure & Hospitality	56,900	58,200	59,500	60,700	NHES
Accommodation & Food Services	47,200	48,100	49,000	50,200	NHES
Food Services & Drinking Places	38,100	38,800	39,500	40,600	NHES
Other Services	23,000	23,900	23,600	21,900	NHES
Total Government	81,500	83,500	85,800	87,900	NHES

<sup>a</sup> 2002 figures are preliminary

## 4. Employment by Industry

For the 1999-2002 period, service providing employment increased by 25,200 jobs. The trade, transportation & utilities (TTU) supersector is the largest within the service-providing domain. Retail trade is the biggest sector within the TTU supersector.

The TTU supersector employment increased by one percent in 2002. Wholesale trade employment

went down a negligible amount from 2001 to 2002. Retail trade employment saw an increase of 1,200 jobs over-the-year, up 1.2 percent.

The information supersector, consisting of publishing, recording, broadcasting, and telecommunications industries, had a 6.2 percent decrease in 2002. Information employment has gone down two consecutive years. Financial activi-

### Annual Employment Percent Changes

	1999	2000	2001	2002 <sup>a</sup>	Source
All industries					
New Hampshire	2.9%	2.7%	0.8%	-1.4%	NHES
New England	2.0%	2.4%	0.1%	-1.5%	NHES/BLS
United States	2.4%	2.2%	0.0%	-1.1%	NHES/BLS
Private					
New Hampshire	2.9%	2.7%	0.5%	-2.1%	NHES
New England	2.0%	2.4%	-0.1%	-1.9%	NHES/BLS
United States	2.5%	2.1%	-0.3%	-1.7%	NHES/BLS
Goods Producing					
New Hampshire	-1.0%	1.7%	-2.3%	-9.5%	NHES
New England	-0.5%	1.3%	-2.3%	-7.0%	NHES/BLS
United States	0.5%	0.8%	-3.1%	-5.3%	NHES/BLS
Natural Resources & Mining					
New Hampshire	-10.0%	11.1%	0.0%	-10.0%	NHES
New England	2.9%	2.9%	1.4%	-2.7%	NHES/BLS
United States	-7.3%	0.2%	1.2%	-4.1%	NHES/BLS
Construction					
New Hampshire	4.8%	2.9%	9.2%	1.5%	NHES
New England	8.0%	6.4%	5.2%	-0.4%	NHES/BLS
United States	5.1%	2.9%	-2.7%	-0.3%	NHES/BLS
Manufacturing					
New Hampshire	-2.3%	1.3%	-5.0%	-12.5%	NHES
New England	-2.6%	-0.2%	-4.6%	-9.2%	NHES/BLS
United States	-1.4%	-0.3%	-4.8%	-6.9%	NHES/BLS
Durable goods					
New Hampshire	-2.5%	2.0%	-4.2%	-14.0%	NHES
New England	-3.1%	0.7%	-3.3%	-10.3%	NHES/BLS
United States	-0.7%	0.4%	-5.0%	-7.9%	NHES/BLS
Nondurable goods					
New Hampshire	-2.3%	-0.8%	-7.1%	-8.1%	NHES
New England	-1.4%	-1.9%	-7.4%	-6.7%	NHES/BLS
United States	-2.4%	-1.6%	-4.4%	-5.2%	NHES/BLS
Service Providing					
New Hampshire	3.9%	3.0%	1.6%	0.6%	NHES
New England	2.5%	2.6%	0.6%	-0.4%	NHES/BLS
United States	2.9%	2.5%	0.8%	-0.2%	NHES/BLS
Trade, Transportation, & Utilities					
New Hampshire	5.7%	2.7%	0.1%	1.0%	NHES
New England	2.3%	2.0%	-0.6%	-1.0%	NHES/BLS
United States	2.3%	1.8%	-0.9%	-1.9%	NHES/BLS
Wholesale trade					
New Hampshire	3.8%	5.3%	3.9%	-0.4%	NHES
New England	0.9%	2.1%	1.1%	-2.7%	NHES/BLS
United States	1.7%	0.7%	-2.7%	-2.3%	NHES/BLS
Retail trade					
New Hampshire	6.0%	2.4%	0.3%	1.2%	NHES
New England	2.7%	1.9%	-0.7%	0.2%	NHES/BLS
United States	2.5%	2.1%	-0.3%	-1.3%	NHES/BLS
Transportation and Utilities					
New Hampshire	7.1%	0.6%	-5.4%	1.3%	NHES
New England	4.5%	0.8%	-2.6%	-3.5%	NHES/BLS
United States	2.7%	2.1%	-0.8%	-0.8%	NHES/BLS

<sup>a</sup> 2002 figures are preliminary

## 4. Employment by Industry

ties appear to be on the upswing, with a 2.5 percent increase in 2002 and with an employment level at mid-2003 about 1,000 higher than a year prior. Other supersectors that also saw gains in 2002 were education & health services, leisure & hospitality, and government.

Scott Gessis

<sup>1</sup> NBER Business Cycle Dating Committee News Release. July 2003. National Bureau of Economic Research. Accessed July 17, 2003. <<http://release.nber.org/july2003.html>>.

<sup>2</sup> Vaznis, James. "N.H. economy showing signs of early recovery." *The Boston Globe* December 2, 2002.

Effective with 2001 employment figures, there was an industry classification system change. The North American Industry Classification System (NAICS) replaced the Standard Industrial Classification (SIC) system. NAICS has advantages such as including emerging industries, accounting for new technology, and paralleling precepts of the North American Free Trade Agreement (NAFTA). Employment figures prior to 2001 have been converted to NAICS.

### Annual Employment Percent Changes (continued)

	1999	2000	2001	2002 <sup>a</sup>	Source
Information					
New Hampshire	4.8%	6.9%	-1.4%	-6.2%	NHES
New England	2.5%	7.7%	-0.7%	-9.3%	NHES/BLS
United States	6.2%	6.2%	-0.1%	-6.1%	NHES/BLS
Financial Activities					
New Hampshire	5.9%	0.0%	4.7%	2.5%	NHES
New England	-15.5%	0.8%	1.6%	0.2%	NHES/BLS
United States	2.5%	0.5%	1.6%	0.5%	NHES/BLS
Professional & Business Services					
New Hampshire	4.3%	5.6%	-2.7%	-6.5%	NHES
New England	4.3%	5.1%	-1.7%	-5.5%	NHES/BLS
United States	5.3%	4.4%	-1.1%	-2.9%	NHES/BLS
Educational & Health Services					
New Hampshire	1.0%	3.1%	6.1%	3.6%	NHES
New England	1.2%	1.7%	2.6%	2.7%	NHES/BLS
United States	2.4%	2.1%	3.5%	3.3%	NHES/BLS
Leisure & Hospitality					
New Hampshire	3.1%	2.3%	2.2%	2.0%	NHES
New England	2.8%	1.9%	1.0%	1.9%	NHES/BLS
United States	2.8%	2.8%	1.5%	-0.6%	NHES/BLS
Other Services					
New Hampshire	8.5%	3.9%	-1.3%	-7.8%	NHES
New England	3.7%	2.5%	2.9%	0.8%	NHES/BLS
United States	2.2%	1.6%	1.7%	1.7%	NHES/BLS
Government					
New Hampshire	2.3%	2.5%	2.8%	2.4%	NHES
New England	2.1%	2.3%	1.5%	0.9%	NHES/BLS
United States	2.0%	2.4%	1.6%	1.7%	NHES/BLS

<sup>a</sup> 2002 figures are preliminary



In the recent past, Computer and Health jobs showed strong growth. Do they now? What other jobs have come into the high-growth picture? Which jobs are declining?

The latest New Hampshire occupational projections, using the base year 2000 and projecting to 2010, were published in February 2003. These projections determine occupational growth and declines.

### Fastest growing occupations

Fastest growth tends to show the smaller occupations since it's based on percentage change, not total numbers. As seen in the following list, Computer and Health jobs will indeed maintain strong growth.

#### The 10 fastest growing occupations:

- Computer Software Engineers, Applications
- Network Systems and Data Communications Analysts
- Computer Support Specialists
- Computer Software Engineers, Systems Software
- Computer Specialists, All Other
- Network and Computer Systems Administrators
- Management Analysts
- Medical Assistants
- Audiologists
- Physician Assistants

Some computer occupations have dropped from the Top 10: Database Administrators, Systems Analysts and Desktop Publishers. On the other hand, Network Systems and Data Communications Analysts, also known as Webmasters, have recently joined the list.

Medical jobs remain in demand as well, notably Medical Assistants and Physician Assistants. Audiologists, although relatively few in number, are also projected to have high growth. These workers assess and treat persons with hearing and related disorders.

Management Analysts, often called Consultants, are found in the Business and Operations Occupations group and are new to this list.

### Average annual openings

Average annual job openings are derived both from "new" jobs created by economic growth, and

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**New Hampshire could easily be called "the Retail State" due to its absence of a sales tax and its considerable number of retail workers.**

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also those openings that will need filling due to turnover. Some jobs have low replacement needs but a high percentage of openings due to growth, and vice versa.

Jobs with high annual openings differ from the "high-growth" jobs in that high growth considers only the percentage of newly created jobs. Therefore, the fastest-growth jobs tend to be ones with smaller employment levels.

New Hampshire could easily be called "the Retail State" due to its absence of a sales tax and its considerable number of retail workers. Retail supervisors, retail salespeople and cashiers rank either first or second in the state with the highest concentration of those workers. In addition, these jobs are among the top ten occupations by average annual openings.

#### Top 10 occupations by annual openings:

- Retail Salespeople
- Cashiers
- Combined Food Prep/Serving Workers, Including Fast Food
- Waiters and Waitresses
- Registered Nurses
- Computer Software Engineers, Applications
- Stock Clerks and Order Fillers
- General and Operations Managers
- Teacher Assistants
- Supervisors/Managers, Retail Sales Workers

## 5. Occupational Trends

Caveat: Employment projections are not an exact science and measure occupational demand only. Unforeseen changes in consumer, business or government spending patterns and in the way goods and services are produced could alter the growth and quantity of individual occupations.

### Declining occupations

Declining jobs have stayed remarkably consistent in recent years. Seen below are the occupations with the most projected job losses.

#### The 10 occupations with the most job losses:

- Electrical and Electronic Equipment Assemblers
- Inspectors, Testers, Sorters, Samplers and Weighers
- Team Assemblers
- Insurance Claims and Policy Processing Clerks
- Shoe and Leather Workers and Repairers
- Loan Interviewers and Clerks
- Cutting, Punching and Press Machine Tenders, Operators and Tenders, Metal and Plastic
- Switchboard Operators Including Answering Services
- Machine Feeders and Offbearers
- First Line Supervisors/Managers, Production/Operating Workers

Seven of these occupations are in Manufacturing, a segment of our economy that has seen significant reduction - no surprises there. The declining number of First Line Supervisors/Managers of Production/Operating Workers was affected by increased automation as well as the numeric decline of production workers.

Clerical jobs in the Insurance and Financial Services industries will also change as specific loan and claims jobs evolve into broader titles such as Customer Service Representatives and Clerks, General Office. Also, increased public use of the for loan and insurance applications will play a role.

Switchboard Operators (declining by 15.4 percent) are and will be a casualty of the voicemail revolution, although many companies insist on greeting callers with a live, human voice. Receptionists (who normally do not handle a large switchboard but do greet customers on the phone and in person) will grow by 24 percent.

### Staffing patterns

The tables titled "Occupational Staffing Patterns for Selected Industries" were drawn from the Occupational Employment Statistics (OES) program's 2001 data. (OES is a semi annual survey of employers that collects occupational wage and employment data.) For each industry, the employment and percent of industry figures are provided for the most common jobs in those industries, sorted by percent of industry.

For example, 9.7 percent of the jobs in the Special Trade Contractors industry group belongs to Construction Laborers. On the other hand, Carpenters make up only 3.8 percent of that industry.

### New and emerging occupations

In addition to collecting data on existing job classifications, the OES Program also asks employers to report and describe jobs not found in the survey forms. This gives the Bureau of Labor Statistics a chance to examine occupations that are new and emerging, based on the quantity of similar job titles and definitions given by the employers.

Here are a few of the new jobs selected from a range of industry groups. They were chosen due to their emergence from the national 2000 OES survey<sup>1</sup> and appearances on past New Hampshire OES surveys:

- GIS (Geographical Information System) Project Managers/Analysts: Local government infrastructure and land-use regulations require development plans in visual form. GIS information and models assist the discussions between government and private parties, including developers. GIS managers and analysts produce the maps and land use technology needed to help this happen.

## 5. Occupational Trends

→ Eligibility/Utilization Reviewers: Rising health care costs have created the need for more cost-containment personnel to determine the necessity, form, duration and location of medical treatment. Most of these workers have a nursing or similar medical background.

→ Aircraft Line and Support Technician: Owners of aircraft require line technicians to move, fuel and clean airplanes. The Standard Occupational Classification manual, which is now the standard for all Federal agencies that collect occupational data, currently has no specific classification for this job.

### New Hampshire's rank among the States for highest pay for these occupations

SOC	Title	Rank	Employment	Hourly mean wage	Annual mean wage	Percent of state employment	Wage rank within state
45-2041	Graders and sorters, agricultural products	1	NP	\$11.91	\$24,770	NP	421
13-1031	Claims adjusters, examiners, and investigators	2	670	\$28.57	\$59,420	0.111	58
13-1111	Management analysts	3	1,850	\$35.35	\$73,530	0.306	20
49-2022	Telecommunications equipment installers and repairers, except line installers	5	660	\$23.80	\$49,500	0.109	104

NP = Not Publishable Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Occupational Employment and Wages, 2001

### New Hampshire's rank among the States for highest concentration of workers in these occupations

SOC	Title	Rank	Employment	Hourly mean wage	Annual mean wage	Percent of state employment	Wage rank within state
41-1011	First-line supervisors/managers of retail sales workers	1	7,660	\$14.76	\$30,700	1.266	306
41-2031	Retail salesperson	1	25,830	\$10.15	\$21,110	4.270	486
41-2011	Cashiers	2	21,360	\$7.75	\$16,120	3.531	542
15-1031	Computer software engineer, applications	3	3,350	\$35.64	\$74,120	0.554	16
19-3031	Clinical, counseling and school psychologists	3	700	\$23.26	\$48,380	0.116	118
25-2011	Preschool teachers, except special education	3	2,740	\$9.35	\$19,450	0.453	506

### Occupational Staffing Patterns in Selected Industries - (4th Quarter 2001)

SOC Code	Job Title	Employment	% of Industry
<b>Special Trade Contractors - SIC Major Group 17</b>			
47-2111	Electricians	1,811	9.9%
47-2061	Construction Laborers	1,769	9.7%
47-2152	Plumbers, Pipefitters, and Steamfitters	1,687	9.2%
47-1011	First-Line Supervisors/Managers of Construction Trades and Extraction Workers	798	4.4%
47-2031	Carpenters	700	3.8%
47-2073	Operating Engineers and Other Construction Equipment Operators	638	3.5%
47-2141	Painters, Construction and Maintenance	637	3.5%
49-9021	Heating, Air Conditioning, and Refrigeration Mechanics and Installers	593	3.2%
47-2211	Sheet Metal Workers	571	3.1%
53-3032	Truck Drivers, Heavy and Tractor-Trailer	556	3.0%
<b>Paper and Allied Products, SIC Major Group 26</b>			
51-9196	Paper Goods Machine Setters, Operators, and Tenders	238	7.2%
51-9199	Production Workers, All Other	143	4.3%
51-9032	Cutting and Slicing Machine Setters, Operators, and Tenders	124	3.8%
53-7063	Machine Feeders and Offbearers	124	3.8%
53-7064	Packers and Packagers, Hand	120	3.6%
51-5023	Printing Machine Operators	103	3.1%
51-1011	First-Line Supervisors/Managers of Production and Operating Workers	99	3.0%
51-9198	Helpers--Production Workers	95	2.9%
<b>Fabricated Metal Products - SIC Major Group 34</b>			
51-2092	Team Assemblers	530	7.0%
51-1011	First-Line Supervisors/Managers of Production and Operating Workers	367	4.9%
51-4121	Welders, Cutters, Solderers, and Brazers	366	4.8%
51-9061	Inspectors, Testers, Sorters, Samplers, and Weighers	301	4.0%
51-4041	Machinists	287	3.8%
51-4031	Cutting, Punching, and Press Machine Setters, Operators, and Tenders, Metal and Plastic	259	3.4%
51-4033	Grinding, Lapping, Polishing, and Buffing Machine Tool Setters, Operators, and Tenders, Metal and Plastics	251	3.3%
51-4199	Metal Workers and Plastic Workers, All Other	236	3.1%
51-4034	Lathe and Turning Machine Tool Setters, Operators, and Tenders, Metal and Plastic	201	2.7%

## 5. Occupational Trends

- Security Screeners: A variety of airport screening occupations appeared in the 2000 survey, and these jobs became doubly important after 9/11. Screeners are now Federal employees, employed by the Transportation Security Administration (TSA). In September 2003, TSA employed roughly 48,000 screeners.<sup>2</sup>
- Bankruptcy Coordinators: Business failures and personal credit woes have created the need for bankruptcy coordinators, employed mainly by loan and consumer finance firms.

- Salvage Technicians: Where do old personal computers, automobiles and electronic devices go to die? Places that tear them down and find uses/markets for the salvageable parts. The high value of these products means a recent increase in the growth of occupations engaged in these salvage operations.

*Don Kelley*

<sup>1</sup> Pikulinski, Jerome. "New and Emerging Occupations in the 2000 Occupational Employment Survey." Occupational Employment and Wages 2001, Bulletin 2259. Bureau of Labor Statistics. June 2003: pg. 15.

<sup>2</sup> "Screener Rightsizing Fact Sheet." Briefing Room. September 29, 2003. US Department of Homeland Security. Accessed November 4, 2003 <<http://www.tsa.gov/>>.

### Occupational Staffing Patterns in Selected Industries - (4th Quarter 2001)

SOC Code	Job Title	Employment	% of Industry
<b>Industrial Machinery and Equipment - SIC Major Group 35</b>			
51-2022	Electrical and Electronic Equipment Assemblers	984	6.4%
51-4041	Machinists	970	6.3%
51-4011	Computer-Controlled Machine Tool Operators, Metal and Plastic	751	4.9%
51-2092	Team Assemblers	538	3.5%
51-1011	First-Line Supervisors/Managers of Production and Operating Workers	457	3.0%
17-2141	Mechanical Engineers	453	2.9%
51-9061	Inspectors, Testers, Sorters, Samplers, and Weighers	436	2.8%
51-4033	Grinding, Lapping, Polishing, and Buffing Machine Tool Setters, Operators, and Tenders, Metal and Plastic	341	2.2%
51-4111	Tool and Die Makers	315	2.0%
17-2199	Engineers, All Other	290	1.9%
<b>Electronics and Other Electrical Equipment - SIC Major Group 36</b>			
51-2022	Electrical and Electronic Equipment Assemblers	2,765	16.8%
51-1011	First-Line Supervisors/Managers of Production and Operating Workers	643	3.9%
49-9041	Industrial Machinery Mechanics	639	3.9%
51-2092	Team Assemblers	614	3.7%
51-9061	Inspectors, Testers, Sorters, Samplers, and Weighers	590	3.6%
51-2099	Assemblers and Fabricators, All Other	439	2.7%
17-3023	Electrical and Electronic Engineering Technicians	385	2.3%
17-2199	Engineers, All Other	336	2.0%
<b>Depository Institutions - SIC Major Group 60</b>			
43-3071	Tellers	1,669	23.7%
43-4131	Loan Interviewers and Clerks	521	7.4%
13-2072	Loan Officers	504	7.2%
43-1011	First-Line Supervisors/Managers of Office and Administrative Support Workers	451	6.4%
11-3031	Financial Managers	364	5.2%
43-4141	New Accounts Clerks	335	4.8%
43-4051	Customer Service Representatives	277	3.9%
43-6011	Executive Secretaries and Administrative Assistants	205	2.9%
43-4999	All Other Financial, Information, and Record Clerks	194	2.8%
43-9061	Office Clerks, General	128	1.8%
<b>Business Services - SIC Major Group 73</b>			
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	2,345	7.1%
15-1031	Computer Software Engineers, Applications	2,174	6.6%
33-9032	Security Guards	1,630	4.9%
13-1111	Management Analysts	1,057	3.2%
41-4011	Sales Representatives, Wholesale and Manufacturing, Technical and Scientific Products	806	2.4%
11-1021	General and Operations Managers	747	2.3%
41-9099	Sales and Related Workers, All Other	743	2.2%
15-1099	Computer Specialists, All Other	734	2.2%
51-2022	Electrical and Electronic Equipment Assemblers	695	2.1%
43-4051	Customer Service Representatives	667	2.0%

Source: 2001 New Hampshire Occupational Employment and Wages

**W**ithout a doubt, Manufacturing was hit the hardest by the recent recession. In 2002 the state lost 21 percent of its Manufacturing jobs, a steeper decline than in any other state.

High wages, high utility cost and rising health insurance cost are given as the explanation by several business leaders for why companies move their production to foreign countries, especially to China.<sup>1</sup> This is in spite of the Small Business Survival Index 2003 ranking New Hampshire fourth in the nation and first in the East as friendliest environment for entrepreneurship. The index compares 21 major costs, including taxes, health care and electricity.<sup>2</sup> New Hampshire even moved two spaces up from the 2002 Small Business Survival Index.

Laid-off employees of Manufacturing companies may qualify for federal help under the Trade Adjustment Assistance Act, if laid off because production has moved overseas. As of September 2003, seven companies had applied and six had been certified. Eleven companies were certified in 2002, affecting about 2,400 people.

Cost and availability of health insurance has become a major concern especially to small businesses. According to the National Federation of Independent Business the cost/availability of insurance (mainly health) was the leading small business problem in 2002.<sup>3</sup>

## Business formation

One encouraging outcome of the economic downturn is that more people have turned toward entrepreneurship. According to the Small Business Administration District Office director for New Hampshire, formation of small businesses is on the rise in New Hampshire. He also mentioned that especially women have a high success rate in starting new businesses.<sup>4</sup> The Current Population Survey conducted by the US Bureau of Census estimated the number of self-employed in 2001 to be 51,000.<sup>5</sup>

The data on new and terminated firms covered by unemployment compensation for 2002 shows

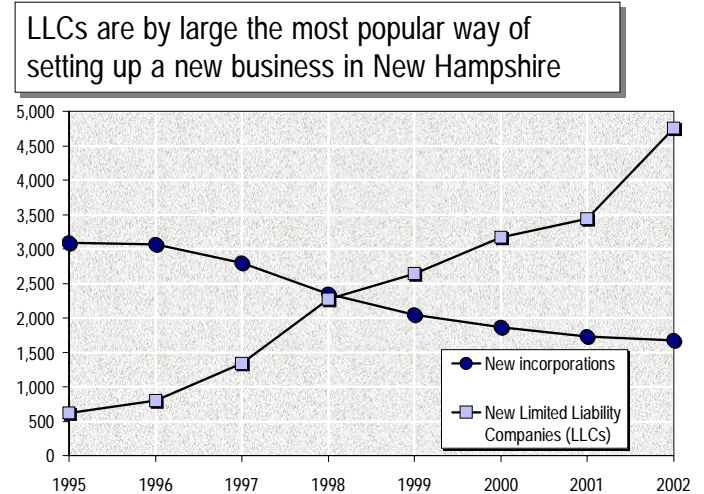
both the number of new firms and the number of terminated firms are bigger than in 2001. But as the number of new firms is bigger than the number of terminated firms, the final count of total firms in New Hampshire is still increasing.

The data on new incorporations in New Hampshire and out-of-state incorporations new to New Hampshire indicate both are following a

**Even though three-quarters of total businesses in New Hampshire employ fewer than 10 employees, about 50 percent of all employees are employed in firms with 10-250 employees.**

downward trend. On the other hand new Limited Liability Companies (LLC) are continuing to rise. However, 2002 is the first year since at least 1995 where the numbers of out-of-state LLCs new to New Hampshire have gone down. The option of creating LLCs became available in 1993 with the passage of New Hampshire's Limited Liability Company Act. Creating a LLC is a relatively new legal option throughout the United States. The advantage of creating a LLC is that it provides the protection from liability of a corporation without the formalities of a corporation. For tax purposes, it is treated like a partnership.

The number of new incorporations in New Hampshire has been going down since the LLC became an option. Some of the new LLCs in New Hampshire might even be incorporations that have been converted to a LLC.



## 6. Private Enterprise

According to Small Business Association's definition of a small business, which is a business with fewer than 500 employees, New Hampshire had 32,834 small businesses in 2002. New Hampshire ranked 14<sup>th</sup> among the 50 states with highest concentration of small businesses. Small businesses employ more than three-quarters of total New Hampshire employees.

Even though three-quarters of total businesses in New Hampshire employ fewer than 10 employees, about 50 percent of all employees are employed in firms with 10-250 employees. So even though the very small businesses in New Hampshire are important in numbers the medium sized businesses are important employment wise. Likewise, the 99 largest companies in New Hampshire, those with more than 500 employees, account for a quarter of total private employment.

Firms by size shows a decrease by 309 firms in New Hampshire from March 2001 to March 2002. The lingering effects of the recession from March 2001 to November 2001 could explain the lower number of firms in March 2002 than the prior year. However the preliminary March 2003 total number of private firms still showed a decrease of 136 firms from March 2002. This seems to oppose the data on new and terminated firms but firms by size is based on number of firms with employment at a point in time as opposed to over the entire year. Another difference is that new and terminated firms include Government.

From March 2001 to March 2002, the number of employees decreased by more than 13,000 and all but two firms by size categories lost employment. Number of employees decreased by only 5,700 from March 2002 to March 2003.

### **Biotech – the new job creator**

Nobody has yet come up with a golden solution to which industry could create jobs to replace lost jobs in Manufacturing. As biotechnology is one of the fastest growing industries globally, some industry leaders and policy makers hope that growth in this industry would be able to absorb some of the available skilled labor force. So far biotechnology does not have a strong presence in

New Hampshire and the existing biotech industry in New Hampshire is mostly involved in low value added biomanufacturing, and not research and development.<sup>6</sup>

In order to encourage further growth the New Hampshire Office of Business and Industrial Development is overseeing the statewide "Biotech – High Tech Incubator Plan". The goal is to establish two incubators to mentor small startup companies and to spin out technology from New Hampshire academic institutions. The first incubator will be built in proximity to Dartmouth College and is referred to as Dartmouth Regional Technology Center. The second incubator is going to be located in the Seacoast Region and New Hampshire Community Technical College and University of New Hampshire are co-partners. In relation to this strategic initiative New Hampshire Community Technical College opened the New Hampshire Biotechnology Center at the New Hampshire Technical College Campus in Portsmouth October 2002.

Since 2001, the New Hampshire Biotechnology Council has been tracking 120 companies involved in biotech and bioscience related disciplines. About 20 percent of the companies are involved in biomanufacturing, 34 percent in the development or manufacture of medical devices, and another 34 percent in the original manufacture of equipment. The last 12 percent of the companies are involved in bioinformatics and medical informatics.<sup>7</sup>

### **High tech under NAICS**

BLS' definition of high tech and biotech industries under NAICS has yet to be established. The lack of an official definition of high tech industries under NAICS has opened up opportunity for other organizations to define what should be considered high tech industries. The Office of Technology Policy under the Department of Commerce, and AeA (American Electronics Association) are examples of organizations coming up with a set of definitions.

The list of high tech industries under NAICS developed by the Office of Technology Policy, with

assistance from the Bureau of Census, was an attempt to convert the existing BLS high tech list of SIC codes into NAICS codes. The result is a high technology list that includes 39 industries, where 29 represent Manufacturing and ten represent service providing industries. The list from the Office of Technology Policy differs from the original BLS list of SIC codes in that NAICS contains more industry codes related to information technology industries and more and broader codes on rapidly growing industries, such as communications and computers.




AeA's list of high tech NAICS codes is more innovative in the sense that they didn't convert an already existing definition, but created the list from a new guiding principle based on production. To be included as a high tech industry, the industry had to be a maker/creator of technology, whether it be in the form of products, communications, or services. The reason behind this definition is that NAICS classifies companies by their production as opposed to SIC where companies were classified according to their type of activity. *Chemical manufacturing* (NAICS code 325) industry, containing *Pharmaceutical and medicine manufacturing*, is not

**High-Tech industry defined by Office of Technology Policy**

NAICS	Industry
32411	Petroleum Refineries
3251	Basic Chemical Manufacturing
3252	Resin, Rubber and artificial Fibers Manufacturing
3253	Agricultural Chemical Manufacturing
3254	Pharmaceutical and Medicine Manufacturing
3255	Paint Coating and Adhesive Manufacturing
3256	Soap, Cleaning Compound, and Toiletry Manufacturing
3259	Other chemical Product and Preparation Manufacturing
332992	Small Arms Ammunition Manufacturing
332993	Ammunition Ex Small Arms Manufacturing
332994	Small Arms Manufacturing
332995	Other Ordnance and Accessories Manufacturing
3331	Agriculture, Construction, and Mining Machinery Manufacturing
3332	Industrial Machinery Manufacturing
3333	Commercial and Service Industry Machinery Manufacturing
3336	Turbine and Power Transmission Equipment Manufacturing
3339	Other general purpose Machinery Manufacturing
3341	Computer and Peripheral Equipment Manufacturing
3342	Communications Equipment Manufacturing
3343	Audio and Video Equipment Manufacturing
3344	Semiconductor and Electronic Component Manufacturing
3345	Electronic Instrument Manufacturing
3346	Magnetic Media Manufacturing and Reproducing
3353	Electrical equipment Manufacturing
33599	Other Electrical Equipment and Component Manufacturing
3361	Motor Vehicle Manufacturing
3362	Motor Vehicle Body and Trailer Manufacturing
3363	Motor Vehicle Parts Manufacturing
3364	Aerospace Product and Parts Manufacturing
3391	Medical Equipment and Supplies Manufacturing
5112	Software Publishers
518	ISP's, search portals, and data processing
5413	Architectural and Engineering Services
5415	Computer Systems Design and Related Services
5416	Management and Technical Consulting Services
5417	Scientific Research and Development Services
6117	Educational Support Services
811212	Computer and Office Machine Repair

**High-Tech industry defined by AeA**

NAICS	Industry
333295	Semiconductor Machinery Manufacturing
333314	Optical Instrument and Lens Manufacturing
333315	Photographic and Photocopying Equipment Manufacturing
3341	Computer and Peripheral Equipment Manufacturing
3342	Communications Equipment Manufacturing
3343	Audio and Video Equipment Manufacturing
3344	Semiconductor and Electronic Component Manufacturing
3345	Electronic Instrument Manufacturing
335921	Fiber Optic Cables Manufacturing
5112	Software Publishers
517	Telecommunications
518	ISP's, search portals, and data processing
541330	Engineering Services
541380	Testing Laboratories
5415	Computer Systems Design and Related Services
541710	Physical, Engineering and Biological Research
611420	Computer Training

 Exact match    No match    Partial match

## 6. Private Enterprise

included in the AeA list. Thus the biotech Manufacturing industry is not included as high tech according to AeA.

As BLS has yet not developed a definition of high tech under NAICS, a BLS definition of high tech intensive industries has obviously not been developed either.

High tech data for 2001 will be published in both SIC and NAICS codes, in order to make 2002 data comparable to data from 2001. The definition developed by the Office of Technology was used to extract the data on high tech employment. The

number of employing high tech units has decreased by three percent or 122 units in New Hampshire from 2001 to 2002. Within the same time-period high tech employment has gone down 15 percent and total wages in high tech has gone down 12 percent accordingly. Despite the economic downturn the average weekly wage has increased four percent.

*Annette Nielsen*

<sup>1</sup> Kennedy, Eileen. "Companies struggle to keep jobs here." *The Telegraph online* August 17, 2003. Accessed August 19, 2003. <[www.nashuatelegraph.com](http://www.nashuatelegraph.com)>.

<sup>2</sup> *Small Business Survival Index 2003*. September 2003. Small Business Survival Committee. Accessed October 15, 2003 <<http://www.sbsc.org/Media/pdf/SBSI2003.pdf>>.

### Firms by Size<sup>a</sup>

	1999	2000	2001	2002	Source
Total Number of Firms with employment	32,435	32,788	33,242	32,933	NHES
1 - 4 employees	18,492	18,655	18,897	18,687	NHES
5 - 9 employees	6,199	6,212	6,299	6,229	NHES
10 - 19 employees	3,712	3,729	3,796	3,791	NHES
20 - 49 employees	2,486	2,566	2,594	2,631	NHES
50 - 99 employees	833	882	882	877	NHES
100 - 249 employees	467	482	517	471	NHES
250 - 499 employees	148	159	152	148	NHES
500 - 999 employees	59	63	63	61	NHES
1,000 & over employees	39	40	42	38	NHES
Net Annual Change in Number of Firms	485	353	454	-309	NHES
Net Annual Change in Number of Employees	12,347	13,828	9,507	-13,533	NHES
1 - 4 employees	386	269	151	-54	NHES
5 - 9 employees	664	224	601	-595	NHES
10 - 19 employees	1,344	325	1,175	-220	NHES
20 - 49 employees	2,855	2,078	1,041	526	NHES
50 - 99 employees	-1,384	3,043	37	399	NHES
100 - 249 employees	3,152	2,210	5,368	-5,757	NHES
250 - 499 employees	3,996	4,101	-1,925	-1,788	NHES
500 - 999 employees	1,601	1,383	-119	-484	NHES
1,000 & over employees	-267	195	3,178	-5,560	NHES
Percent of Total Employment (by size of firm)					
1 - 4 employees	7.3%	7.2%	7.1%	7.2%	NHES
5 - 9 employees	8.1%	7.9%	7.9%	8.0%	NHES
10 - 19 employees	10.0%	9.7%	9.8%	10.0%	NHES
20 - 49 employees	15.1%	15.1%	15.0%	15.5%	NHES
50 - 99 employees	11.4%	11.7%	11.5%	11.9%	NHES
100 - 249 employees	13.9%	13.9%	14.7%	14.0%	NHES
250 - 499 employees	10.1%	10.6%	10.0%	9.9%	NHES
500 - 999 employees	8.3%	8.3%	8.2%	8.3%	NHES
1,000 & over employees	15.9%	15.5%	15.8%	15.2%	NHES

<sup>a</sup> Firms by size numbers are based on March covered employment data in each calendar year.



<sup>3</sup> Small Business Economic Indicators for 2002. June 2003. Office of Advocacy - US Small Business Administration. Accessed August 26, 2003 <<http://www.sba.gov/advo/stats/sbei02.pdf>>.

<sup>4</sup> Phillips, William K. New Hampshire Small Business Administration. Telephone interview. August 19, 2003.

<sup>5</sup> "Table 5: Self-Employment by State 1990-2002." Small Business Economic Indicators for 2002. June 2003. Office of Advocacy - US Small Business Administration. Accessed August 26, 2003 <http://www.sba.gov/advo/stats/sbei02.pdf>.

<sup>6</sup> Gittell, Ross, Associate Professor. Whittemore School of Business & Economics, University of New Hampshire. Telephone interview. August 20, 2003.

<sup>7</sup> First-ever Guide for the New Hampshire Biotechnology and Bioscience Industry Launched. New Hampshire Biotechnology Council. Accessed August 21, 2003 <<http://www.nheconomy.com/whatsnew/>> <<http://www.nhbiotech.com/>>.

### Total Employment & Wages, High Technology Industries<sup>a</sup>

	1999	2000	2001	2001	2002
	by SIC Codes			by NAICS Codes	
Average annual number of employing units	3,425	3,620	n/a	3,654	3,532
Average annual employment	64,185	67,197	65,865	63,770	54,362
Total wages (millions of dollars)	\$3,423.8	\$4,073.9	\$3,877.6	\$3,697.8	\$3,263.6
Average weekly wages	\$1,025.83	\$1,165.89	\$1,132.15	\$1,115.13	\$1,154.51
<b>HIGH TECH INTENSIVE</b>					
Average annual number of employing units	1,818	1,963	n/a	High Tech intensive has not been defined under NAICS	
Average annual employment	41,840	44,626	43,155		
Total wages (\$ millions)	\$2,408.0	\$2,983.3	\$2,747.0		
Average weekly wages	\$1,106.80	\$1,285.60	\$1,224.13		

<sup>a</sup> Employment & Wages (ES-202) for 2001 was reported in both SIC and NAICS. ES-202 data for 2002 was only reported in NAICS.

### New & Terminated Firms Covered by Unemployment Compensation

	1999	2000	2001	2002	Source
New firms	5,064	5,727	5,543	5,746	NHES
Terminated firms	6,165	7,341	5,264	5,418	NHES

### Percent of Establishments with 100 or More Workers (Ranked from highest among 50 states)

	1999	2000	2001	2002	Source
New Hampshire	2.1%	2.2%	2.2%	n/a	CB/NHES
United States rank	35	32	32	n/a	CB/NHES
Connecticut	2.6%	2.6%	2.6%	n/a	CB/NHES
United States rank	13	13	12	n/a	CB/NHES
Maine	1.8%	1.8%	1.9%	n/a	CB/NHES
United States rank	43	43	42	n/a	CB/NHES
Massachusetts	2.8%	2.8%	2.9%	n/a	CB/NHES
United States rank	4	8	3	n/a	CB/NHES
Rhode Island	2.2%	2.2%	2.2%	n/a	CB/NHES
United States rank	31	31	31	n/a	CB/NHES
Vermont	1.5%	1.6%	1.7%	n/a	CB/NHES
United States rank	46	46	46	n/a	CB/NHES

### New Firms

	1999	2000	2001	2002	Source
New incorporations in New Hampshire	2,040	1,864	1,727	1,679	SOS
Out-of-state incorporations new to New Hampshire	1,433	1,348	1,244	1,046	SOS
New Limited Liability companies (LLC) in the state	2,642	3,166	3,443	4,755	SOS
Out-of-State LLCs new to the state	245	318	367	291	SOS

## 7. Transportation & Traffic

Going back from the time the first native New Hampshire Indians roamed about the Granite State up to today, our transportation system has been changing. The early settlers and Indians improved the system from trails to rough roads to fixed roads and river traveling (New Hampshire's first highway system). From our native Indians, the settlers learned a tireless style of

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**With the increasing demands to travel in and through New Hampshire ... New Hampshire continues to make major enhancements to its infrastructure.**

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running on trails. The settlers then started traveling by horse using the streambeds and riverbanks to move about the state. This encouraged riverboat travel. People could navigate up and down the rivers, their tributaries and onto lakes encouraging growth of areas from farms, to villages and to cities.

As the demand for new places to live, work and travel increased so did the need to migrate further from the river/lake systems. Thus the development of our roadway system which increased from 200 miles of roadways in the late 1700's to our current level at somewhere around 15,000 miles, of which about 800 miles are part of the National Highway System. Such a large roadway system requires constant maintenance and support.

With the increasing demands to travel in and through New Hampshire, either for business, pleasure, or to home and workplace, New Hampshire continues to make major enhancements to its infrastructure. Major new upgrades and maintenance projects continue in the roadways, airports, railroads and boating areas.

Roadways are not only being scheduled for resurfacing but are also being widened to support the increase in traffic. Interstate 93, chosen the "Top Transportation Infrastructure Project of the 20<sup>th</sup> Century in New Hampshire" by the American Road and Transportation Builders Association (ARTBA), is one of the state's largest projects. Interstate 93

covers 142 miles from the southern border to the north into Vermont. This roadway system has become the economic lifeline to most of the State's major cities, the Lakes Region and the White Mountains. The 18-mile section of Interstate 93 from the Massachusetts border to Manchester was built in the early 1960's with a capacity of 60,000 to 70,000 cars per day. By 1997 the volume had reached more than 100,000 cars per day in the Salem area and is projected to reach 140,000 per day by 2020.

The following are some of the many programs that took place during the year 2002<sup>1</sup>:

- The Bureau of Highway Maintenance improved about 370 miles of highways and accomplished 6,800 tons of asphalt work.
- The Bureau of Traffic applied about 90 million feet of paint to the highways.
- The Bureau of Turnpikes managed 107.7 million vehicles through the Toll System, resurfaced 74 lane miles and completed the
- Interstate 95 northbound lane project at the Hampton Plaza.
- The Bureau of Bridge Maintenance painted structural steel and/or rail systems on 18 bridges.

New Hampshire Department of Transportation has added a new "511 system" to try to help motorist traveling throughout the state. A traveler can now dial 511 (access depends on phone carrier each customer has) to learn of any:

- problem areas on the highway system or in a specific region
- weather information
- statewide summary information
- transportation updates
- tourism information

Traffic congestion has become a major issue nationwide. According to the United States Department of Transportation's "Performance and Accountability Report FY2002", traffic congestion equated to \$72 billion in lost wages and wasted fuel in 1997. A system like 511 is one way of reducing this inconvenience and cost. A six-week trial to reduce congestion was conducted at the Hampton toll plaza on Interstate 95 from August

to October 2003. The tolls in the northbound lanes were doubled while the southbound traffic traveled toll free. The State also spent \$2.2 million widening 1.8 miles south of the Hampton toll plaza and 1.3 miles north of it to improve traffic flow.<sup>2</sup>

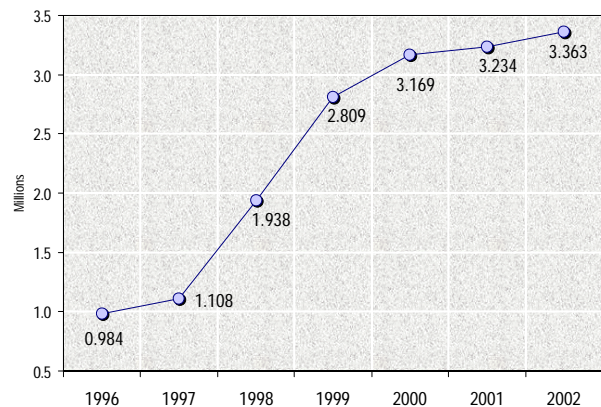
In the near future the highway toll collection system will be upgraded, including the addition of E-Z Pass. The E-Z Pass allows the motorist to go through tollbooths using a transponder that electronically scans the vehicle without coming to a complete stop. The E-Z Pass users put money into a prepaid account and tolls are subtracted when used. New Hampshire joins a number of other states that are using the same E-Z Pass system. The New Hampshire E-Z Pass user will be able to travel from Maine to Virginia without stopping at the tollbooths. In New Hampshire, the Hampton toll system will be upgraded first by the end of 2004 and the other tollbooths will be upgraded during the first few months of 2005.<sup>3</sup>

New Hampshire Rideshare, established in 1983, is a free commuter matching service provided by the Department of Transportation. This program helps find an alternative way for commuters to travel to and from work that helps to reduce costs, congestion and pollution. As of October 2003 there were 555 registered commuters in this program. The system currently includes 26 Park and Ride lots with a usage factor that exceeds 50 percent. Two of the more popular locations are Portsmouth at exit 3 off Interstate 95 that has 975 spaces and averages 675 cars per day, and Londonderry at exit 4 off Interstate 93 with 471 spaces and averages 384 cars per day.<sup>4</sup>

## Airports

New Hampshire's airports today are playing a big role in the state's infrastructure and are required to sustain and increase economic growth and development. Airport services like passenger and freight transportation, flight instructions, aircraft maintenance, hangar rentals, and fuel services, to mention a few, have developed. Airports that are playing a bigger role in servicing the needs of the state, industry and people are Manchester, Portsmouth International, Keene, and Lebanon.

The number of passengers using Manchester Airport increased by 2.3 million from 1996 to 2002



Even with the impact of the recession and airline consolidations, Manchester Airport continued to grow in 2002. It serviced 3.4 million passengers, moved over 90.7 tons of cargo and 40.5 tons of mail, and continued to add non-stop flights. To support this growth, a \$25 million terminal expansion is planned with a fully automated in-line Explosion Detection System (EDS). A new airport access road with estimated costs of \$115 million has also been approved by the US Federal Highway Administration.<sup>5</sup>

Portsmouth's Pease International airport brings another attractive dimension to the Granite State's infrastructure. Pease has a new international/domestic passenger terminal with Federal Inspection service including customs, agriculture imports/exports, immigration, and a 160,000 square foot bonded warehouse. The facility can handle any size aircraft that can provide passenger and cargo travel for domestic and international flights. These capabilities as well as a 2,000-acre industrial/business park make Portsmouth and New Hampshire ideally suited to local and import/export business.<sup>6</sup>

Keene airport's role in New Hampshire is to promote the southwestern region with general aviation, corporate and commercial services. The Lebanon Municipal Airport provides access to the Upper Connecticut River Valley and Vermont servicing about 40,000 passengers by US Airways Express to Boston, New York and Philadelphia. Both of these airports as well as others like Laconia

## 7. Transportation & Traffic

Municipal, Nashua Municipal and Mt. Washington Regional play a key role in New Hampshire's statewide airport system.

### Railroads

Railroad service in New Hampshire is an alternative to driving for some. Today the Downeaster, operated by Amtrak, provides four round trips daily between Portland, Maine and Boston's North Station with stops in Dover, Durham and Exeter New Hampshire. This railroad service provides commuter transportation as well as leisure transportation. Nearly 170,000 of the 267,000 plus riders during the year boarded the train in Dover, Durham or Exeter.

The next rail service planned to go through New Hampshire (phase I study completed November 2002 and phase II was scheduled to start mid-2003) may be the Boston to Montreal high-speed railroad (traveling between 90 and 150 mph) and will extend about 325 miles. The corridor will start in Boston and go north to Nashua, Manchester, Concord and northwest to Lebanon, NH. The train will then cross the Connecticut River to White River Junction, Montpelier, Burlington and

St. Albans, Vermont where it will link up with the Canadian National Railroad in Alburg, Vermont and complete its journey to Montreal.<sup>7</sup>

Other projects going on, include extending commuter rail service from Lowell to Nashua, which is in the preliminary stages and the return of freight rail service in West Lebanon.

### Boating

Boating in New Hampshire has increased over the years and has become one of the biggest recreational activities. Boat registrations in 2002 reached a high of 101,452, creating congestion and safety issues for New Hampshire waterways. This does not include the out of state boaters that trailer their boats to the New Hampshire lakes. Erosion of the shorelines, fuel pollution of the water and increased accidents on the water are some of the consequences of the large number of boats on the lakes.

The State's Marine Patrol is trying to make the New Hampshire lakes safer by offering boating education and through issuing a safe boating certificate. As of January 1, 2002, New Hampshire

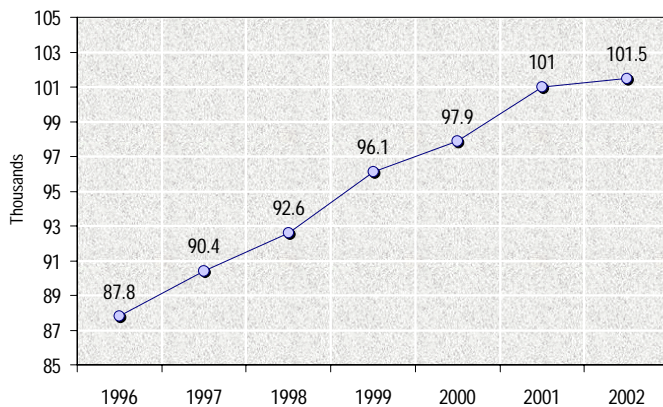
### Registrations, Licenses, and Fuel Consumption

	1999	2000	2001	2002	Source
<b>Vehicle Registrations</b>					
Passenger Vehicles	1,022,000	1,068,256	1,136,532	1,162,238	ISDS/NHES
Annual percent change	0.4%	4.5%	6.4%	2.3%	ISDS/NHES
Commercial Vehicles	148,613	164,967	171,180	181,508	ISDS/NHES
Annual percent change	-1.6%	11.0%	3.8%	6.0%	ISDS/NHES
Persons per passenger car (population/#vehicles)	1.2	1.2	1.1	1.1	ISDS
<b>Total driver licenses on issue</b>					
Total driver licenses on issue	923,648	947,002	948,863	926,974	ISDS
Annual percent change	1.5%	2.5%	0.2%	1.5%	ISDS/NHES
<b>Boat Registrations</b>					
Boat Registrations	96,062	97,882	101,000	101,452	ISDS
Annual percent change	3.7%	1.9%	3.2%	0.4%	ISDS/NHES
<b>Motor Fuel Consumption (fiscal year)</b>					
Millions of gallons of gasoline and diesel fuel	782	783	799	820	RTDS
Annual percent change	3.7%	0.1%	2.1%	2.6%	RTDS/NHES

### Postal Service

	1999	2000	2001	2002	Source
First handling pieces - Manchester and Portsmouth Post Offices (millions) (FY ending 9/30)	1,090.0	1,090.1	1,043.2	1,040.0	PS

Boat registrations in New Hampshire increased nearly 14,000 from 1996 to 2002



law states it is necessary for anyone 16 and older to possess this certificate when operating a boat with an engine of 25 horsepower or greater on New Hampshire public waters.

*Ernie Liakas*

- <sup>1</sup> 2002 Annual Report. Department of Transportation. December 18, 2002.
- <sup>2</sup> Boynton, William. "News Release." Department of Transportation. August 21, 2003.
- <sup>3</sup> Almasy, Al. Department of Transportation. phone/e-mail interview. September 9, 2003.
- <sup>4</sup> Winters, Shelley. Department of Transportation. e-mail interview. October 15, 2003.
- <sup>5</sup> Farren, Michael M. Manchester Airport Administration. Phone/Fax updates, August 8, 2003.
- <sup>6</sup> Marketing Overview & Accomplishments. Pease International Tradeport. Accessed August 28, 2003 <[www.peasedev.org](http://www.peasedev.org)>.
- <sup>7</sup> Study Overview. Boston to Montreal High Speed Rail. Accessed August 19, 2003 <[www.bostonmontrealhsr.org/studyoverview.htm](http://www.bostonmontrealhsr.org/studyoverview.htm)>.

## Highway Traffic - Annual totals

	1999	2000	2001	2002	Source
Interstates, NH - Mass. State line (thousands, from traffic counters, Salem & Seabrook)	67,943	70,082	70,103	72,194	DT
Annual percent change	-0.6%	3.1%	0.0%	4.1%	DT/NHES
Rural traffic, annual percent change	3.2%	2.1%	1.9%	2.9%	DT
Annual vehicle miles (millions of miles)	12,978	13,264	13,433	13,711	RTDS
Annual percent change	2.4%	2.2%	1.3%	2.1%	RTDS/NHES

## Aircraft Travel

	1999	2000	2001	2002	Source
<b>Manchester Airport</b>					
Total Passengers	2,809,200	3,169,301	3,233,555	3,363,243	MA
Annual Percent Change	44.9%	12.8%	2.0%	4.0%	MA/NHES
Enplanements	1,412,880	1,588,320	1,631,331	1,687,733	MA
Annual Percent Change	45.4%	12.4%	2.7%	3.5%	MA/NHES
Deplanements	1,396,320	1,580,981	1,602,224	1,675,510	MA
Annual Percent Change	44.5%	13.2%	1.3%	4.6%	MA/NHES
Air Cargo (Tons) <sup>a</sup>	80,000	87,500	83,260	90,745	MA
Annual Percent Change	14.3%	9.4%	-4.8%	9.0%	MA/NHES

<sup>a</sup>Does not include air mail

## Portsmouth Harbor Freight Traffic (000 short tons)

	1999	2000	2001	2002	Source
<b>Total</b>	4,556	4,462	4,447	n/a	USACE
Annual percent change	8.6%	-2.1%	0.3%	n/a	NHES
<b>Domestic</b>	1,019	824	574	n/a	USACE
Annual percent change	30.5%	-19.1%	-30.3%	n/a	NHES
<b>Foreign Imports</b>	3,507	3,572	3,792	n/a	USACE
Annual percent change	4.1%	1.9%	1.1%	n/a	NHES
<b>Foreign Exports</b>	30	66	81	n/a	USACE
Annual percent change	-28.6%	120.0%	22.7%	n/a	NHES
Canadian percent of Foreign Imports	43.3%	47.4%	n/a	n/a	NHES

## 8. Energy

Anyone who has spent a winter in New Hampshire or pumped a gallon of gasoline will have no trouble believing that the state is higher than the national average when it comes to energy costs. According to the latest available data from the US Department of Energy,

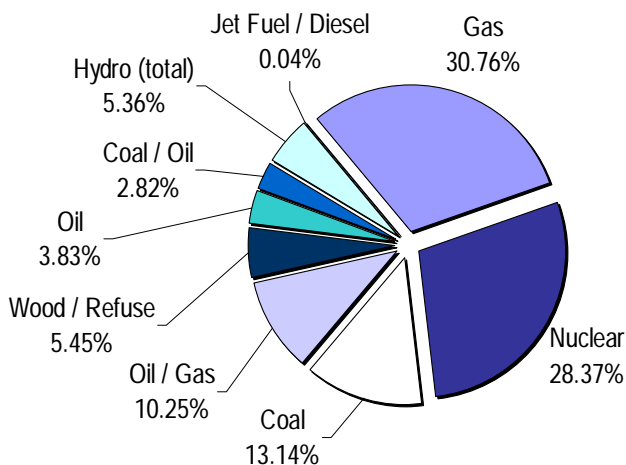
**In 2003, energy costs have been higher for most sources except electricity.**

New Hampshire ranks 20<sup>th</sup> nationally in per capita energy expenditures with \$2,611 spent per person (Louisiana is ranked first at \$4,638).<sup>1</sup>

There are several reasons for higher energy prices in New Hampshire. The state is far removed from sources of gas and oil supplies, a large percentage of older homes are predominately heated by oil, electric costs that are still showing the effect of stranded costs, and of course the weather (cold winters and increasingly warmer summers) plays a part. Costs can vary from year to year. Last year, energy was relatively inexpensive. For most of 2003, energy costs have been higher for most sources except electricity. Most of the higher cost is due to the increase in the price of crude oil.

There are some advantages for New Hampshire. Gasoline taxes are relatively low. While the weather can be unusual at times, the climate is generally

Nuclear and Gas are the Primary Sources of Electrical Generation in New England, 2002



Source: Independent System Operator, New England

moderate. Compared to other states, the population in New Hampshire is concentrated in a relatively small area.

### Electricity

More than half of electricity generated in New England depends on the use of coal, oil, or gas. Conventional sources such as these are major contributors to air pollution, so New Hampshire and other states in New England have enacted environmental regulations that are changing the way power is produced and to achieve a more diverse mix of energy sources. In many states, power producers earn "credits" for developing certified sources of energy that pollute less.

Massachusetts and Connecticut mandate that a certain percentage of electricity offered by power retailers is derived from *renewable resources*. This power can come from a plant the utility company already owns or one it may build. A utility can fulfill its obligations in another way. It can purchase credits from a utility in another state that owns plants that burn wood or use other renewable resources. As the company earns credits for producing cleaner power, credits can be sold to other utilities to allow them to comply with laws in their states requiring "green" power.

Public Service of New Hampshire has proposed that it replace one of the coal-burning boilers at its Schiller Station in Portsmouth with a new boiler that will burn wood as fuel. The company estimates that emissions of sulfur dioxide will be reduced by 95 percent. Other emissions will also be significantly reduced. A large amount of the wood fuel will come from New Hampshire suppliers, providing a boost to the state's depressed lumber producing businesses. Projected proceeds from the sale of credits would offset the proposed \$70 million cost of the new boiler, leaving an expected little or no impact on New Hampshire customers. Completion is scheduled for December 2005. The New Hampshire Public Utilities Commission (NHPUC) will hold hearings to determine if the project is in the public interest.<sup>2</sup>

On August 14, 2003, millions of electrical customers in the eastern United States and Canada lost

power. The cause of the blackout was later found to be due to a voltage collapse on portions of the transmission system in Ohio and Michigan. The demand for reactive power was too great for local generating units (power plants) to supply, causing them to go off line. The disruption cascaded across the wires until 50 million people were ultimately affected.

As the lights and air conditioners continued to operate in New Hampshire, people couldn't help but wonder – could it happen here? The simple answer is yes, it could. Electrical systems across the country are connected to each other to allow transmission of power across long distances. Occasionally, there can be imbalances between demand for electricity and the voltage required to transfer power from generating stations to customers. In some cases, demand exceeds the available power, in which case an outage can occur. After the blackout of 1965, the transmission and distribution system in New England was set up to limit the spread of outages. The system worked well in August. When the outage hit other areas, the system automatically disconnected and became an "island" where generation and demand remained balanced, allowing the system to continue operating.

Concerns about blackouts raise questions about the adequacy of the transmission and distribution system in New Hampshire. To serve the increased demand, utilities have recently upgraded transmission lines: a new 115 kilovolt (kV) line in Laconia and a new substation in Hooksett.<sup>3</sup>

Customers in the Claremont area will get relief from high electricity prices. In May 2003, the NHPUC approved the acquisition of Connecticut Valley Electric Company by Public Service Company of New Hampshire. The utility will pay Central Vermont Public Service \$21 million to take over the contract to sell power to Connecticut Valley. Because PSNH can spread these costs over a large customer base, former Connecticut Valley customers will enjoy lower rates. With approval by the Federal Energy Regulatory Commission (FERC), which is highly likely, the deal should be finalized in early January 2004. About 10,000 customers can

expect to see lower electric bills and gain the right to choose their energy supplier. Lower rates would also benefit the state's economy and possibly attract additional businesses into the area.

Electric rates continue to be stable throughout the state compared to prior years. In 2002, the average bill for 500 KWH ranged from \$48.97 for Exeter and Hampton Electric Company to \$74.75 for Connecticut Valley Electric.

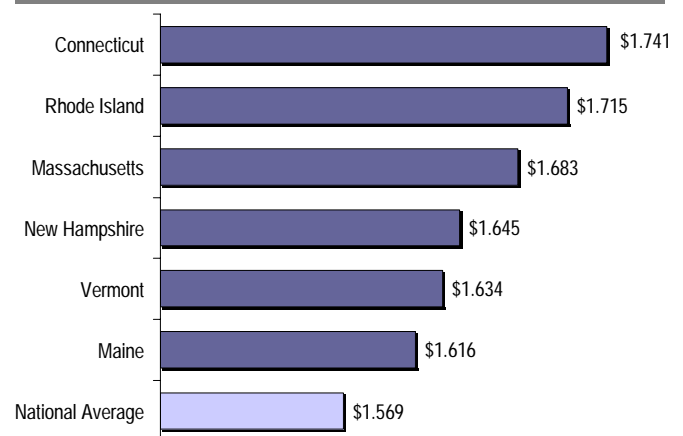
Historically, all ten of the top electric demand days have occurred during the summer months, due in part to the widespread use of air conditioning. A relatively cool summer in 2003 prevented New Hampshire from establishing any new records for peak demand of electricity, but two days in late June made the list.

### Petroleum (gasoline)

Gasoline prices hit record highs during the summer of 2003 throughout New England. After reaching a peak of \$1.742 per gallon for regular unleaded on Labor Day weekend, prices in the region moderated somewhat to \$1.624 by mid-October. At the peak, prices were about 33 cents higher than the same time in 2002.<sup>4</sup>

The price of gasoline, like all other commodities, fluctuates with supply and demand. Generally,

By mid-October 2003, prices of regular unleaded gasoline in New England were dropping from the highest recorded prices ever, but were still higher than the national average



Source: AAA Fuel Gauge Report, October 15, 2003

## 8. Energy

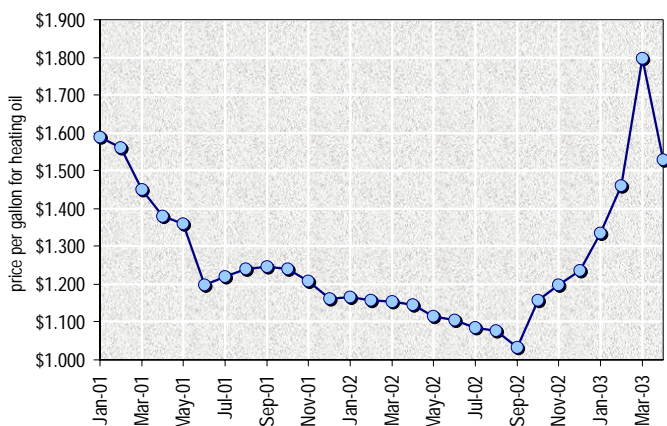
prices tend to increase during the summer because there are more cars on the road driving more miles. Throughout the year, the major factor in gasoline prices is the cost of the crude oil that is used to make gasoline. Because crude oil is used to produce other products – heating oil, for example – increase in demand for these products can cause a rise in the price of gasoline. Crude oil prices are also affected by the decisions of the Organization of Petroleum Exporting Countries (OPEC) on how much oil to produce. Political and military events may play a large part in production decisions, as the situation in Iraq remains volatile.

The price of gasoline can also rise on unexpected events – the blackout on East Coast stifled refineries' ability to produce gasoline, causing supply problems in some areas.

Prices in New Hampshire tend to be higher than in Vermont and Maine, but lower than in Connecticut, Massachusetts and Rhode Island. Drivers can take some consolation in knowing that prices in California have recently been over \$2.00 a gallon for regular unleaded.

Federal, state, and even local excise taxes are part of the price a driver pays at the pump. In addition to a federal tax of 18.4 cents per gallon, as much as 35 cents (in Hawaii) or as little as 8 cents (in Alaska) can be added to the price. New Hampshire's gasoline tax is 20.6 cents per gallon, the second lowest tax among the New England states.<sup>5</sup>

New Hampshire residents heating with oil had to budget more for fuel last winter



Sometimes, the retail price of gasoline can change on a daily basis, or even several times during one day. This is because the wholesale price (the price paid by the retailer) changes throughout the day, depending on price movements in spot and futures markets for gasoline and crude oil. Retailers adjust their prices accordingly, keeping in mind that they are competing with the station down the block.

### Home heating oil

New Hampshire residents heating with oil had to budget more for fuel expenditures last winter as the price approached \$1.80 per gallon in March 2003. Prices shot up from a low of \$1.03 per gallon only six months earlier. That was a concern for many, because 58 percent of New Hampshire households use oil to heat their home. In other parts of the country, homes have been converted to gas heat, while hardly any newly constructed homes in New England use oil as the primary fuel.<sup>6</sup>

Heating oil prices vary during the year, peaking in the winter months. Changes in the price of crude oil, driven by worldwide supply and demand are the major determinant of heating oil prices. Prices are also affected by the higher cost of transporting oil to New England.

Demand in the gasoline market can also have an effect on the price of home heating oil. If demand remains high, or inventories decline, refiners end up producing more gasoline than distillate for heating oil.

### Natural gas

Nearly 20 percent of New Hampshire households use natural gas as the primary fuel to heat their homes. Many others use natural gas for cooking or clothes drying. In all, over 100,000 households are customers of one of the three natural gas utilities in the state.

Nearly 60 percent of the natural gas supplied to New Hampshire comes from domestic sources, primarily in the Gulf Coast. Canada is the source for another 20 to 25 percent. Natural gas is transmitted in underground pipelines to "gate stations" outside of cities, where it is then distributed to



consumers. When natural gas is chilled to extremely low temperatures (-260 degrees Fahrenheit), it changes into a liquid. Large tanker ships can then move the gas across ocean waters. In New England, tankers carrying natural gas dock at a special facility in Everett, Massachusetts.<sup>7</sup>

Natural gas prices in New Hampshire are regulated by the New Hampshire Public Utilities Commission. In fall 2003, the state's largest gas utility filed for a rate increase of 27 percent. The proposed increase would be used to recover the cost of the gas purchased by the utility. Because the winter of

2003 was colder than normal, supplies ran low and the price rose substantially. Gas is purchased in the spring and summer, and stored in wells near the Pennsylvania-New York border. Utilities have to purchase gas on the open market subject to the same supply and demand effects as any other commodity. Companies have to make their best guess make their purchases in the futures or spot markets. The Commission must approve the rate hike before it takes effect. Hearings were scheduled for late December 2003.

*Michael Argiropolis*

### Energy Purchased and Generated

	1999	2000	2001	2002	Source
Electric Energy Purchased					
Sales to Ultimate Customers (million KWH)					
New Hampshire:					
Total	9,888	9,949	10,307	10,474	EIA
Percent change	6.9%	0.6%	3.6%	1.6%	NHES
Residential	3,640	3,621	3,786	4,044	EIA
Percent change	7.6%	-0.5%	4.6%	6.8%	NHES
Commercial	3,604	3,625	3,911	4,044	EIA
Percent change	8.3%	0.6%	7.9%	3.4%	NHES
Industrial	2,516	2,570	2,477	2,244	EIA
Percent change	4.2%	2.1%	-3.6%	-9.4%	NHES
New England:					
Total	113,720	123,013	118,929	119,601	EIA
Percent change	2.8%	8.2%	-3.3%	0.6%	NHES
Residential	41,022	43,863	42,396	44,186	EIA
Percent change	5.8%	6.9%	-3.3%	4.2%	NHES
Commercial	45,484	47,883	49,055	49,862	EIA
Percent change	2.7%	5.3%	2.4%	1.6%	NHES
Industrial	25,750	29,456	25,953	23,925	EIA
Percent change	-1.2%	14.4%	-11.9%	-7.8%	NHES
Net Energy Generated (million KWH)					
As percentage of energy purchased	140.3%	127.7%	n/a	n/a	PSNH
As percentage of total generated by type <sup>a</sup>					
Hydroelectric	2.4%	2.6%	1.7%	2.2%	PSNH
Fossil fuel	35.0%	35.1%	32.1%	35.9%	PSNH
Nuclear	62.5%	62.4%	66.2%	61.9%	PSNH

<sup>a</sup> Rounding may cause percentages to not equal 100 percent

## 8. Energy

<sup>1</sup> Energy Prices and Expenditures Ranked by State, 2000. US Department of Energy, Energy Information Administration. Accessed September 29, 2003 <[http://www.eia.doe.gov/emeu/states/sep\\_sum/html/pdf/rank\\_pr\\_all.pdf](http://www.eia.doe.gov/emeu/states/sep_sum/html/pdf/rank_pr_all.pdf)>.

<sup>2</sup> Hayward, Mark. "PSNH Wants to Burn Wood for Power." Manchester Union Leader August 29, 2003.

<sup>3</sup> Patch, Doug. "What's the Next Step to Beef up Electrical System?" New Hampshire Business Review September 5-18, 2003: pg. B1.

<sup>4</sup> Daily Fuel Gauge Report. American Automobile Association. Accessed October 15, 2003 <<http://www.fuelgauge.com/NHavg.asp>>.

<sup>5</sup> Historical Trends in Motor Gasoline Taxes, 1918-2002. American Petroleum Institute. Accessed October 15, 2003 <<http://api-ep.api.org/filelibrary/>>.

<sup>6</sup> EIA's Petroleum Product Prices for New Hampshire. US Department of Energy, Energy Information Administration. Accessed October 15, 2003 <[http://www.eia.doe.gov/emeu/states/oilprices/oilprices\\_nh.html](http://www.eia.doe.gov/emeu/states/oilprices/oilprices_nh.html)>.

<sup>7</sup> Wyatt, Robert. New Hampshire Public Utilities Commission. Phone interview. November 3, 2003.

### Energy Expenditures and Prices

	1999	2000	2001	2002	Source
Energy Expenditures Per Capita (\$ per capita)	\$2,190	\$2,611	n/a	n/a	EIA
United States rank	\$19	\$20	n/a	n/a	EIA
Energy Prices (dollars per million Btu)	\$11	\$13	n/a	n/a	EIA
United States rank	\$6	\$4	n/a	n/a	EIA
Petroleum prices (dollars per million Btu)	\$7	\$11	n/a	n/a	EIA
United States rank	\$36	\$15	n/a	n/a	EIA
Electric prices (dollars per million Btu)	\$34	\$33	n/a	n/a	EIA
United States rank	\$2	\$3	n/a	n/a	EIA

### Energy and Fuel Consumption

	1999	2000	2001	2002	Source
Energy Consumption					
Total consumption (trillion Btu)	335.4	329.1	n/a	n/a	EIA
Annual percent change	5.2%	-1.9%	n/a	n/a	EIA/NHES
United States rank	45	45	n/a	n/a	EIA/NHES
Types of energy consumption (percent of total)					
Residential	24.4%	24.0%	n/a	n/a	EIA/NHES
Commercial	16.8%	17.8%	n/a	n/a	EIA/NHES
Industrial	28.9%	27.2%	n/a	n/a	EIA/NHES
Transportation	29.9%	31.1%	n/a	n/a	EIA/NHES
Energy consumption per capita (million Btu)	279.2	266.3	n/a	n/a	EIA
United States rank (including D.C.)	43	44	n/a	n/a	EIA
Net Interstate flow of electricity and assoc. losses	-18,778	-17,418	n/a	n/a	EIA
Fuel Consumed to Generate Electricity In equivalent barrels of oil					
New Hampshire total (thousand barrels)	21,602	19,745	20,487	n/a	PSNH
Oil	2,663	783	833	n/a	PSNH
Coal	4,859	6,062	5,554	n/a	PSNH
Gas	96	131	88	n/a	PSNH
Nuclear	13,984	12,769	14,011	n/a	PSNH

In 2001 New Hampshire's real GSP dropped by 1.8 percent from its 2000 level. The value of manufacturing products in New Hampshire was hit the hardest with a 13.8 percent drop.<sup>1</sup> This dramatic decline in total value of manufacturing products was more than twice as large as the decline in manufacturing in New England as well as the decline in manufacturing for the nation. Nationwide, manufacturing declined in 40 states and was the largest contributor to declines in the states affected the most by the recession.

Gross State Product (GSP) is an indicator for production at the individual state level and aggregated GSP at the national level. These two measures are estimated yearly by the United States Department of Commerce's Bureau of Economic Analysis (BEA). The aggregated nationwide GSP differs from the nation's Gross Domestic Product (GDP), because GSP and GDP have different revision schedules and because US military and federal civilian spending abroad is not included in the GSP. In order to get a better measurement for comparison over time, real GSP has been developed as an analytical tool. Real GSP is an inflation-adjusted measure of each state's gross product that is based on national prices for the goods and services produced within the state.

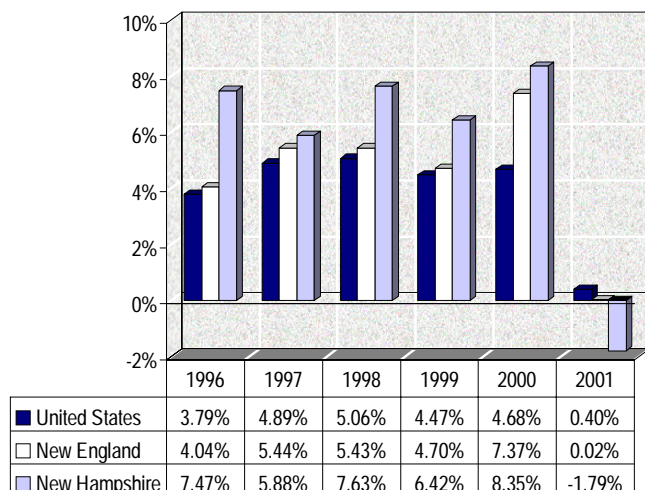
In 2001, real GSP for the nation grew by 0.4 percent over the previous year. According to BEA, "real GSP declined in 20 states and growth decelerated in 26 states."<sup>2</sup> Compared to the 1981-82 recession where real GSP declined overall by 1.6 percent and declined in 37 states, this recent recession seems

**From 2001 to 2002, New Hampshire exports to the world decreased 22.4 percent, which is not surprising considering the recession.**

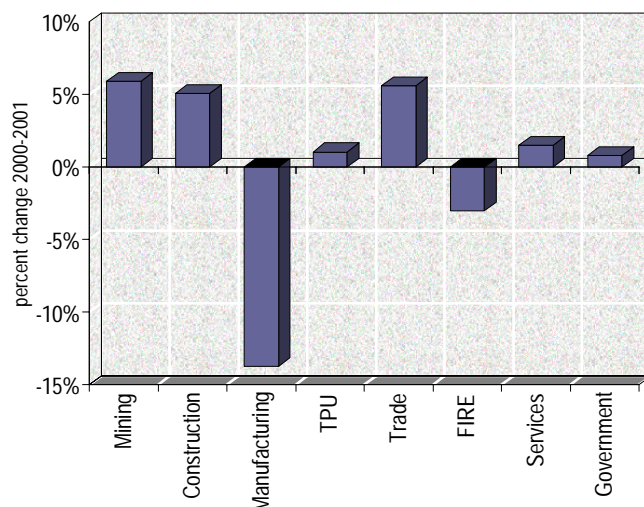
mild. New Hampshire and Massachusetts were the only New England states that showed negative growth in real GSP.

In addition to manufacturing, the financial community in New Hampshire felt the effect of the economic downturn, though only with a three percent reduction. All of the other industrial divisions in New Hampshire experienced growth in real GSP in 2001. Retail trade had the largest increase in real GSP at 7.2 percent and mining (a small industry) came in second with a 5.3 percent increase. Government's real GSP in New Hampshire only grew by 0.7 percent in 2001, whereas government in the nation and in the New England region grew 1.8 percent and 2.6 percent, respectively.<sup>3</sup>

New Hampshire's real GSP was hit harder by the 2001 recession than any other New England state's and the Nation's



Huge losses in manufacturing's real GSP in 2001 were the primary reason for New Hampshire's economic decline



## 9. Production

New Hampshire ranked 39th in the nation in terms of total real GSP for 2001, a position the state has maintained since 1998. In comparison to the nation, the New Hampshire's economy is doing relatively well, considering that the state ranked 41st in population according to the Census 2001 Population Estimate and that the state has the eighth smallest land area in the nation.

Real GSP for New England, collectively, stayed the same in 2001 as the prior year. Manufacturing and wholesale trade were the only sectors to post losses, six and three percent, respectively. Like for New Hampshire, mining had the largest increase in real GSP at 4.2 percent, followed by retail trade at four percent.

### Compensation of employees

The category "compensation of employees"<sup>4</sup> measures payments of salaries, wages, and other benefits. From a production point of view, it measures the total cost of labor.

New Hampshire's total compensation of employees increased by 3.04 percent, which exceeded both the national and regional levels of increase. In accordance with the decline in manufacturing, the level of compensation for employees in this industry dropped 5.65 percent. Both durable goods manufacturing and nondurable goods manufacturing cut payroll costs over 5 percent in 2001.

Construction saw the largest increase at 14.29 percent in compensation of employees. Mining came in second place with a 9.09 percent enlargement, while government's payroll costs grew 6.05 percent in 2001. Compensation of employees in the services and trade industrial divisions expanded by over 4 percent, whereas finance, insurance, and real estate had a smaller increase in payroll costs, 3.43 percent. To round out New Hampshire's picture of compensation of employees, transportation and public utilities sustained a 2.19 percent increase.

For the nation in 2001, compensation of employees increased by 2.64 percent over the 2000 total and compensation of employees grew by 2.53 percent in New England within the same timeframe. On the national level, the different industrial divisions experienced increases from two to nine percent from 2000 to 2001. On the other end of the spectrum, manufacturing's compensation of employees fell by 4.34 percent.

New England mirrored the national pattern in most cases. One exception was trade, where New England experienced a decrease in total compensation. Manufacturing in New England reduced compensation of employees by 3.79 percent.

### Gross State Product (\$ millions)

	1999	2000	2001	2002	Source
Current Dollars	\$43,616	\$47,708	\$49,569 <sup>a</sup>	n/a	BEA/PSNH
Annual percent change	7.6%	9.4%	3.9%	n/a	NHES
Real 1996 Dollars (base year)	\$42,801	\$46,134	\$46,912 <sup>a</sup>	n/a	BEA/PSNH
Annual percent change	7.1%	7.8%	1.7%	n/a	NHES

<sup>a</sup> Estimated by PSNH

### US Gross Domestic Product (\$ billions)

	1999	2000	2001	2002	Source
Current Dollars	\$9,274	\$9,825	\$10,082	\$10,446	BEA
Annual percent change	5.6%	5.9%	2.6%	3.6%	BEA/NHES
Real 1996 Dollars (base year)	\$8,859	\$9,191	\$9,215	\$9,440	BEA
Annual percent change	4.1%	3.8%	0.3%	2.4%	BEA/NHES

### New Capital Expenditures

	1999	2000	2001	2002	Source
Total (\$ millions)	\$676	\$857	\$855	n/a	CB
As a Percent of Payroll					
United States	25.0%	25.1%	24.2%	n/a	CB/NHES
New Hampshire	19.4%	22.0%	22.5%	n/a	CB/NHES
Connecticut	16.0%	17.4%	16.9%	n/a	CB/NHES
Maine	28.3%	34.3%	26.7%	n/a	CB/NHES
Massachusetts	20.7%	20.3%	21.7%	n/a	CB/NHES
Rhode Island	15.9%	15.3%	14.6%	n/a	CB/NHES
Vermont	48.7%	55.1%	41.1%	n/a	CB/NHES

### Value Added

	1999	2000	2001	2002	Source
Value Added by Manufacture					
Total (\$ millions)	\$9,936	\$10,350	\$8,621	n/a	CB
Value Added per Payroll Dollar					
United States	\$3.25	\$3.24	\$3.13	n/a	CB
New Hampshire	\$2.85	\$2.65	\$2.27	n/a	CB
United States rank <sup>a</sup>	42	45	48	n/a	CB
Connecticut	\$2.55	\$2.58	\$2.61	n/a	CB
United States rank <sup>a</sup>	49	49	44	n/a	CB
Maine	\$2.69	\$2.97	\$2.78	n/a	CB
United States rank <sup>a</sup>	48	38	39	n/a	CB
Massachusetts	\$2.82	\$2.89	\$2.67	n/a	CB
United States rank <sup>a</sup>	43	41	42	n/a	CB
Rhode Island	\$2.45	\$2.52	\$2.45	n/a	CB
United States rank <sup>a</sup>	50	50	47	n/a	CB
Vermont	\$3.10	\$3.12	\$2.92	n/a	CB
United States rank <sup>a</sup>	27	30	33	n/a	CB
Industry Share of Total Value Added (NAICS codes)					
Computer and Electronic Product Manufacturing	32.4%	30.9%	24.5%	n/a	CB
Fabricated Metal Product Manufacturing	9.7%	10.5%	13.7%	n/a	CB
Machinery Manufacturing	8.8%	10.1%	9.1%	n/a	CB
Electrical Equipment, Appliance, and Component Manufacturing	7.7%	8.3%	7.6%	n/a	CB
Plastics and Rubber Products Manufacturing	5.3%	5.8%	5.3%	n/a	CB
Paper Manufacturing	5.1%	5.3%	5.3%	n/a	CB
Miscellaneous Manufacturing	4.7%	4.9%	6.7%	n/a	CB
Printing and Related Support Activities	4.3%	3.4%	4.1%	n/a	CB
Primary Metal Manufacturing	2.7%	2.7%	2.7%	n/a	CB
Wood Product Manufacturing	2.3%	2.7%	2.1%	n/a	CB
Total Manufacturers' Shipments (\$ millions)	\$18,438	\$19,641	\$16,975	n/a	CB
Annual percent change	-11.6%	6.5%	-13.6%	n/a	CB

<sup>a</sup> Including D.C.

### Defense Contracts (\$ millions)

	1999	2000	2001	2002	Source
Total	\$360	\$400	\$479	\$597	CB

## 9. Production

### New Hampshire exports

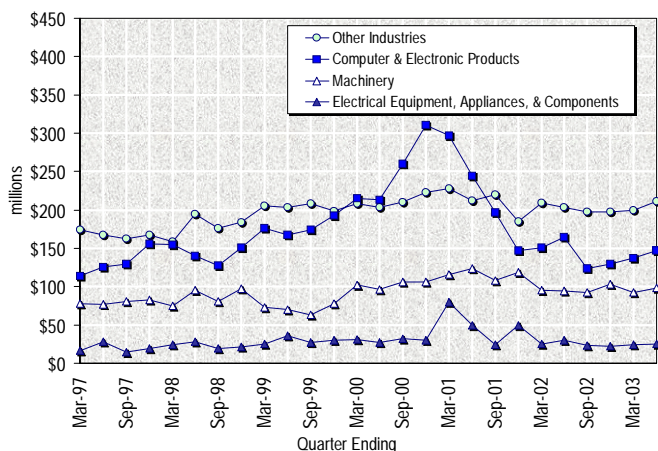
From 2001 to 2002 New Hampshire exports to the world decreased 22.4 percent, which is not surprising considering the recession. Canada is the first and foremost trade partner for New Hampshire. In 2002, 27.6 percent of total New Hampshire exports went to Canada. The United Kingdom was the second largest receiver of New Hampshire exports accounting for 8.8 percent of total New Hampshire exports. After two years of large increases in the value of New Hampshire exports to the United Kingdom, the value of exports in 2002 was back at the 1999 level.<sup>5</sup>

After the 2001 recession, New Hampshire's exports in most industries seemed steady. There is even room for optimism as there has been a slight increase in New Hampshire's exports of Computer and electronic products since September 2002.

Since the terrorist attack on September 11, 2001, the federal government has increased its efforts on national security. The military-related industries in New Hampshire seem to have gained from that as defense contracts increased by 24.6 percent over the year from 2001 to 2002.

*Bernhard McKay/Annette Nielsen*

New Hampshire's exports have stabilized since the 2001 recession



- <sup>1</sup> Table 1. - Percent Change in Real Gross State product by Major Industry, 2000-2001. U.S Bureau of Economic Analysis (BEA). Accessed October 15, 2003 <<http://www.bea.gov/bea/newsrel/gsp0503.xls>>.
- <sup>2</sup> News release: Gross State Product by industry for 2001: US Economic Slowdown was Widespread. May 22, 2003. US Bureau of Economic Analysis. Accessed October 15, 2003 <<http://www.bea.gov/bea/newsrel/gspnewsrelease.htm>>.
- <sup>3</sup> IBID. Table 1. - Percent Change in Real Gross State product
- <sup>4</sup> Regional Economic Accounts. BEA. <<http://www.bea.gov/bea/regional/gsp/>>.
- <sup>5</sup> Total US Exports (Origin of Movement) via New Hampshire. US Census Bureau, Foreign Trade Division. Accessed November 13, 2003 <<http://www.census.gov/foreign-trade/statistics/state/country/2002/nh.pdf>>.

### Export Sales to the World

	1999	2000	2001	2002	Source
Total (\$ millions)	\$1,930	\$2,373	\$2,401	\$1,863	MISER
Annual percent change	11.7%	23.0%	1.2%	-22.4%	MISER/NHES

#### Industry Share of Total Exports (NAICS code)

Computer and Electronic Product Manufacturing	36.8%	42.1%	36.8%	30.6%	MISER/NHES
Machinery Manufacturing	14.7%	17.2%	19.4%	20.7%	MISER/NHES
Fabricated Metal Product Manufacturing	8.3%	4.6%	4.0%	3.9%	MISER/NHES
Electrical Equipment, Appliance, and Component Manufacturing	6.1%	5.0%	8.5%	5.4%	MISER/NHES
Chemical Manufacturing	8.3%	4.6%	4.0%	3.9%	MISER/NHES
Plastics and Rubber Products Manufacturing	6.1%	5.0%	8.5%	5.4%	MISER/NHES
Leather and Allied Product Manufacturing	4.7%	4.3%	6.0%	5.2%	MISER/NHES
Transportation Equipment Manufacturing	8.3%	4.6%	4.0%	3.9%	MISER/NHES
Miscellaneous Manufacturing	2.5%	2.5%	2.8%	4.0%	MISER/NHES
Paper Manufacturing	2.2%	2.1%	1.2%	1.6%	MISER/NHES

From coins to license plates and road signs. No matter where you look, you see “The Old Man of the Mountain.” Everywhere but above Profile Lake, that is. On May 3, 2003, the Old Man fell from the spot at the top of Cannon Mountain where he overlooked Franconia Notch State Park for thousands of years. Although no one really knows how or why he fell, it is known that he will be greatly missed.

Daniel Webster once said of the Old Man, “Men hang out their signs indicative of their trades: shoe makers hang out a gigantic shoe, jewelers a monster watch, and the dentist hangs out a gold tooth, but in the mountains of New Hampshire, God Almighty has hung out a sign to show that here He makes men.”

According to New Hampshire’s Division of Travel and Tourism Development, the disappearance of the Old Man did not hurt tourism in New Hampshire in 2003. Many people still came to the White Mountains to visit while others came just to commemorate him.

### Remembering the Old Man

The Division of Parks and Recreation collected thoughts and remembrances from people nationwide regarding the Old Man for posting in their on-line scrapbook. Additionally, Governor Benson established a task force to review ways to memorialize the Old Man. A fund was also established to help with the memorial effort. As of November 2003, the Governor’s office reported that about \$20,500 had been collected for the Old Man Revitalization fund.

On November 13, 2003, the recommendations of the Old Man of the Mountain Revitalization task force were accepted.<sup>1</sup> They recommended against rebuilding the Old Man. Their suggestions included:

- Expanding the museum exhibit at Franconia Notch State Park.
- Installing viewfinders that recreate the image of the Old Man in roadside parking areas on both the northbound and southbound highway.

- Presenting an Old Man of the Mountain Profile Award every May 3 beginning in 2004. The award would honor those who best represent the New Hampshire spirit and would recognize historical, cultural, and environmental efforts by individuals, groups, and communities.
- Establish a traveling educational display that would visit schools and libraries to teach about the geology and significance of the Old Man.

It is anticipated that all four projects will be implemented by May 3, 2005. The year 2005 marks the bicentennial anniversary of the Old Man’s discovery.

### Resident Reward Program

In April 2003, the New Hampshire Division of Travel and Tourism Development launched a “first-

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**Despite wavering consumer confidence, spending on retail products (in New Hampshire) went up.**

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of-a-kind” in-state promotion designed to help New Hampshire lodging facilities increase off-season and mid-week occupancy and introduce New Hampshire residents to the many pre-summer vacation opportunities available right here in their own backyards. Seventy lodging facilities across the Granite State participated in this Resident Rewards Program in May and June. They offered residents overnight stays for as low as \$59 and special gifts ranging from homemade muffins to free rounds of golf. The program was such a big success that it returned in November and December of 2003. The program was promoted to residents through inserts in newspapers throughout the state, a link off the State’s Web site, and radio spots featuring Governor Benson.

### Skiing in New Hampshire

“The 2002-2003 ski season will go down in the record books as one of the best in New Hampshire skiing history,” according to SkiNH. One of New Hampshire’s most avid skiers, Bode Miller, won two Gold Medals and one Silver Medal in the World Championships. Coming from a state where

the official state sport is skiing, Miller said, "I grew up in New Hampshire. My family and these mountains helped shape my skiing and who I am."

Hoping that the 2003-2004 season will see more skiers than the previous season, some ski areas around the state invested more than \$20 million in new lifts, trails, lodges, and infrastructure.<sup>2</sup> Some of the changes include:

- Reopening Crotched Mountain for the first time in ten years.
- Bretton Woods has almost doubled the size of its base lodge with a \$5 million overhaul and addition.
- Gunstock has accomplished a \$4 million expansion project with the installation of a new high-speed lift to the summit, 4.5 miles of new snowmaking pipe, and night lighting on 25 acres of trails.
- Pat's Peak will also have a new chair lift as well as a recently renovated base lodge.
- Cannon Mountain also boasts a new lift and nine new trails near the base of the Peabody Slope.

New Hampshire's 2003-2004 Ski Season started early on October 1<sup>st</sup> at Tenney Mountain in Plymouth, as SnowMagic Entertainment Industries introduced the "Infinite Crystal Snowmaking" process that allows for snow making at any temperature. According to Tenney Mountain's marketing department, they were the first ski area in the nation to open for the season.

### **Ravens and Monarchs and Fisher Cats ... oh my!**

Instead of skipping down the yellow brick road, sports fans will be arriving via Interstate 93 and Manchester Airport. New Hampshire's avid sports fans can now get their "fix" of sports year round. During the warmer months, fans can enjoy watching baseball, Winston cup races, arena football, golf or soccer. As the weather gets colder, hockey and traditional football games begin. Many of these games are held at the Verizon Wireless Arena in Manchester. The Arena is host to a variety of other events such as concerts, truck shows, children's shows, and a circus. More than 725,000 people visited the arena during its second year

(November 2002 to November 2003). These spectators spent about \$40.2 million on tickets, programs, food and drinks (both on-site and off-site), parking, and souvenirs.<sup>3</sup>

Manchester is becoming an entertainment hot spot. The city will soon be home to a new minor league baseball team. Formerly known as Connecticut's New Haven Ravens, this new team will use the refurbished Gill Stadium in 2004. Later on the team will move to a new \$20 million stadium that will be built on land currently home to Singer Family Park.<sup>4</sup> The team was originally named the "New Hampshire Primaries." The logo featured an elephant and a donkey with red, white, and blue. However, public reaction to the name was negative. The team president and general owner, with the help of the fans, renamed the team the "New Hampshire Fisher Cats."

### **Retail sales**

Despite wavering consumer confidence, spending on retail products went up. According to *Sales & Marketing Management's 2003 Survey of Buying Power* (printed in September 2003), total retail sales in New England increased 0.3 percent from 2002 to \$207.5 billion in 2003. In New Hampshire the survey reported that retail sales increased 3.5 percent from 2002 to \$25.5 billion in 2003. Some of this increase could be attributed to the tax credit payments many New Hampshire residents and residents from our neighboring states received from the Federal Government during the summer of 2003. These tax credit payments were issued per the Jobs and Growth Tax Relief Reconciliation Act of 2003. This Act increased the maximum credit amount from \$600 to \$1,000 per qualifying child and directed that taxpayers receive the increase during the summer of 2003, rather than waiting until they file their 2003 returns.<sup>5</sup> President Bush hoped these tax credit payments "... (would) encourage investment by our Nation's entrepreneurs, speed up economic growth, and help generate new jobs for America's workers."<sup>6</sup>

Total retail sales are broken down into five "store groups." Sales of *Furniture & home furnishings and electronics & appliances* in New Hampshire increased 12.3 percent over-the-year to \$1.4 billion. *General*



*merchandise stores* recorded an over-the-year growth of 11.1 percent, bringing it to \$3.2 billion in 2003. The boom in home sales could explain some of the increase in these two categories as most new homeowners will paint, carpet, furnish, and decorate at least some of their new home. The low mortgage rates and increased home values allowed many others to refinance and use some of their equity to remodel their existing homes.

*Food service & drinking establishments* also saw a double-digit increase, 10.5 percent from 2002 to 2003. This category includes restaurants, which are dependent upon not only local residents, but also tourists. *Food & beverage stores*, on the other hand, recorded a loss of 4.0 percent over-the-year.

Sales from *Motor vehicle & parts dealers*, which accounted for more than one-quarter of all retail sales in the state in 2003, saw a drop of 2.1 percent over 2002.

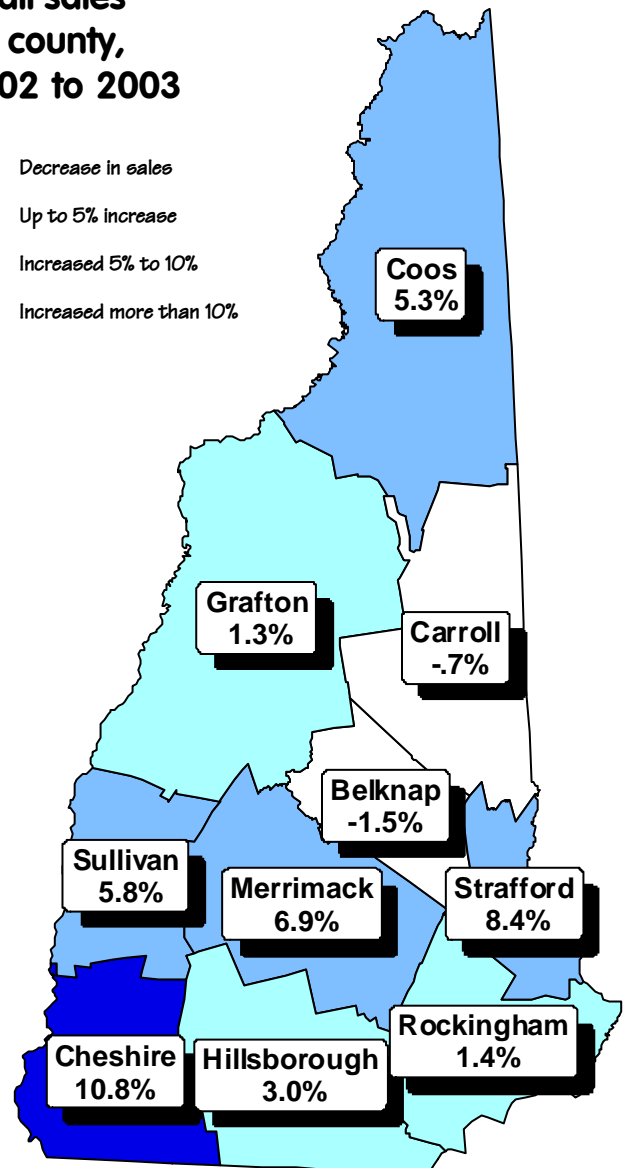
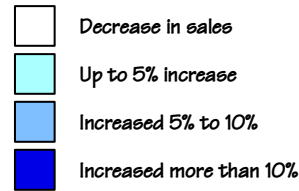
**Retail sales by county**

Six of the counties in New Hampshire showed retail sales growing faster than the nation as a whole from 2002 to 2003. Five of these counties also saw a faster growth in sales than the state. Cheshire County recorded an over-the-year increase of 10.8 percent, the fastest growth among all the counties. Part of the growth could be attributed to the increase and expansion in retail businesses in Cheshire County and to the fact that Vermont, which borders Cheshire County, increased their sales tax from five to six percent in 2003. Strafford County followed Cheshire with an increase of 8.4 percent. Only two counties, Belknap and Carroll, showed decreases in retail sales from 2002 to 2003.

**Effective buying income**

Effective Buying Income (EBI) is a measurement of disposable income used by Sales & Marketing Management. New Hampshire’s total EBI for 2003 was \$27.2 billion, a slight increase over 2002. This breaks down to an average of \$54,279 per household in 2003. Although the total EBI in New Hampshire increased, the number of households increased faster. Therefore, the average

**Change in retail sales by county, 2002 to 2003**



household EBI decreased by about one percent from 2002 to 2003.

Of the counties, Rockingham recorded the largest average household EBI in 2003, \$62,710. This was down 6.5 percent from 2002. Hillsborough County was not far behind with an average of \$57,772, down 4.8 percent over-the-year. New England’s average household EBI was \$53,867 in 2003, a decline of three percent over-the-year. The national average was \$48,798 in 2003, down about one percent over-the-year.

### Buying power index

The Buying Power Index<sup>7</sup> (BPI), for which the *Survey of Buying Power* is best known, is a unique measure of spending power that takes population, EBI, and retail sales into account to determine a market's ability to buy. In other words, the BPI shows how much of the total retail sales for the nation will occur in a specific area. For instance, New Hampshire's BPI was 0.5486 in 2003. This means that about a half percent of all retail sales for the nation was in New Hampshire in 2003. In New England, the BPI for the states ranged from a high of 2.4118 in Massachusetts to a low of 0.2040 in Vermont. The region as a whole had a BPI of 5.3601 in 2003.

*Martin F. Flynn, IV/Elisabeth Picard*

- <sup>1</sup> "Benson Accepts Old Man Recommendations." The Union Leader. Accessed November 14, 2003 <www.theunionleader.com>.
- <sup>2</sup> "Capital Improvements at New Hampshire Ski Areas for Next Winter in Excess of \$20 million." SkiNH. Accessed November 12, 2003 <www.skinh.com/media\_center/>.
- <sup>3</sup> Blais, Douglas. Economic impact report Verizon Wireless Arena 2002-2003. October 2003. Accessed November 13, 2003 <www.snhu.edu/>.
- <sup>4</sup> Fennell, Jim. The Face of Sports is Changing in NH. Accessed November 13, 2003 <www.newhampshire.com>.
- <sup>5</sup> Internal Revenue Service. Accessed November 10, 2003 <www.irs.gov>.
- <sup>6</sup> "President Visits Philadelphia to Discuss Economy and Child Tax Credit." Press Release. July 24, 2003. The White House. Accessed November 10, 2003 <www.whitehouse.gov/news/releases/2003/>.
- <sup>7</sup> *The Buying Power Index is a weighted index that converts three basic elements: population (the demographic factor), Effective Buying Income (the economic factor) and retail sales (the distribution factor) into a measurement of a market's "ability to buy", and expressing it as a percentage of the national total sales (100 percent)*

### Recreation/Tourism

	1999	2000	2001	2002	Source
Division of Travel & Tourism Development Inquiries	225,558	177,492	175,176	186,294	DTTD
Fish and Game licenses (non-resident)	77,031	77,352	73,897	71,330	F&G
Out-of-State Snowmobile Registrations	13,056	15,320	18,835	18,363	F&G
Skiing, state owned Cannon Mountain (fiscal year)					
Number of skiers	105,817	100,601	130,656	116,637	P&R
Lift sales, including season passes	\$1,699,433	\$1,589,497	\$2,231,416	\$3,172,226	P&R
Racing, pari-mutuel pool (millions)					
Thoroughbred track:					
Simulcast	\$129.3	\$138.1	\$149.8	\$144.2	PM
Live	\$16.8	\$15.2	\$13.7	\$14.8	PM
Greyhound tracks:					
Simulcast	\$42.7	\$48.5	\$65.0	\$58.7	PM
Live	\$27.2	\$25.8	\$26.4	\$25.3	PM

## 10. Trade, Recreation, & Hospitality

### Retail Sales<sup>a</sup>

	1999	2000	2001	2002	Source
New Hampshire, total (millions)	n/a	\$22,974	\$24,308	\$24,660	SMM
Annual percent change	n/a	n/a	5.8%	1.4%	SMM/NHES
Food & beverage stores	n/a	\$3,189	\$3,338	\$3,468	SMM
Annual percent change	n/a	n/a	4.7%	3.9%	SMM/NHES
Food service & drinking establishments	n/a	\$1,498	\$1,588	\$1,622	SMM
Annual percent change	n/a	n/a	6.0%	2.1%	SMM/NHES
General merchandise stores	n/a	\$2,881	\$2,856	\$2,897	SMM
Annual percent change	n/a	n/a	-0.9%	1.4%	SMM/NHES
Furniture & home furnishings and electronic & appliance stores	n/a	\$1,329	\$1,367	\$1,284	SMM
Annual percent change	n/a	n/a	2.9%	-6.1%	SMM/NHES
Motor vehicle & parts dealers	n/a	\$6,840	\$7,137	\$7,119	SMM
Annual percent change	n/a	n/a	4.3%	-0.3%	SMM/NHES
New England, total (millions)	n/a	\$193,430	\$205,177	\$206,774	SMM
Annual percent change	n/a	n/a	6.1%	0.8%	SMM/NHES
United States, total (millions)	n/a	\$3,409,490	\$3,658,749	\$3,627,218	SMM
Annual percent change	n/a	n/a	7.3%	-0.9%	SMM/NHES

### Per Household Retail Sales

New Hampshire	n/a	\$50,031	\$51,272	\$50,113	SMM
Connecticut	n/a	\$37,912	\$39,190	\$38,550	SMM
Maine	n/a	\$37,471	\$38,048	\$35,923	SMM
Massachusetts	n/a	\$36,594	\$37,590	\$37,355	SMM
Rhode Island	n/a	\$28,677	\$28,780	\$28,640	SMM
Vermont	n/a	\$33,643	\$33,997	\$32,338	SMM
New England	n/a	\$37,480	\$38,413	\$37,761	SMM
United States	n/a	\$33,113	\$34,450	\$33,662	SMM

### Liquor Sales (fiscal year)

Retail and Wholesale	\$265.2	\$288.5	\$305.0	\$327.6	LC
Fiscal percent change	4.8%	8.8%	5.7%	7.4%	LC/NHES
Percent retail	71.6%	71.3%	71.4%	70.9%	LC/NHES

<sup>a</sup> Reprinted by permission of Sales & Marketing Management, a publication of Bill Communications. Data after 1999 was by NAICS code, while prior years were by SIC code.

### Hospitality: Hotel, Restaurant Activity (millions)

	1999	2000	2001	2002	Source
Total Meals and Rooms Sales Receipts (millions)	\$1,841.3	\$1,976.2	\$2,004.1	\$2,031.0	RA
Annual percent change	4.6%	7.3%	1.4%	1.3%	RA/NHES
Restaurants	\$1,183.7	\$1,258.0	\$1,293.7	\$1,279.3	RA
Other food service	\$222.3	\$245.6	\$269.3	\$305.7	RA
Rooms	\$255.6	\$282.6	\$281.7	\$289.0	RA
Combination (hotel, restaurant, and lounge)	\$179.7	\$190.0	\$159.5	\$157.1	RA
Motor Vehicle Rentals (millions)	n/a	\$7.6	\$6.8	\$6.7	RA

## 11. Construction & Housing

Construction and housing seemed to cushion New Hampshire's economy against the effects of the 2001 recession. Many homeowners took advantage of historic low interest rates and refinanced their homes. In many cases, this increased their monthly disposable income. The low supply of affordable housing in New Hampshire and high demand for it drove up

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**In 2002, the annual average price tag for residential homes (both new and existing) in the Granite State exceeded \$200,000 for the first time.**

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the average selling price for homes to historic levels. Nonetheless, many were compelled to buy that "dream home" rather than pay the high rental costs each month, which have also been increasing dramatically. Many nonresidential construction projects are either in the process of being built or will be shortly. From schools and colleges to hospitals and airport remodeling, no matter where you look in the state, you are likely to see construction crews or signs.

### **New Hampshire's housing supply – US Census Bureau**

To obtain data on housing units, the US Census Bureau samples about 19,000 places nationwide that authorize housing permits. The building permits data relate to new private housing units intended for occupancy. They exclude mobile homes (trailers), hotels, motels, and group residential structures, such as nursing homes and college dormitories. They also exclude conversions of and alterations to existing buildings.

In 2002 data from the US Census Bureau showed total housing units authorized by permits reached a high not seen in New Hampshire since the late 1980s. With an increase of 31.5 percent over 2001, permits climbed to 8,700 in 2002. During the "housing boom" of the mid 1980s total units authorized soared through the roof. At its highest point in 1986, over 18,000 housing permits were authorized. Then came the "housing bust" of the

late 1980s and early 1990s. In 1990, only 4,126 permits were authorized. Since then, the number has been on an upward trend.

Total housing permits authorized in New England as a whole followed the same trend as those issued in New Hampshire – peaking in 1986 and falling to a low in the early 1990s. The region, too, has seen an upward trend in housing units authorized since the early 1990s.

In both New Hampshire and New England, the number of permits authorized in 2002 were only about half that seen during the peak in 1986. However, the total number of permits authorized nationwide in 2002 were just shy of the total permits authorized during the "housing boom" of the mid 1980s.

### **New Hampshire's housing supply – NH Office of Energy & Planning**

New Hampshire's Office of Energy & Planning (OEP) tracks short and long-term trends in housing construction and total housing supply. They use the decennial census data as a benchmark and estimate permit activity in the intermediate years via an annual mail survey sent to all of New Hampshire's municipalities. According to OEP, this *Housing Supply* series is intended to present the latest census benchmarks and the latest annual trends based on reported building permit activity.

Census 2000 showed New Hampshire had 546,524 housing units in 1999. OEP estimated that another 7,570 permits were issued for housing units in 2000 and 7,071 more were issued in 2001. OEP's series differs from the Census Bureau's *Housing Units Authorized by building permits series* in that the Census data counts permits issued even if the housing units are never built. OEP's survey asks municipalities to report the number of permits issued during the survey year as well as the permits never used from the previous year. OEP then revises their historical data as necessary.

### **Contract indexes**

Construction contract indexes are supplied by the Federal Reserve Bank of Boston and have a base

year of 1980. The indexes measure the change in the value of construction contracts rather than the actual value itself.

After recording an over-the-year decrease of more than 16 percent during the recession of 2001, New Hampshire's index for the value of total construction contracts increased 14.5 percent to 515.3 in 2002. This index for the New England region increased five percent to 370.2, while the nation as a whole saw little change from 2001 to 2002, going from 334.6 to 338.4.

Of these indexes, the value of nonresidential building contracts index was the highest in New Hampshire, 630.9 in 2002. New service facilities (such as schools, hospitals, colleges, and universities) are going up all around the state and helped boost this index.

The value of residential construction contracts (not seasonally adjusted) in the Granite State was indexed at 540.7 in 2002, an increase of over 30 percent from 2001. New England saw an increase of just under 15 percent in this index during the same time while the US recorded an increase of 13 percent for this index.

The nonbuilding index dropped from its high of 759.1 in 2000 to 274.5 in 2001 and then increased to 321.4 in 2002. The building of the natural gas pipeline and energy plants in the Granite State caused the huge increase in this index for 2000. The completion of those projects in 2001 caused the index to decrease that year. The smaller increase in 2002 is partly attributed to large bypass projects across the state and to renovations at Manchester Airport.

## Construction employment

The robust housing market impacted Construction employment in New Hampshire. From 1999 to 2002, Construction employment in the state increased by 10.3 percent, adding more than 2,600 new jobs. Employment in *Specialty trade contractors* increased by 2,523 new jobs during this four-year period. More than 1,150 new jobs were also added in *Construction of buildings* during this same time period. Heavy and civil engineering construction

recorded the only decrease among the Construction subsectors. With a drop of 1,164 jobs, this subsector lost one-quarter of its employment from 1999 to 2002.

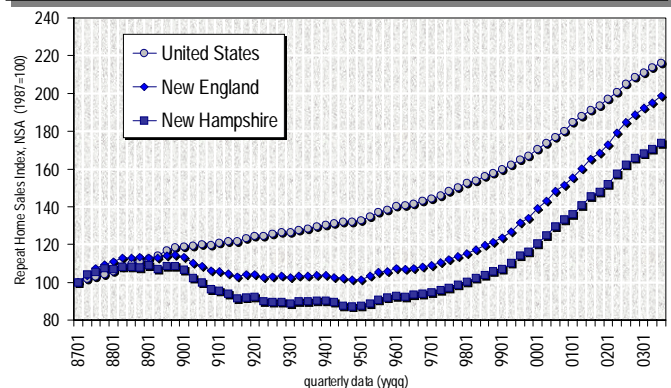
## Housing price tags

In 2002, the annual average price tag for residential homes (both new and existing) in the Granite State exceeded \$200,000 for the first time, according to the Northern New England Real Estate Network (NNEREN). The recession of 2001 didn't seem to have an effect on home prices as the average price was up nearly 13 percent over-the-year to \$211,569 in 2002. In fact, during the four-year period from 1999 to 2002, the average selling price for homes in the Granite State increased 46 percent.

The Federal Reserve Bank of Boston tracks the price of repeat sales of existing homes and compares them using an index with a base year of 1987. This not-seasonally-adjusted repeat sales home price index for New Hampshire was 160.47 in 2002, an increase of nearly 12 percent over the year and 43 percent since 1999. What does this mean? In general terms, a house that sold in New Hampshire for \$100,000 in 1987 sold for about \$112,000 in 1999 and \$160,000 in 2002.

The trend continued into 2003. Data for the first two quarters showed this index increased in each of the New England states and the nation as a whole.

Although the Repeat Home Sales Index for the Granite State soared to over 160 in 2002, the indexes for the region and the nation were even higher

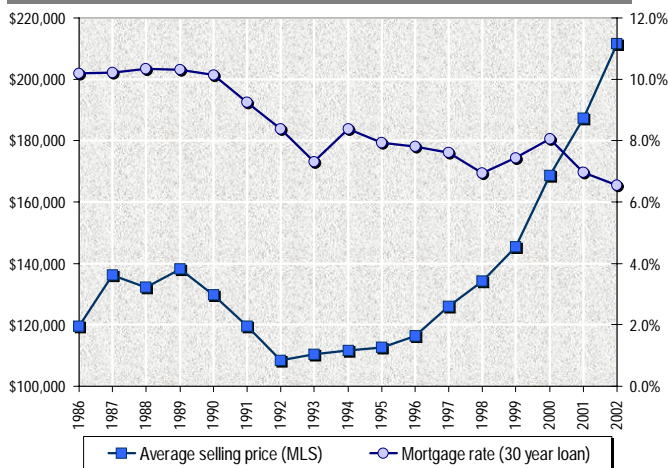


## Mortgage rates

At the same time that the average selling price for homes in the state hit historic highs, fixed mortgage rates for 30-year loans hit historic lows. According to Freddie Mac's *Weekly Mortgage Rate Survey*, the lowest rate, 5.23 percent, was recorded in June 2003. This followed an annual average of 6.54 percent in 2002. In 1981 the annual average rate for a 30-year mortgage peaked at 16.63 percent.

Low mortgage rates were not only good news for those looking to buy a home. Many current homeowners took advantage of the low rates and refinanced their homes.

Since 2000, the average selling price for homes increased as the mortgage rates declined



## Rent

The cost of renting two-bedroom housing units in New Hampshire continues to increase. According to the New Hampshire Housing Finance Authority's (NHHFA) *2002 Residential Rental Cost Survey*, the median gross rent for two bedroom units in New Hampshire was \$884 per month in 2002, an increase of over \$150 since 1999. While rental costs in the state increased 21.1 percent during this four-year span, per capita disposable income only increased 15.7 percent.

According to NHHFA, the upward trend in rental costs continued in 2003, albeit at a slower pace. The monthly median gross rental costs for two bedroom units in the Granite State jumped to \$932, an increase of nearly \$50 over-the-year.

Location, location, location. Residents in the southeastern part of the state are paying the highest median monthly rents. Residents in Hillsborough and Rockingham counties paid the most for rent in 2003, \$1,009 and \$1,007 respectively. These counties border Massachusetts and are a popular choice for those New Hampshire residents who work in Massachusetts. These counties are also the most populous, therefore the theory of supply and demand is at work. There are only so many apartments available and more and more people are competing for them. This dilemma, along with low mortgage rates available, may have compelled some to buy their dream home, rather than paying the high rents.

*Elisabeth Picard*

## Contract Value Indices (base = 1980)

	1999	2000	2001	2002	Source
Total construction:					
New Hampshire	359.4	536.4	450.2	515.3	FR
New England	326.5	403.1	352.4	370.2	FR
United States	302.4	319.4	334.6	338.4	FR
Non-building construction					
New Hampshire	231.5	759.1 <sup>a</sup>	274.5	321.4	FR
New England	272.1	417.0	287.7	318.2	FR
United States	260.0	284.5	333.4	310.1	FR
Nonresidential construction					
New Hampshire	519.8	594.4	649.6	630.9	FR
New England	430.1	526.0	444.5	419.2	FR
United States	322.5	330.6	322.0	293.4	FR
Residential construction					
New Hampshire	324.2	407.8	414.7	540.7	FR
New England	267.7	291.3	310.4	356.6	FR
United States	307.1	328.2	345.8	391.8	FR
Residential construction (seasonally adjusted)					
New Hampshire	329.6	392.1	413.2	541.4	FR
New England	268.4	284.5	315.0	356.8	FR
United States	307.2	322.6	344.9	391.9	FR

<sup>a</sup>The 2000 index was elevated due to the construction of a gas pipeline and energy plants

## Changes to the New Hampshire Housing Stock

	1999	2000	2001	2002	Source
From residential building permit data					
Net change in units (permitted units less demolitions)	7,286	7,570	7,071	n/a	OEP
Total Hillsborough and Rockingham Counties	3,856	3,937	3,354	n/a	OEP
Total multifamily	948	961	838	n/a	OEP

## Housing Permits Authorized (not seasonally adjusted)

	1999	2000	2001	2002	Source
Total New Hampshire	6,326	6,680	6,624	8,708	CB
Annual percent change:					
New Hampshire	9.6%	5.6%	-0.8%	31.5%	CB/NHES
New England	-0.8%	-4.8%	-1.6%	9.9%	CB/NHES
United States	3.2%	-4.3%	2.8%	6.8%	CB/NHES
Single units	5,696	6,097	5,910	6,754	CB
Annual percent change:					
New Hampshire	7.3%	7.0%	-3.1%	14.3%	CB
New England	-0.3%	-4.9%	-3.7%	7.2%	CB
United States	5.0%	-3.9%	3.1%	7.9%	CB

## 11. Construction & Housing

### Homes Financed by NH Housing Finance Authority

	1999	2000	2001	2002	Source
Total	1,219	1,512	1,141	1,169	HFA
Percent new	3.6%	4.2%	3.5%	6.4%	HFA
Percent condo	16.6%	20.7%	26.0%	26.1%	HFA
NHHFA Bond Issues (\$ millions)	\$105	\$109	n/a	\$172	HFA

### Assisted Rental Housing Construction

	1999	2000	2001	2002	Source
Total units (NHHFA only)	439	328	385	206	HFA
For elderly tenants	169	180	199	88	HFA

### Mortgage Rates and Housing Rentals

	1999	2000	2001	2002	Source
30-Year Fixed Mortgage Rates (Annual average)	7.4%	8.1%	7.0%	6.5%	MBA/FHLMC
Housing Unit Rentals					
Median monthly rent (including utilities)	\$665	\$697	\$738	\$810	HFA
Annual percent change	4.6%	4.8%	5.9%	9.8%	HFA/NHES

### Home Sales

	1999	2000	2001	2002	Source
Total existing home sales - single family, apartment condos, and coops (thousands)	20,998	20,348	20,008	20,709	NHAR
Repeat-Sales Home Price Index, NSA (1987=100)					
New Hampshire	112.3	127.6	143.5	160.5	FR/FM
New England	129.5	146.2	163.3	182.7	FR/FM
United States	163.8	176.0	190.3	204.2	FR/FM
New Hampshire Multiple Listing Service data on Sales of Existing Homes					
Total Sales Volume (millions)	\$2,830.6	\$3,420.1	\$3,748.5	\$4,381.3	NNEREN
Annual percent change	13.8%	20.8%	9.6%	16.9%	NNEREN/NHES
Average sale price	\$145,263	\$168,717	\$187,353	\$211,569	NNEREN
Annual percent change	8.3%	16.1%	11.0%	12.9%	NNEREN/NHES



One of the most important stories in private finance was the decline in mortgage rates. They began their descent in 2001 and reached historically low levels in mid 2003. According to Freddie Mac's<sup>1</sup> national survey, the average 30-year fixed mortgage rate of 5.21 percent, for the week ending June 30, 2003, was the lowest recorded since they began the survey in 1971.<sup>2</sup> The Mortgage Bankers Association of America has been surveying mortgage rates and mortgage applications nationwide since 1990. According to their data, mortgage rates hit a record low of 4.99 percent for the week ending June 13, 2003 and mortgage loan applications reached a record high for the week ending May 30, 2003.<sup>3</sup>

### Commercial banking

Commercial banks raise funds by issuing checkable deposits (checking accounts), savings deposits (savings accounts) and time deposits (e.g. CDs). These funds are then used to make commercial, consumer, and mortgage loans, and to purchase US government securities and municipal bonds.

In 2001 Bank of New Hampshire, one of the Granite State's largest and oldest financial institutions, was acquired by BankNorth National Association. While the day to day operations of Bank of New Hampshire have been largely unaffected, all its financial data is now reported from BankNorth which is based in Portland, Maine. This is the primary reason for the decline in commercial bank assets and deposits of 28.2 percent and 27.9 percent, respectively, between 2001 and 2002. The total number of commercial banks operating out of New Hampshire remained unchanged as Community Guaranty Savings Bank, based in Plymouth, changed classification from a state chartered savings bank to a state chartered commercial bank.

The exclusion of Bank of New Hampshire financial data caused the equity capital-asset ratio for commercial banks in New Hampshire to increase from 11.17 percent in 2001 to 16.13 percent in 2002. This is because credit card operations now comprise over 80 percent of all commercial bank assets in New Hampshire. Equity capital can be viewed as an insurance fund from which losses on assets,

such as loan defaults, can be absorbed. Since credit card operations face a much higher risk of loan default, their equity capital-asset ratios tend to be substantially higher than regular commercial banks.

### Savings institutions

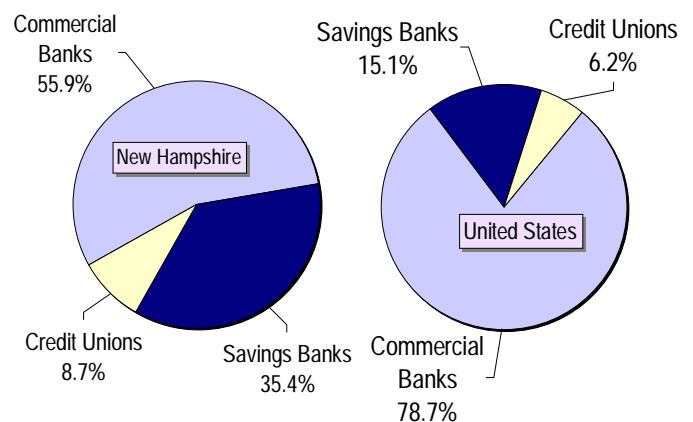
Savings institutions, also known as thrifts, obtain their funds primarily via savings deposits and also through time and checkable deposits. In the past,

**In 2002 New Hampshire ranked 6<sup>th</sup> best in the nation for number of households per bankruptcy filing.**

savings institutions were constrained in their loan activities, with mortgage loans as their primary activity. As banking regulations were relaxed, the differences between commercial and savings institutions have become less distinct.

Granite State savings institutions posted over-the-year gains in assets and deposits of 9.6 percent and 11.7 percent, respectively. In addition to the reclassification of Community Guaranty Savings Bank to a commercial bank, Passumpsic Bank FSB, formerly based in Littleton, merged with Passumpsic Savings Bank of St. Johnsbury, Ver-

The share of assets in savings institutions in New Hampshire was more than double that of savings institutions nationally in 2002



NH and US Asset distribution by depository institution, 2002

Sources: Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA). Note: New Hampshire commercial bank assets are inflated by the presence of large credit card operations

mont. This reduced the number of savings institutions based in New Hampshire from 19 to 17.

Analysis by the Federal Deposit Insurance Corporation (FDIC) indicates that "interest rate risk" may be an issue for the Granite State's financial institutions, particularly for savings institutions. Interest rate risk refers to the potential for reduced net interest income when the growth in interest rates paid on liabilities (i.e. interest paid to depositors, etc.) outstrips the growth in interest rates earned on assets (i.e. interest received by the bank). The FDIC notes that "savings institutions represent almost 60 percent of insured institutions in New Hampshire, while residential real estate loans comprise about 45 percent of the average thrift portfolio in the state." Furthermore, "the ratio of long term assets to earning assets ... continued to increase among New Hampshire's insured institutions to an all time peak at the end of 2002."<sup>4</sup> As noted earlier, historically low mortgage rates have induced record levels of first time mortgage and refinancing applications. The majority of these mortgages, particularly refinancing, have fixed rates of interest.<sup>5</sup> Of concern is that future increases in interest on liabilities may squeeze interest income derived from low-interest, long-term mortgage assets. Savings banks would be especially vulnerable since mortgage loans are a fairly large component of their portfolios.

### Credit unions

Credit unions are small cooperative lending institutions typically organized around groups such as union members or employees of particular businesses. Funds are acquired through member deposits, known as shares, and are used primarily for consumer loans. Because of legislation enacted during the 1980's, credit unions are allowed to issue checkable deposits and make mortgage loans as well.

Total assets in New Hampshire's federally insured credit unions reached \$2.810 billion in 2002, up 8.5 percent from the previous year. Total shares and deposits increased by 7.1 percent from \$2.193 billion in 2001 to \$2.349 billion in 2002. The Webster Valve Employees Federal Credit Union,

located in Franklin, merged with the Granite State Credit Union, located in Manchester and the number of credit unions therefore declined by one.

### Bankruptcies

For the second year in a row bankruptcy filings in New Hampshire increased, from 3,887 in 2001 to 4,018 in 2002. However, the over-the-year growth rate of 3.4 percent was much lower than the 9.2 percent growth rate recorded from 2000 to 2001. Nationally, bankruptcy filings reached a record level of 1,577,651 in 2002. US bankruptcy growth rates slowed as well though, 5.7 percent from 2001 to 2002 versus 19.0 percent from 2000 to 2001. In 2002 New Hampshire ranked 6<sup>th</sup> best in the nation for number of households per bankruptcy filing.<sup>6</sup> Consumer (non-business) filings accounted for 94.75 percent of all filings in New Hampshire in 2002. Nationally, 97.56 percent of bankruptcy filings were consumer filings.

Through October 2003, bankruptcy filings in the Granite State were up 10.1 percent compared to a year earlier. Second quarter 2003 total US bankruptcy filings set a quarterly record of 440,257, exceeding the former record of 412,968 set in the first quarter of 2003.

### Loan delinquencies

New Hampshire's 1-4 family unit residential mortgage delinquency rate rose slightly over the year from 1.10 percent in 2001 to 1.19 percent in 2002. The United States 1-4 family mortgage delinquency rate stood at 2.07 percent in 2002. The consumer loan delinquency rate for institutions located in New Hampshire, which includes credit cards, increased from 7.46 percent in 2001 to 8.67 percent in 2002. The credit card delinquency rate went from 8.31 percent to 10.33 percent over the same time period. It is important to note that the high delinquency rates in New Hampshire are the result of large credit card operations that, while located in New Hampshire, lend to a national clientele. Nationally, the consumer loan delinquency and credit card delinquency rates were 3.63 percent and 4.89 percent, respectively, in 2002.

For the United States as a whole, both consumer loan and credit card default rates reached record highs in the first quarter of 2002 at 3.64 percent and 7.67 percent, respectively.<sup>7</sup> Second quarter 2003 had the 5<sup>th</sup> highest consumer loan default rate ever recorded at 3.06 percent and the 4<sup>th</sup>

highest credit card default rate at 5.88 percent. The national ratio of debt payments to disposable income, which measures how much after tax income households are devoting to debt repayment, remained near historic highs in 2002.<sup>8</sup>

*Kevin Coyne*

### Banking Data - FDIC Insured Banks

	1999	2000	2001	2002	Source
<b>Bank Assets - Total All Banks (millions)</b>	\$30,624	\$31,646	\$35,450	\$29,392	FDIC
Commercial Banks and Trust Companies	\$22,046	\$22,352	\$25,064	\$18,005	FDIC
Savings Institutions	\$8,578	\$9,294	\$10,386	\$11,387	FDIC
<b>Annual percent change:</b>					
Total	26.2%	3.3%	12.0%	-17.1%	FDIC/NHES
Commercial Banks and Trust Companies	36.2%	1.4%	12.1%	-28.2%	FDIC/NHES
Savings Institutions	6.3%	8.3%	11.7%	9.6%	FDIC/NHES
<b>Bank Deposits - Total All Banks (millions)</b>	\$21,603	\$23,395	\$26,757	\$22,300	FDIC
Commercial Banks and Trust Companies	\$15,462	\$16,431	\$19,153	\$13,804	FDIC
Savings Institutions	\$6,141	\$6,964	\$7,604	\$8,496	FDIC
<b>Annual percent change:</b>					
Total	26.4%	8.3%	14.4%	-16.7%	FDIC/NHES
Commercial Banks and Trust Companies	38.8%	6.3%	16.6%	-27.9%	FDIC/NHES
Savings Institutions	3.2%	13.4%	9.2%	11.7%	FDIC/NHES
<b>Equity Capital (millions)</b>					
Total	\$2,695	\$3,270	\$3,813	\$3,992	FDIC
Commercial Banks and Trust Companies	\$1,849	\$2,333	\$2,800	\$2,904	FDIC
Savings Institutions	\$847	\$937	\$1,013	\$1,088	FDIC
<b>Equity Capital to Asset Ratio</b>					
Total	8.80%	10.33%	10.76%	13.58%	FDIC
Commercial Banks and Trusts	8.39%	10.44%	11.17%	16.13%	FDIC
Savings Institutions	9.88%	10.09%	9.75%	9.55%	FDIC
<b>Number of Banking Institutions</b>	38	35	34	32	FDIC
<b>Number of Banking Offices (Incl. branches)</b>	407	404	411	420	FDIC

### Credit Unions

	1999	2000	2001	2002	Source
<b>Assets (millions)</b>	\$2,115	\$2,275	\$2,591	\$2,810	NCUA
Annual percent change	9.3%	7.6%	13.9%	8.5%	NCUA/NHES
<b>Shares and Deposits (millions)</b>	\$1,781	\$1,918	\$2,193	\$2,349	NCUA
Annual percent change	6.6%	7.7%	14.3%	7.1%	NCUA/NHES
<b>Number of Credit Unions</b>	34	32	32	31	NCUA

## 12. Finance - Private

<sup>1</sup> *Freddie Mac is a government sponsored agency created to promote home ownership by providing funds to the mortgage market by selling bonds and using the proceeds to buy mortgages.*

<sup>2</sup> *Weekly Mortgage Market Survey.* October 2, 2003. Freddie Mac. Accessed October 8, 2003 <[www.freddiemac.com/home/](http://www.freddiemac.com/home/)>.

<sup>3</sup> *Mortgage and Market Data.* October 1, 2003. Mortgage Bankers Association of America. Accessed October 8, 2003 <[www.mbaa.org/](http://www.mbaa.org/)>.

<sup>4</sup> *State Profile: New Hampshire.* Summer 2003. Federal Deposit Insurance Company. Accessed September 10, 2003 <[www.fdic.gov/bank/analytical/stateprofile.pdf](http://www.fdic.gov/bank/analytical/stateprofile.pdf)>.

<sup>5</sup> Ibid.

<sup>6</sup> *Households per Filing, Rank.* December 31, 2002. American Bankruptcy Institute. Accessed August 20, 2003 <[www.abiworld.org/stats/householdrank.html](http://www.abiworld.org/stats/householdrank.html)>.

*Default rates are for federally chartered commercial banks. Consumer loan default rates are seasonally adjusted while credit card default rates are not.*

<sup>7</sup> *Charge-Off Rates.* September 17, 2003. Federal Reserve Bank. Accessed September 19, 2003

<[www.federalreserve.gov/releases/chargeoff/chg\\_all\\_sa.txt](http://www.federalreserve.gov/releases/chargeoff/chg_all_sa.txt)>.

<sup>8</sup> *Household Debt-Service Burden.* June 18, 2003. Federal Reserve Bank. Accessed August 8, 2003

<[www.federalreserve.gov/releases/housedebt/default.htm](http://www.federalreserve.gov/releases/housedebt/default.htm)>.

### Industrial Financing

	1999	2000	2001	2002	Source
Total bond issues (millions)	\$106.6	\$29.5	\$325.2	\$31.5	BFA
Industrial revenue bonds, initial issues (millions)	\$35.9	\$28.7	\$19.2	\$31.5	BFA

### Non-Current Loans And Leases

	1999	2000	2001	2002	Source
FDIC commercial banks, Dec. 31st totals (millions)	\$410.3	\$624.8	\$486.3	\$337.7	FDIC
Percent change from previous year	110.5%	52.3%	-22.2%	-30.6%	FDIC
Rank by non-current/total (from smallest) <sup>a</sup>	51	51	51	51	FDIC

<sup>a</sup> Includes the fifty states and the District of Columbia. Rates for SD, NV, DE and NH are inflated by the presence of large credit card operations.

### Bankruptcy Filings

	1999	2000	2001	2002	Source
Total New Hampshire Filings	4,044	3,561	3,887	4,018	BKRNH
Percent change from previous year					
New Hampshire	-18.2%	-11.9%	9.2%	3.4%	BKRNH
Connecticut	-15.0%	-10.3%	9.1%	1.2%	ABI
Maine	-7.5%	-3.2%	12.5%	-2.8%	ABI
Massachusetts	-16.7%	-16.1%	13.2%	-1.4%	ABI
Rhode Island	-7.7%	-11.9%	9.6%	0.5%	ABI
Vermont	-10.6%	-15.1%	17.2%	4.5%	ABI
New England	-14.4%	-12.5%	11.4%	0.0%	ABI
United States	-8.5%	-5.0%	19.0%	5.7%	ABI

### Delinquency Rates (FDIC Insured Institutions)

	1999	2000	2001	2002	Source
Mortgage delinquency rate (1-4 family residential)	2.05%	1.31%	1.10%	1.19%	FDIC
Consumer loan delinquency rate <sup>a</sup>	6.37%	8.88%	7.46%	8.67%	FDIC
Credit card delinquency rate <sup>a</sup>	7.77%	9.80%	8.31%	10.33%	FDIC

<sup>a</sup> Rates for NH are inflated by the presence of large credit card operations.

The government finance situation has been affected as much as the private sector in the recent economic downturn. In times of financial distress people spend less money on voluntary and luxury items such as dining out or travelling. This directly affected the state's revenues from various taxes. Also more people experiencing economic difficulties turned to the government for financial assistance in the form of unemployment compensation and welfare assistance. Not only did the state not get as much in revenue as expected its expenditures also increased.

According to June 2003 preliminary budget figures, the economic impact was evidenced by the short-fall of the Business taxes received, at \$36.1 million below Fiscal Year 2003 plan expectations. Additionally, the Meals and rooms taxes and Interest and dividends taxes fell short of plan level by \$18.2 million and \$22.9 million, respectively.

Although Business taxes and Meals and rooms taxes were below expectations they were higher than the actual revenue in Fiscal Year 2002.<sup>1</sup>

In November 2003, the Fiscal Year 2004 year to date figures showed a continuing trend of Business profits tax being under the budget plan's expecta-

**Even though the economy is showing signs of improvements, "It is not unusual for state fiscal conditions to continue to deteriorate in the period after an economic recovery has begun..."**

tions with \$21.1 million. Even though Business enterprise tax was higher than expected the overall business taxes received were \$6.1 million under expectations. Interest and dividends taxes likewise

General & Education Funds	June FY 2003 - Year-to-Date			Comparison to FY 02	
	FY 2003 Actual	FY 2003 Plan	FY 2003 Actual vs. Plan	FY 2002 Actual	FY 2003 Actual - FY 2002 Actual
Business Profits Tax	\$178.2	\$267.6	-\$89.4	\$161.2	\$17.0
Business Enterprise Tax	215.3	162	53.3	222.2	-6.9
Subtotal	393.5	429.6	-36.1	383.4	10.1
Meals & Rooms Tax	175.2	193.4	-18.2	170.6	4.6
Tobacco Tax	94.1	85	9.1	84.3	9.8
Liquor Sales and Distribution	99	96.5	2.5	96.2	2.8
Interest & Dividend Tax	56.1	79	-22.9	70.3	-14.2
Insurance Tax	82.2	63	19.2	76.1	6.1
Communications Tax	63.2	70.9	-7.7	64.7	-1.5
Real Estate Transfer Tax	118.2	102.5	15.7	99.5	18.7
Estate & Legacy Tax	55.5	54.8	0.7	57	-1.5
Court Fines & Fees	22.1	24.4	-2.3	23.2	-1.1
Securities Revenue	25.8	28.5	-2.7	26.1	-0.3
Utility Tax	5.6	5.5	0.1	5.5	0.1
Board & Care Revenue	11.2	10.8	0.4	10.7	0.5
Beer Tax	12.3	12.2	0.1	12.2	0.1
Racing Revenue	4	3.9	0.1	4.2	-0.2
Flexible Grant	25	--	25	--	25
Other	52.6	46	6.6	45.6	7
Transfers from Sweeptakes	66	66	--	66.1	-0.1
Tobacco Settlement	45.9	44.4	1.5	45.7	0.2
Utility Property Tax	18.8	20.5	-1.7	18.2	0.6
Property Tax Not Retained Locally	32.7	32.7	--	29	3.7
Property Tax Retained Locally	453	453	--	454.1	-1.1
Subtotal	1912	1922.6	-10.6	1,842.70	69.3
Net Medicaid Enhancement Revenue	111.9	94	17.9	98.2	13.7
Subtotal	2023.9	2016.6	7.3	1,940.90	83
Other Medicaid Enhancement Revenue to Funde Net Appropriations	16.6	13.4	3.2	16.3	0.3
Total	2040.5	2030	10.5	1,957.20	83.3

Source: State of New Hampshire Monthly Revenue Focus. Department of Administrative Services Accessed on December 8, 2003  
<<http://admin.state.nh.us/accounting/13th%20Period%20FY03.pdf>>

## 13. Finance - Government

continued to be down by \$3.3 million, but it is a positive sign that Meals and rooms taxes are meeting the budget plan expectations. The overall shortfall in revenue in comparison to planned revenues was \$18.5 million. Fiscal Year 2004 year to date total revenue is under expectations primarily because half of the federal Flexible Grant money, originally planned as revenue for Fiscal Year 2004, already was counted in Fiscal Year 2003.<sup>2</sup>

Even though the economy is showing signs of improvements, "[i]t is not unusual for state fiscal conditions to continue to deteriorate in the period after an economic recovery has begun. State fiscal recovery typically lags economic recovery by 12-18 months."<sup>3</sup>

Most of the states in the eastern region have been affected by the sluggish economy in the aftermath of the 2001 recession. Whereas New Hampshire is projected to have a six percent deficit of the budget for Fiscal Year 2004, states such as Massachusetts,

Connecticut and Maine estimate shortfalls exceeding 10 percent of their budgets. New York's shortfall is estimated to be 24 percent of their budget. The enormous budget gap in California even led to the recall of Governor Grey Davis.

### Governing at the state level

How the different states are collecting revenues and how they are managing their systems of revenue collection were ranked in a special February 2003 issue of *Governing - The Magazine of States and Localities*. The rankings were based on 2001 data.

New Hampshire ranked 47<sup>th</sup> in state tax revenue per capita, with only \$1,410 collected taxes per capita in 2001 and even ranked 50<sup>th</sup> in state tax revenue as a percent of personal income. Compared with our neighboring states, Massachusetts and Vermont, these states ranked 5<sup>th</sup> and 7<sup>th</sup> in tax revenue per capita in 2001, collecting \$2,700 and \$2,533 respectively. It is interesting to compare the size of revenue with how the states managed the

### State Government General Expenditures

	1999	2000	2001	2002	Source
As reported by Administrative Services (millions)	\$2,373.9	\$3,228.2	\$3,345.3	\$3,561.3	AS
As reported by Census Bureau (millions)	\$3,100.7	\$3,884.5	\$3,890.5	n/a	CB
General Expenditures per \$1,000 Personal Income:					
New Hampshire	\$88.10	\$104.27	\$94.28	n/a	CB/BEA
United States	\$120.79	\$124.07	\$124.22	n/a	CB/BEA
United States rank	50	43	50	n/a	CB/BEA
For Education	50	43	48	n/a	CB/BEA
For Public welfare	27	28	37	n/a	CB/BEA
For Highways	31	28	38	n/a	CB/BEA
General Expenditures per Capita					
New Hampshire	\$2,582	\$3,143	\$3,090	n/a	CB
United States	\$3,268	\$3,437	\$3,664	n/a	CB
United States rank	49	37	42	n/a	CB/NHES

### State & Local Government General Revenue Per \$1,000 Personal Income (FY ending 6/30)

	1999	2000	2001	2002	Source
Total general revenue	\$155.47	\$139.92	n/a	n/a	CB/BEA
United States rank	50	n/a	n/a	n/a	CB/BEA
Total taxes	\$88.37	\$79.72	n/a	n/a	CB/BEA
United States rank	49	n/a	n/a	n/a	CB/BEA
Property tax	\$57.24	\$49.31	n/a	n/a	CB/BEA
United States rank	1	n/a	n/a	n/a	CB/BEA
Percent of total taxes	64.8%	61.9%	n/a	n/a	CB/BEA
Percent of general revenue	36.8%	35.2%	n/a	n/a	CB/BEA
United States rank	1	n/a	n/a	n/a	CB/BEA

recession. New Hampshire's government managed its budgets better than Massachusetts, but Vermont managed not to have a budget gap in Fiscal Year 2003, and expects only a 3.4 percent deficit for Fiscal Year 2004.

"In fact, states that lack a broad based income tax, such as New Hampshire, have ridden through the current recession with less pain than those with

income tax."<sup>4</sup> According to Governing Magazine, income taxes have been particularly volatile in the past couple of years and Massachusetts ranked third after New York and Oregon in states most reliant on individual income taxes. About a quarter of both New Hampshire's and Vermont's state tax revenues come from property taxes, and as the housing market has been continuing an upward trend, property taxation has not been affected by the economic downturn.

### Unrestricted Revenue to State General Fund

	1999	2000	2001	2002	Source
Total unrestricted revenue (millions)	\$1,039.3	\$1,775.6	\$1,826.4	\$1,957.2	AS
Selected unrestricted general fund revenues					
Business profits tax	\$164.8	\$168.8	\$195.4	\$161.2	AS
<i>Education Fund Portion</i>	-	\$22.4	\$15.8	\$32.6	AS
Business enterprise tax	\$93.0	\$148.5	\$158.9	\$222.2	AS
<i>Education Fund Portion</i>	-	\$54.1	\$36.7	\$101.2	AS
Meals/rooms & rental tax	\$137.3	\$156.2	\$164.0	\$170.6	AS
<i>Education Fund Portion</i>	-	\$6.4	\$6.8	\$6.6	AS
Liquor sales and distribution tax	\$77.4	\$86.0	\$89.3	\$96.2	AS
Sweepstakes transfers	\$0.0	\$61.5	\$59.4	\$66.1	AS
<i>Education Fund Portion</i>	-	\$61.5	\$59.4	\$66.1	AS
Insurance tax & securities revenue	\$62.9	\$59.3	\$66.5	\$76.1	AS
Tobacco tax	\$73.8	\$95.0	\$86.4	\$84.3	AS
<i>Education Fund Portion</i>	-	\$26.6	\$25.4	\$24.0	AS
Tobacco settlement	\$0.0	\$54.2	\$38.7	\$45.7	AS
<i>Education Fund Portion</i>	-	\$53.8	\$38.7	\$40.0	AS
Interest and dividends tax	\$63.1	\$65.5	\$76.7	\$70.3	AS
Board and care revenue	\$11.2	\$12.0	\$13.3	\$10.7	AS
Estate and legacy tax	\$54.7	\$56.4	\$59.3	\$57.0	AS
Telephone/communication tax	\$46.2	\$47.8	\$49.0	\$64.7	AS
Real estate transfer tax	\$52.9	\$85.0	\$89.2	\$99.5	AS
<i>Education Fund Portion</i>	-	\$28.2	\$29.7	\$33.1	AS
Utilities tax	\$10.4	\$10.0	\$9.7	\$5.6	AS
Utilities property tax	\$0.0	\$31.2	\$15.6	\$18.2	AS
<i>Education Fund Portion</i>	-	\$31.2	\$15.6	\$18.2	AS
Statewide property tax (not retained locally)	\$0.0	\$24.2	\$24.2	\$29.0	AS
<i>Education Fund Portion</i>	-	\$24.2	\$24.2	\$29.0	AS
Statewide property tax (retained locally)	\$0.0	\$418.0	\$418.0	\$454.1	AS
<i>Education Fund Portion</i>	-	\$418.0	\$418.0	\$454.1	AS
Uncompensated care pool	\$15.9	\$12.9	\$13.0	\$16.3	AS

### Property Valuations, Equalized

	1999	2000	2001	2002	Source
State total equalized valuation (millions)	\$76,154	\$86,704	\$99,074	\$114,813	RA
Annual percent change	8.4%	13.9%	14.3%	15.9%	RA/NHES
Percent in Hillsborough & Rockingham Counties	54.2%	54.9%	56.1%	55.3%	RA
Property tax assessment ratio	0.92	0.88	0.83	0.79	RA
Full value tax rate per \$1,000	\$20.97	\$25.45	\$19.21	\$17.76	RA

## 13. Finance - Government

New Hampshire ranked second in states most reliant on corporate income taxes, making up about a fifth of the state's revenues in 2001. The state's reliance on corporate income taxes did on the other hand have a great impact on the state's ability to collect sufficient revenues and as of November 2003 business profit taxes were not meeting plan expectations.

### Inheritance tax

There have been some significant changes to federal legislation affecting inheritance taxes at both the federal and state level. Even though the full repeal of the federal estate tax is not effective until 2010, the state "pick up" inheritance tax revenue is being reduced by 25 percent each year starting in 2002 and will be eliminated completely by 2005. This will result in diminished revenue for the states. New Hampshire chose to eliminate its state inheritance tax totally as of January 2003.

As the elimination of the New Hampshire's inheritance tax didn't go into effect until January 2003, there was not a significant impact felt in Fiscal Year 2003 ending in June. But for the month of November Fiscal Year 2004 revenue from the

inheritance tax, listed as Estate and legacy tax, was \$1.4 million lower than expected and \$3.8 million behind prior year. The reason why this revenue stream continues, however at a slowing rate, is because estate transfers occurring before January 2003 are still being settled.

Finally, the Claremont decision still has the state of New Hampshire trying to resolve the best way to finance the public education system.

*Anita Josten/Annette Nielsen*

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- <sup>1</sup> "State of New Hampshire monthly revenue focus", June 2003 Preliminary Accrual. Department of Administrative Service. Accessed December 4, 2003 <<http://admin.state.nh.us/accounting/>>.
  - <sup>2</sup> "State of New Hampshire monthly revenue focus", November 2003. Department of Administrative Service. Accessed December 4, 2003 <<http://admin.state.nh.us/accounting/>>.
  - <sup>3</sup> Lav, Iris J. and Johnson, Nicholas, "State budget deficits for fiscal year 2004 are huge and growing", January 23, 2003, Center on Budget and Policy Priorities. Accessed November 17, 2003 <<http://www.cbpp.org/12-23-02sfp.htm>>.
  - <sup>4</sup> Barrett, Katherine at al, "The way we tax", Governing - The Magazine of States and Localities February 2003: pg. 25.
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### Unemployment Insurance Tax

	1999	2000	2001	2002	Source
Average tax per worker (federal & state) in covered employment	\$110	\$107	\$109	\$109	NHES

### State Government General Revenue

	1999	2000	2001	2002	Source
As reported by Administrative Services (millions)	\$2,402.2	\$3,129.6	\$3,230.2	\$3,473.2	AS
From Federal Government (millions)	\$914.3	\$957.7	\$983.3	\$1,072.0	AS
As reported by Census Bureau	\$3,108.3	\$3,875.9	\$3,999.5	n/a	CB
From Taxes	\$1,070.8	\$1,696.1	\$1,775.6	n/a	CB

#### General Revenue per \$1,000 Personal Income:

New Hampshire	\$88.32	\$104.04	\$96.92	n/a	CB/BEA
United States	\$123.04	\$126.69	\$124.93	n/a	CB/BEA
United States rank	50	46	49	n/a	CB/BEA
Rank in General revenue from taxes	50	50	50	n/a	CB/BEA
Rank in General revenue from Federal Gov't	41	n/a	n/a	n/a	CB/BEA
General Revenue per Capita					
New Hampshire	\$2,588	\$3,136	\$3,177	n/a	CB
United States	\$3,329	\$3,509	\$3,685	n/a	CB
United States rank	50	38	42	n/a	CB/NHES



There is no doubt that an advanced educational system is essential in today's society, leveraging today's technologies and creating future opportunities for our children. The two main factors shaping the educational system today are the squeezed budget and the increasing awareness of the importance of a high quality education. This is the reason why educational accountability is at the forefront both at the federal and state level.

## Accountability

As part of the No Child Left Behind Act of 2001 (NCLBA), New Hampshire started to hold all public schools accountable for adequate yearly progress (AYP). New Hampshire submitted the Consolidated State Application Accountability Workbook (CSAAW) on January 31, 2003, to the US Department of Education. In this workbook the definition of educational progress was determined. In order for New Hampshire to maintain a single statewide accountability system, the workbook addressed how AYP was incorporated into New Hampshire's existing accountability system. The system applies to all public schools and Local Educational Agencies (LEA). The aim was to create a fair accountability system fostering growth in students' academic abilities and ensure improvement in disadvantaged schools.

Rewards such as achievement recognition, and sanctions for poor performance are included to

ensure compliance. Furthermore, provisions have been established for schools labeled as "small" or those districts that pay tuition for their students to attend other schools. Some provisions include assistance in the execution of data analysis and development of implementation plans.

The baseline for AYP will be the results from the 2002 NH Educational Improvement and Assessment Program (NHEIAP). Currently the state

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**The aim [of adequate yearly progress] was to create a fair accountability system fostering growth in students' academic abilities and ensure improvement in disadvantaged schools.**

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assessment NHEAIP measures performance in English Language Arts and Mathematics at grades 3, 6 and 10; the 6th and 10th graders are also assessed in Science and Social Sciences. Accountability measures will be reported for subgroups, public schools and LEAs in English Language Arts and Mathematics separately. Subgroups, identified by No Child Left Behind Act, include those from major racial/ethnic backgrounds, the disabled, those with limited proficiency in English, and the economically disadvantaged.

New Hampshire's definition of AYP includes growth expectations such that all students shall meet the "basic" level<sup>1</sup> on state assessment tests in reading and mathematics no later than 2013-2014. Pupil retention rate will also be one of the indicators that the New Hampshire Department of Education (DOE) will evaluate when determining whether a school district has made satisfactory performance progress. New Hampshire DOE will look at graduation rates for public high school and attendance rates for public middle and elementary schools.

## Drop out rates

New Hampshire has made progress in the retention of students. New Hampshire's drop out rate in 2000-2001 had an annual percentage rate of 5.3 percent with an estimated cumulative rate of 19.6 percent. During the 2001-2002 time period

May 2003  
New Hampshire Educational Improvement  
and Assessment Program Test Results

Grade Three - 15,812				
Subject	Advanced	Proficient	Basic	Novice
English Language Arts	6%	39%	31%	23%
Mathematics	15%	27%	37%	20%
Grade Six - 17,074				
Subject	Advanced	Proficient	Basic	Novice
English Language Arts	5%	25%	41%	28%
Mathematics	7%	26%	41%	26%
Science	1%	15%	41%	42%
Grade Ten - 16,030				
Subject	Advanced	Proficient	Basic	Novice
English Language Arts	7%	26%	36%	30%
Mathematics	6%	21%	36%	37%
Science	5%	17%	32%	44%

Source: New Hampshire Department of Education.  
Accessed on December 8, 2003  
<<http://www.ed.state.nh.us/Assessment/results03.htm>>

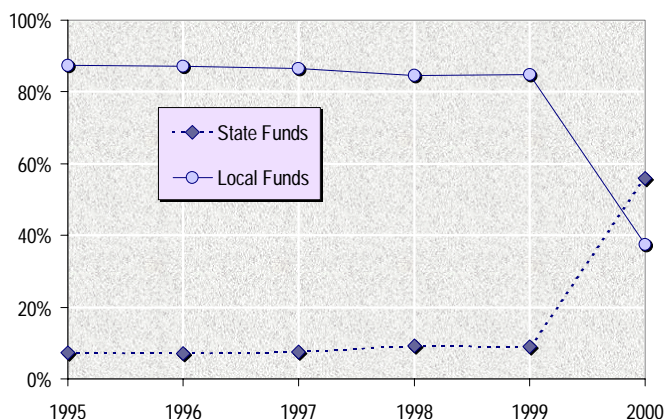
## 14. Education

the drop out rate declined to 4.0 percent with an estimated cumulative rate of 15.1 percent.<sup>2</sup> Drop-outs are defined as students who leave school prior to graduation for reasons other than transfer to another school or death of a student. The estimated cumulative rate is the estimated number of students who will drop out before graduation. As there are limited alternatives to attending high-school, dropouts often end up working in low paying and non-skilled jobs. Income data reveals that high school dropouts are paid substantially less than people with degrees or vocational training. Lowering the dropout rate is therefore likely to improve the socio-economic situation.

### Reading First program

In 2003 New Hampshire received \$2.1 million, the first year out of a six-year Reading First federal grant to improve students' reading abilities. Reading First is part of the No Child Left Behind Act of 2001. Under this grant New Hampshire is committed to creating a statewide infrastructure to manage reform in line with program goals. One of the program's primary goals is to ensure that high poverty school districts are receiving the needed funding. The program ensures early identification and help for students with reading difficulties. In order to improve the quality of reading education, teachers will be provided professional development training. Progress in reading skills acquisition will be monitored to ensure program effectiveness.

The 1999 Claremont Decision changed the way public education was funded in New Hampshire



### How much can you expect to earn per year? (and over your lifetime)

**If you have a Master's Degree**  
**\$55,300**

(\$2,500,000 in an average lifetime)

**If you have a Bachelor's Degree**  
**\$46,300**

(\$2,100,000 in an average lifetime)

**Apprenticeship Skilled Journeyman**  
**\$38,000**

(average lifetime figure not available)

**If you have an Associate's Degree**  
**\$35,400**

(\$1,600,000 in an average lifetime)

**If you drop out of high school**  
**\$21,400**

(about \$1,000,000 in an average lifetime)

Source: New Hampshire Career Resources Network  
New Hampshire Employment Security

### Charter Schools - a 10 year pilot program

Nearly 2,700 Charter schools have been implemented with success in 36 other states and the District of Columbia, serving over 684,000 students.<sup>3</sup> Even though charter schools legislation has been in place in New Hampshire since 1995, there are currently no charter schools operating in the state. A 10-year pilot program amended the law in the summer 2003. This program allows the State Board of Education to approve up to 20 charter schools, independent of local acceptance and established a state matching grant program of \$3.75 million over the next biennium. Additionally, the law "provides that a charter school shall be considered to be a public charter school"<sup>4</sup>. Since this 10-year pilot program passed legislation, two charter schools have been approved and the New Hampshire Department of Education has received about a dozen applications for charter-school-planning grants provided through federal funds. New Hampshire received \$7 million in federal grant money to help at least 15 charter schools over the next three years.<sup>5</sup>

Charter schools are public institutions, financed by the same per-pupil funds as traditional public schools. In return for receiving waivers, charter schools will be held accountable for achieving specific educational results. On the other hand charter schools are meant to exempt many of the restrictions and bureaucratic rules that govern traditional public schools. The idea behind charter schools is to provide a choice for children and parents when choosing public school and give entrepreneurial opportunities for educators and parents to create the kind of school they believe makes the most sense.<sup>6</sup>

### Adopt-a-School program

The Adopt-a-School program, a program engaging private businesses to become an active partner in education, has shown success in several states. In New Hampshire the Adopt-a-School program brings public and private schools together with businesses to enhance educational opportunities for students. Volunteers from local businesses and the community become mentors, lunch buddies or provide internships to students in need. The idea is that these volunteers enhance students' learning experience by providing an outside and practical approach to the educational

system. This program can also help ensure relevance of courses taught in schools.

Furthermore, Adopt-a-School encourages businesses to provide maintenance, buildings and ground beautification for schools that are tax deductible. Donations of supplies are encouraged in order to provide the basic educational materials to schools and students in need.

### Technology in schools

The National Education Association Center for Education Technology states that young people without adequate computer literacy will lack the required skills to function as competent employees in today's workplace.

Schools are trying to keep up with the increased need for computer literacy, which can be shown through national statistics on student to computer ratio. In 1984 the ratio was 125 to 1 and in 2002 it was down to 3.8 to 1.<sup>7</sup>

In New Hampshire the importance of technology training in education is being recognized as a priority as well. Modeled after a successful Maine program, Governor Benson introduced an initiative

## Elementary and Secondary Education

	1999	2000	2001	2002	Source
Enrollment, fall, public & private (includes preschool)	227,690	230,316	232,906	234,442	DE
Growth Rates: Total	1.8%	1.2%	1.1%	0.7%	DE/NHES
First grade	0.5%	-3.5%	-1.1%	-2.8%	DE/NHES
Twelfth grade	4.8%	3.9%	1.9%	2.5%	DE/NHES
Career Technology Education Enrollment	10,246	10,515	11,034	n/a	DE
Percent of 9th & 10th grade	7.9%	6.2%	20.9%	n/a	DE/NHES
Percent of 11th & 12th grade	24.6%	25.9%	75.3%	n/a	DE/NHES
High School Career Tech. Education Completers	2,611	2,676	2,201	n/a	DE
Average Salary of Instructional Staff (public schools)	n/a	\$37,734	\$38,301	\$38,911	UED
United States rank	n/a	\$26	\$27	\$29	UED/NHES
Total number of graduates (public)	11,087	11,711	11,942	12,285	DE
Enrolled in four-year college	54.1%	54.0%	53.7%	53.6%	DE
Enrolled in less-than four year college	15.2%	15.7%	17.5%	17.9%	DE
Total Non-College	30.7%	30.3%	28.8%	28.5%	DE
Scholastic Assessment Test (SAT)	1,038	1,039	1,036	1,038	UED/DE
National average	1,016	1,019	1,020	1,020	UED
Rank (among the 23 states and D.C. who administer test)	3	3	n/a	n/a	UED
Percent of high school graduates taking test	n/a	72.0%	72.0%	73.0%	UED/DE

## 14. Education

to provide laptops to seventh graders at five schools. The Governor raised half the amount he estimated it would cost from private donors through his Adopt-a-School program.<sup>8</sup> The results in Maine yielded increased test scores and sharp drops in absences and lateness after the laptops were introduced.

### School safety

In the wake of the 9-11 terrorist attacks, schools, as well as many other civic institutions in society, had to develop contingency plans for such emergency situations. Daniel Duke points out that today's schools need to provide a safe environment that goes beyond readiness for bomb threats and fire drills. All sorts of emergencies must be taken into account when planning for safety. Having clear and consistent emergency plans can ensure good communications, thereby avoiding confusion, injury or even loss of life.<sup>9</sup>

Safety in schools on a day to day basis is the focus of "Risk Watch", a workshop being sponsored by the New Hampshire National Education Association. This workshop promotes personal wellbeing and safety in order to prevent some of the many unintentional injuries happening each year.

*Cynthia Peterson/Annette Nielsen*

- <sup>1</sup> *The Consolidated State Application Accountability Workbook* has defined the following four proficiency levels: Advanced, proficient, basic and novice.
- <sup>2</sup> **Dropout Data.** New Hampshire Department of Education. Accessed December 4, 2003 <[www.ed.state.nh.us/ReportsandStatistics/DropOuts.htm](http://www.ed.state.nh.us/ReportsandStatistics/DropOuts.htm)>.
- <sup>3</sup> **Charter Schools.** The Center for Education Reform. Accessed December 4, 2003 <<http://www.edreform.com/>>.
- <sup>4</sup> **House Bill 135-FN-LOCAL An Act relative to charter schools.** New Hampshire General Court. Accessed December 4, 2003 <[www.gencourt.state.nh.us/legislation/2003/](http://www.gencourt.state.nh.us/legislation/2003/)>.
- <sup>5</sup> Proulx, Kristin. "State gets charter school grant." September 5, 2003. *Concord Monitor Online*. Accessed December 5, 2003 <<http://www.cmonitor.com/stories/news/recent2003/>>.
- <sup>6</sup> Nathan, Joe. **Charter School Definitions.** US Charter Schools. Accessed December 4, 2003 <[www.uscharterschools.org/pub/uscs\\_docs/o/definitions.htm](http://www.uscharterschools.org/pub/uscs_docs/o/definitions.htm)>.
- <sup>7</sup> "Technology in Education". *Education Week*. Accessed December 5, 2003 <[www.edweek.org/context/topics/](http://www.edweek.org/context/topics/)>.
- <sup>8</sup> Barrick, Daniel. "Program will give laptops to select few." September 3, 2003. *Concord Monitor Online*. Accessed December 5, 2003 <<http://www.concordmonitor.com/stories/news/recent2003/>>.
- <sup>9</sup> Daniel Duke. **Creating Safe Schools for all Children.** Boston, MA. Allyn & Bacon. 2002. Pg 166-167.

### Expenditures Per Pupil (average)

	1999	2000	2001	2002	Source
Total, Net, all purposes (school year)	\$6,009	\$6,357	\$6,738	\$7,233	DE
Annual percent change	3.9%	5.8%	6.0%	7.3%	DE/NHES
Instruction expenditures	\$4,772	n/a	n/a	n/a	DE
Current expenditures per pupil in average daily attendance	6,780	7,082	n/a	n/a	UED
Expenditures as % per capita income:					
New Hampshire	22.3%	21.3%	n/a	n/a	UED/NHES
United States	25.2%	24.8%	n/a	n/a	UED/NHES
Revenue sources, percent of total school revenues:					
State funds	8.9%	55.8% <sup>b</sup>	n/a	n/a	UED
National average	48.7%	49.5%	n/a	n/a	UED
United States rank (District of Columbia not included)	50	21	n/a	n/a	UED
Local and other <sup>a</sup> funds	84.7%	37.5% <sup>b</sup>	n/a	n/a	UED
National average	41.7%	40.9%	n/a	n/a	UED
United States rank (District of Columbia not included)	1	28	n/a	n/a	UED
Federal funds	4.0%	4.4%	n/a	n/a	UED
National average	7.1%	7.3%	n/a	n/a	UED
United States rank (District of Columbia not included)	tie 50	48	n/a	n/a	UED

<sup>a</sup>Includes gifts, tuition, and fees from patrons.

## Postsecondary Education

	1999	2000	2001	2002	Source
Community Technical College Graduates	1,194	1,612	1,319	1,490	CTC
Percent working full-time	77.0%	87.0%	70.1%	68.1%	CTC
Percent of those working in New Hampshire	n/a	70.0%	83.2%	78.4%	CTC
Percent continuing education	22.0%	27.0%	28.5%	33.2%	CTC
Enrollment, fall total, 2 & 4 year institutions	63,953	61,741	64,032	67,923	PEC
Degrees Granted by NH Colleges	13,193	13,287	14,246	13,149	PEC
Associate degrees	2,926	2,941	2,841	2,951	PEC
Bachelor degrees	7,473	7,653	7,903	7,596	PEC
Postgraduate degrees inc. first professional degrees	2,794	2,693	3,502	2,602	PEC
By Selected Concentration:					
Business management and administration	3,095	3,391	n/a	3,384	PEC
Health sciences including M.D.	1,264	1,263	917	844	PEC
Engineering	574	472	362	242	PEC
Computer and information sciences	447	564	528	677	PEC
Education	n/a	n/a	525	683	PEC
Social Science and History	n/a	n/a	1,035	1,151	PEC

**T**he big question to be solved in the health care industry is how everyone can have access to quality health care at a reasonable cost.

US Bureau of Census estimated that there were 125,000 uninsured persons in New Hampshire in 2002 or 9.9 percent of the New Hampshire's population. This was more than five percentage points lower than the level of uninsured for the

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**According to an annual survey on employer health benefits, conducted by the Kaiser Family Foundation, premiums for job-based health benefits rose 13.9 percent in 2003, the third consecutive year of double-digit premium increases.**

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nation.<sup>1</sup> The number of uninsured children in New Hampshire under 18 years of age has decreased from 21,000 (7.2 percent of all children under 18) in 2001, to 15,000 (4.8 percent) in 2002, a decline of nearly a third.<sup>2</sup> Healthy Kids - a program covering uninsured kids - has been trying to decrease the number of uninsured children in New Hampshire, since 1995.

With the rising cost of health insurance and considering that a lot of people have lost their jobs due to the recession, it is not surprising that the number of uninsured rose six percent nationwide and five percent in New Hampshire from 2001 to 2002.<sup>3</sup>

Over the last couple of years, health insurance premiums have been rising dramatically. According to an annual survey on employer health benefits, conducted by the Kaiser Family Foundation, premiums for job-based health benefits rose 13.9 percent in 2003, the third consecutive year of double-digit premium increases.<sup>4</sup> In 2002, 80.2 percent of all people in New Hampshire were covered by private health insurance and 72.5 percent of all New Hampshire people had an employment-based health insurance.<sup>5</sup> This majority of people with an employment-based health insurance are being economically affected by the rising cost of health

insurance premiums as businesses are starting to pass on the cost to their employees.<sup>6</sup>

Kaiser Health Poll conducts different public opinion surveys on topics related to health. When they asked the public about what they thought were the most important issues for the government to address, the public ranked health care as one of the top national priorities. "The cost, availability, and coverage of health insurance" ranked second after "the economy" when the public was asked about what the government should give the highest priority. More than half of the respondents reported that their health insurance premiums had gone up in 2002 and nearly a quarter chose not being able to pay for health care as the biggest source of concern about how the economy might affect them personally.<sup>7</sup>

### **Focus on preventive care**

Again in 2003, New Hampshire ranked as the healthiest state in the nation, although New Hampshire this year tied for first with Minnesota. There is always room for improvement. New Hampshire received its worst rankings on the rate of cancer deaths (ranked 30<sup>th</sup> among the 50 states) and in the prevalence of smoking (ranked 25<sup>th</sup> among the 50 states.)

Both health care providers and health care insurance companies are starting to focus more on preventive care. One initiative is the Healthy New Hampshire 2010 agenda, a private-public initiative focusing on healthy life for all its citizens, which is part of the national Healthy People 2010 effort.<sup>8</sup> Its main premise is that many of the health problems affecting New Hampshire citizens the most, such as cancer, heart disease and stroke, are rooted in lifestyle behavior that can be changed. Healthy lifestyle and preventive health care has now become a focus area for the health care insurance companies. Educating members on healthy lifestyles through their Web sites and creating financial incentives to management of weight and exercise, by joining health clubs, eating properly and by stress management, are some of the options that the health insurance industry is promoting.

## SARS and West Nile Virus

In November 2002 a new virus named Severe Acute Respiratory Syndrome (SARS) appeared in China for the first time. Scientists believe that SARS is caused by a virus from the same virus as the common cold. Since the first outbreak in China until September 2003 there have been more than 8,000 cases of SARS worldwide and 774 have died from the disease, close to a 10 percent fatality ratio.<sup>9</sup>

The report of SARS cases in United States submitted to the World Health Organization on October 1, 2003 shows that no SARS cases have been reported in New Hampshire.<sup>10</sup> But as New Hampshire shares its borders with Canada - the country among the western nations most affected by the disease - the health care system in New Hampshire has been on alert.

West Nile Virus is still a top priority for the New Hampshire Department of Health and Human Services. The number of West Nile Virus cases has grown from the initial US outbreak of 62 disease cases and seven deaths in 1999 to 7,328 cases nationally in 2003, including 135 deaths. For the first time, in 2003, there were three people confirmed with West Nile Virus in New Hampshire.<sup>11</sup> Whereas two of the confirmed human cases had contracted the disease in other states, it is more worrisome that the third case contracted the disease in New Hampshire.

A way to detect whether the virus is present in an area is to test dead birds and set up mosquito test traps. In 2003, 213 birds tested positive for West Nile virus in New Hampshire.<sup>12</sup>

As a preventative measure, the Center for Disease Control and Prevention recommends that people should cover up their skin with clothes and spray with a DEET-containing insect repellent when outside, especially at dawn and dusk. It is, though, recommended not to use DEET-containing products on babies and pregnant women.

## Bio-terrorism and hospital preparedness

As much as the September 11, 2001 terrorist attacks were a wake up call to the American home-

land security, SARS became the wake up call to hospitals in order to get them to ensure their preparedness for biological warfare. It appears that SARS mostly spread through health care workers caring for patients infected with SARS and/or close family contact. In other words, the hospital environment was seemingly not secure. As a result, portable isolation units were identified as the solution and 62 portable isolation units have been dispersed throughout the state using federal grant money.

Through the Public Health Emergencies Act of 2001 New Hampshire received approximately \$8.4 million in June 2002 for bioterrorism preparedness activities. With these funds and with the guidance of the Centers for Disease Control and Prevention, New Hampshire has developed the ability to respond to disease outbreak, bioterrorist attacks or public health emergencies. Over 60 percent of the federal money New Hampshire has received is directed to local agencies to aid community preparedness activities.

One of the results is that every acute care hospital in New Hampshire has signed a Memorandum of Understanding forming the New Hampshire Hospital Mutual Aid Network. This enables them to share personnel, equipment and services in the event of an emergency.

Preparedness capabilities that hospitals are working on include security systems, decontamination facilities, personal protective equipment, adequate communications both internal and external to the hospital, triage and treatment of chemical, nuclear and biological casualties, increasing their surge capacity, behavioral health concerns, handling the media, helping families and many other critical issues. Hospitals across the state are training personnel and conducting practice exercises to test their emergency plans.<sup>13</sup>

The most important part of New Hampshire's emergency preparedness plan is the coordination of emergency response plans and protocols at the local, state and federal level in order to ensure resources are being utilized effectively. Another important part of the emergency preparedness plan

is surveillance of infectious diseases and the ability to quickly detect harmful viruses and bacteria.<sup>14</sup>

### HIPAA - Health Insurance Portability and Accountability Act

On April 14, 2003 the federal Health Insurance Portability and Accountability Act (HIPAA) went into effect. This law requires New Hampshire Department of Health and Human Services as well as medical providers, pharmacies and health plans to maintain the privacy of individual's personal health information. The law also requires that patients will be provided with a notice of the institution's privacy practices, legal duties, and the patients' rights concerning their health information. According to a PricewaterhouseCoopers study the cost of implementing a new data system to insure privacy and standardize electronic transactions is one of the factors fueling the increased cost of healthcare.<sup>15</sup>

The reason for implementing HIPAA was to ensure patient's privacy concerning information on their health, as such information is extremely sensitive. Prior to the implementation of HIPAA, the practice of handling patient's sensitive information was inconsistent. Congress realized that it is not acceptable for personal health information on cancer, AIDS, use of VIAGRA and other medications to be exposed to the public.

### Nursing shortage

The Foundation for Healthy Communities through the New Hampshire Nursing Workforce Partnership Project is still addressing the nursing workforce shortage. Under a \$3 million H-1B grant that New Hampshire received from US Department of Labor, more than 180 students and 12 health care organizations were awarded grants and scholarships in spring 2003. The 12 health care organizations were awarded training grants in order to provide training for nurses reentering the profession and training for nurses wishing to enter specialties identified as shortage areas in New Hampshire. In the first round \$250,000 was provided to students

attending New Hampshire nursing programs, in return for their commitment to work at health care facilities in the state.

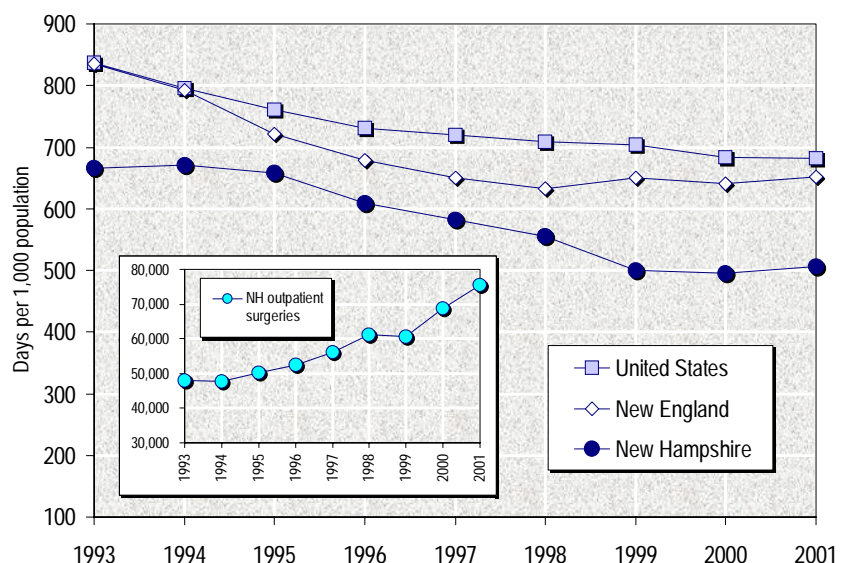
Though enrollments to nursing schools are increasing in New England, faculty shortage for many of the schools is becoming the most prominent problem. The problem is only going to be worse over the next ten years as the majority of nursing faculty is close to retirement.<sup>16</sup>

Michael B. Green, President of Concord Hospital thinks that hiring and retaining nurses was better in 2003 than the prior year, but smaller numbers of trained technicians and intensive care and emergency room nurses was still a concern.<sup>17</sup>

Employment projections for Registered Nurses in New Hampshire show an increase of 30 percent from 2000 to 2010, with 577 annual openings expected. About 60 percent of the annual job openings are expected to be caused by job growth and not replacement needs.

*Annette Nielsen*

Inpatient days per 1,000 population is on the decline as the number of outpatient surgeries are increasing





- <sup>1</sup> [Table HI06. Health Insurance Coverage Status by State for All People: 2002](#). U.S Census Bureau. Accessed November 18, 2003 <<http://ferret.bls.census.gov/macro/032002/health/>>.
- <sup>2</sup> [Table HI-5. Health Insurance Coverage Status and Type of Coverage by State-Children Under 18: 1987 to 2002](#). U.S Census Bureau. Accessed October 9, 2003 <<http://www.census.gov/hhes/hlthins/historic/hihist5.html>>.
- <sup>3</sup> [Table HI06. Health Insurance Coverage Status by State for All People: 2002](#) and [Table HI06. Health Insurance Coverage Status by State for All People: 2001](#). U.S Census Bureau. Accessed November 18, 2003 <<http://ferret.bls.census.gov/macro/032003/health/>> and <<http://ferret.bls.census.gov/macro/032002/health/>>.
- <sup>4</sup> "Cost of Health Insurance", [Employer Health Benefits 2003 Annual Survey](#). Henry J. Kaiser Family Foundation. Accessed December 3, 2003 <<http://www.kff.org/insurance/>>.
- <sup>5</sup> [Table HI05. Health Insurance Coverage Status and Type of Coverage by State and Age for All People: 2002](#). U.S Census Bureau. Accessed November 18, 2003 <<http://ferret.bls.census.gov/macro/032003/health/>>.
- <sup>6</sup> Jensen, Cheryl, "Searching for a Solution", [Business NH Magazine](#) September 2002: pg.38.
- <sup>7</sup> "Public Opinion on Health Care Costs." [Kaiser Health Poll Report](#). May/June 2003 Edition. Henry J. Kaiser Family Foundation. Accessed September 17, 2003 <<http://headlines.kff.org/healthpollreport/templates/>>.
- <sup>8</sup> "Improving health - and quality of life - for the people of New Hampshire." Accessed November 14, 2003 <<http://www.healthynh2010.org/123start.htm>>.
- <sup>9</sup> [Summary of probable SARS cases with onset of illness from November 1, 2002 to July 31, 2003 \(revised September 26, 2003\)](#). World Health Organization. Accessed November 14, 2003 <[http://www.who.int/csr/sars/country/table2003\\_09\\_23/en/](http://www.who.int/csr/sars/country/table2003_09_23/en/)>.
- <sup>10</sup> [Severe Acute Respiratory Syndrome \(SARS\)- Report of Cases in the United States](#). Centers for Disease and Prevention Control. Accessed December 3, 2003 <<http://www.cdc.gov/od/oc/media/sars/cases.htm>>.
- <sup>11</sup> [West Nile Virus 2003 Human Cases as of November 25, 2003](#). Centers for Disease and Prevention Control. Accessed December 3, 2003 <<http://www.cdc.gov/ncidod/dvbid/westnile/>>.
- <sup>12</sup> [West Nile Virus Test Results and Incidence Reports](#). NH Department of Health and Human Services. Accessed October 24, 2003 <<http://www.dhhs.state.nh.us/DHHS/BCDCS/>>.
- <sup>13</sup> Yeager, Deborah. Emergency Preparedness Coordinator. New Hampshire Hospital Association. "Hospital Preparedness" Email to the author. September 26, 2003.
- <sup>14</sup> [Welcome to Bioterrorism & Public Health Emergencies](#). NH Department of Health and Human Services. Accessed September 25, 2003 <[www.dhhs.state.nh.us/DHHS/PHBIOTERRORISM/default.htm](http://www.dhhs.state.nh.us/DHHS/PHBIOTERRORISM/default.htm)>.
- <sup>15</sup> "The factors fueling rising healthcare costs." April 2002. PricewaterhouseCoopers. Accessed November 5, 2003 <<http://healthcare.pwcglobal.com/>>.
- <sup>16</sup> Foley, Ryan, "New England Nursing Schools Dealing With Larger Classes, Faculty Shortages", [Healthcare Review](#), Northern New England Edition, Issue 7, 2003: pg. 5.
- <sup>17</sup> Green, Michael B., Concord Hospital. Telephone interview August 15, 2003.

## Hospital Insurance

	1999	2000	2001	2002	Source
<b>Medicare: (thousands)</b>					
Aged	145	147	148	n/a	SSA
Disabled	22	23	24	n/a	SSA
<b>Average covered charge per day of care</b>					
<b>Short-stay hospitals</b>					
New Hampshire	\$2,269	\$2,480	\$2,688	n/a	SSA
New England	\$2,284	\$2,436	\$2,601	n/a	SSA
United States	\$2,554	\$2,787	\$3,097	n/a	SSA
<b>Skilled nursing facilities</b>					
New Hampshire	\$387	\$393	\$424	n/a	SSA
New England	\$395	\$397	\$402	n/a	SSA
United States	\$425	\$421	\$422	n/a	SSA
<b>Medicaid:</b>					
<b>Average payments per recipient</b>					
New Hampshire	\$5,657	\$6,712	\$7,121	n/a	SSA
United States	\$3,819	\$3,936	n/a	n/a	SSA

## 15. Health

### Health Services

	1999	2000	2001	2002	Source
General hospitals, acute care only (excludes nursing home beds)					
Total admissions	109,110	111,227	116,071	n/a	HA
Percent change	0.2%	1.9%	4.4%	n/a	HA
Gross revenue in millions	\$2,115	\$2,405	\$2,858	n/a	HA
Uncompensated Care (millions)					
Bad Debt plus Charity Care	\$112	\$118	\$142	n/a	HA
Admissions per 1,000 population					
New Hampshire	91	90	92	n/a	HA
New England	111	109	112	n/a	HA
United States	119	118	119	n/a	HA
Total number of inpatient days	599,777	611,919	637,239	n/a	HA
Percent change	-9.0%	2.0%	4.1%	n/a	HA
Inpatient days per 1,000 population:					
New Hampshire	499	495	506	n/a	HA
New England	650	641	652	n/a	HA
United States	703	684	682	n/a	HA
Average length of stay (in days):					
New Hampshire	5.5	5.5	5.5	n/a	HA
New England	5.8	5.9	5.8	n/a	HA
United States	5.9	5.8	5.7	n/a	HA
Emergency Room Visits	491,840	526,103	537,367	n/a	HA
Inpatient Surgeries	32,864	33,595	33,702	n/a	HA
Outpatient Surgeries	60,607	68,807	75,467	n/a	HA

### Total Expense Per Capita

	1999	2000	2001	2002	Source
New Hampshire	\$1,073	\$1,186	\$1,285	n/a	HA
Annual percent change	1.7%	10.6%	8.3%	n/a	HA/NHES
New England	\$1,463	\$1,503	\$1,615	n/a	HA
Annual percent change	3.4%	2.7%	7.5%	n/a	HA/NHES
United States	\$1,229	\$1,267	\$1,347	n/a	HA
Annual percent change	4.2%	3.1%	6.3%	n/a	HA/NHES

### Workers' Compensation Payments

	1999	2000	2001	2002	Source
Reported injuries & compensable disabilities (fiscal year)					
Injuries per 100 in employment	9.7	9.4	9.1	8.5	LD
Compensable injuries per 100 in employment	2.1	2.0	2.0	2.1	LD
Benefits paid by insurance companies and self insurers (Calendar year, millions)					
	\$155.7	\$157.8	\$171.9	\$173.6	LD
Annual percent change	6.4%	1.3%	8.9%	1.0%	LD/NHES

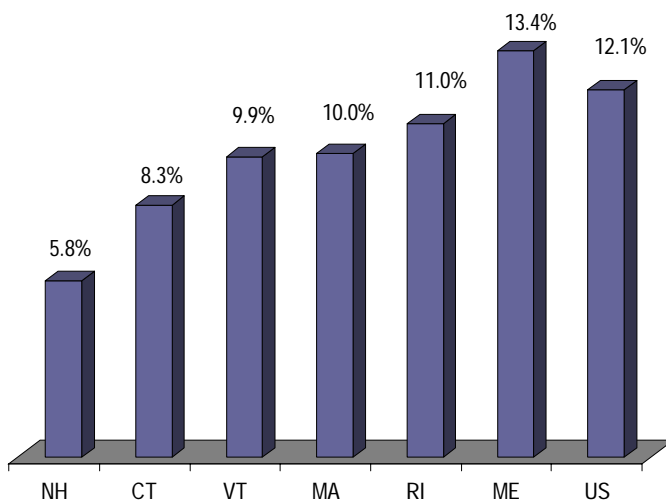
The March Supplement of the Current Population Survey 2003 released in fall 2003 showed that the poverty level in New Hampshire for 2002 was 5.8 percent, the lowest in the nation.<sup>1</sup> It is interesting that New Hampshire showed a decrease in poverty in comparison to the rest of the New England states even though the economic downturn affected the New Hampshire economy quite substantially.

### Temporary Assistance for Needy Families (TANF)

The New Hampshire Department of Health and Human Services (DHHS) provides eligible New Hampshire residents with a wide range of social assistance programs ranging from financial and medical to food and nutritional services.

TANF is a cash assistance federal funded program created under "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996" (PRWORA). This law changed the nation's welfare system into one requiring work in exchange for time-limited assistance and marked the end to federal entitlement to assistance. PRWORA offers states great flexibility in designing individual state TANF programs as long as funds are used in a reasonable manner in order to accomplish the purposes of TANF. New Hampshire offers the law's maximum limit of up to five years (60 months) assistance in a lifetime.

In 2002, for the third year in a row, New Hampshire had the lowest poverty rate in the nation



In New Hampshire TANF is administered by the Division of Family Assistance under New Hampshire DHHS, but as part of the New Hampshire Employment Program (NHEP) team. A work requirement is incorporated into the law, which means that each recipient has to participate in at least 30 hours work activities per week. Work activities can be on-the-job training, community service, vocational training or similar approved

**The increased need for assistance with health insurance coverage is affected by increased unemployment and associated loss in work-based benefits.**

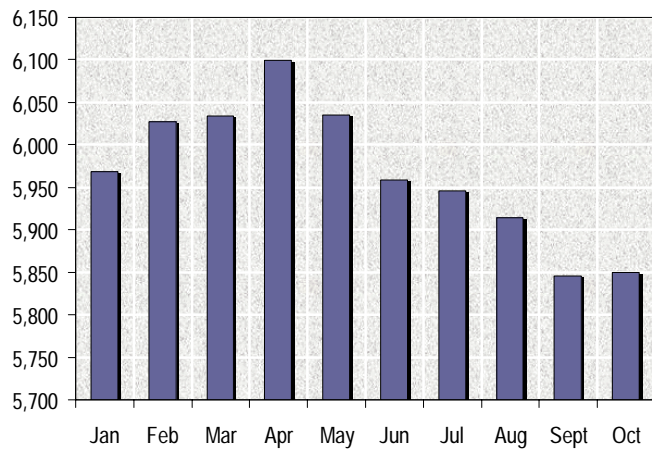
activities. The NHEP teams are located in the local NH Employment Security offices, also referred to as One Stop Training and Employment Centers. Exceptions for not receiving TANF through the local One Stop Training and Employment Centers are: families headed by adults who are permanently disabled, have long-term obstacles to employment or are over age 60 and when the cash assistance is provided for children living with a non-parent caretaker relative, such as an aunt, grandparent or adult sibling.

The caseload of TANF increased 5.2 percent from 2001 to 2002, reaching close to 6,000 cases. This increase in caseloads was lower than the seven percent increase in caseloads from 2000 to 2001. According to NH Works, One Stop Center, the increase in caseloads is caused by the downturn in the economy, and there has been an increase in families with both parents unemployed. Another change is that people are becoming unemployed and there are no jobs available that require their skills.

From May to August 2003 there was a decrease in caseload numbers but it is too early to say whether this downward trend will continue.

Even though the grant period ended in September 2001, TANF has continued. In 2002 Congress started the process of re-authorizing PRWORA but the reform has not yet been finalized. Funds for

From May to October 2003 the number of open TANF cases in New Hampshire decreased



TANF have, though, been authorized until March 31, 2004.

President Bush in his agenda for welfare reform “proposes to make welfare even more focused on the well-being of children and supportive of families.”<sup>2</sup> The need is certainly there as children today nationally make up two-thirds of the welfare caseloads.<sup>3</sup> It is important to note that the number of cases with a non-parent relative is on the rise in New Hampshire since 2000 and made up 30 percent of total TANF cases statewide in 2002.

### Healthy Kids

Access to health care is important to the well-being of children. Insured children are healthier children, because uninsured children often don’t get preventive health care check ups or immunizations. New Hampshire Healthy Kids – a low cost or free medical and dental insurance program for children from birth to age 19 – is a federal and state funded program that tries to alleviate this problem. From 2001 to 2002 the number of uninsured children under 18 years of age decreased by nearly a third, leaving 15,000 uninsured children in New Hampshire.<sup>4</sup> The Healthy Kids program relies on community partners to identify and enroll uninsured children. One of these partners, the Foundation for Healthy Communities, is trying to alleviate the problem by informing hospitals about the advantages of identifying and enrolling eligible uninsured children.

According to New Hampshire Healthy Kids annual report for 2002, the volume of applications for Healthy Kids went up from 416 a month in the beginning of the year to 696 a month by the end of the year 2002, a two-thirds increase. The increased need for assistance with health insurance coverage is affected by increased unemployment and associated loss in work-based benefits. Also, employees are increasingly expected to pay a higher share of the health insurance cost and may opt out of coverage. In January 2003, more than 44,000 were enrolled in Healthy Kids programs, a 14.1 percent increase since January 2002.

Healthy Kids health insurance programs include dental coverage, but in the fall 2003 New Hampshire DHHS settled a lawsuit brought by lawyers for poor children who had lacked access to dental care. As part of the settlement the state had to correct the problem. As referenced in the Concord Monitor, Dr. William Kassler, state medical director, stated the reason for the lack of availability is partly due to a dentist shortage and partly due to the fact that dentists are reluctant to treat Medicaid patients.<sup>5</sup>

### Faith-based community service

One of President Bush’s top domestic priorities since stepping into office, has been the Faith-Based and Community Initiative. He feels that the Federal government often has not been a willing partner to faith-based and community groups and believes that all groups – faith-based or secular, large or small, should have an equal chance in competing for federal grant money. So has this federal policy initiative enhanced the level of faith-based and community activities in New Hampshire?

A nationwide study, released in November 2003 and conducted by the Nelson A. Rockefeller Institute of Government, examined the nature and extent of state initiatives to increase the involvement of Faith-Based Organizations (FBOs) in the delivery of social services. One of the major findings was the big variance in the way FBOs are perceived by the government in the different states. “In some, faith based groups have long been

accepted as government partners, while others have a strong tradition of separation between church and state.”<sup>6</sup>

The case study for New Hampshire shows that “[r]eligious groups have a long tradition of delivering social services in New Hampshire”<sup>7</sup> The nature of Faith-Based Organizations’ involvement in the delivery of social services has therefore not changed since the passage of the Charitable Choice, a provision of “The Personal Responsibility and Work Opportunity Act of 1996.” As religious organizations always have been eligible for state contracts there hasn’t been a need for legislative change. Even though the state does not discourage FBOs deliberately, there are still several barriers for these organizations to win contracts, such as the requirement to provide services statewide.

### Social Security program

The Social Security program or Old –Age, Survivors, and Disability Insurance (OASDI) – provides monthly benefits to qualified retired and disabled workers as well as to surviving spouses and children. About 207,000 persons in New Hampshire received benefits in December 2002 and the benefits for that month totaled \$175 million. Social Security beneficiaries represented 16.2 percent of our total population, and 97.3 percent of the state’s population aged 65 or older.<sup>8</sup>

Supplemental Security Income (SSI) is a federal cash assistance program providing monthly payments to low-income aged, blind, and disabled persons. In New Hampshire 12,355 persons received federally administered SSI, of which 8,782 were between 18 and 64 years, and 1,724 were under 18 year of age. The total number of persons in New Hampshire receiving both Social Security benefits (SSI payments and OASDI benefits) was 4,638 in December 2002.

*Annette Nielsen*

- <sup>1</sup> “American Community Survey Change Profile 2000-2002.” Table 3. Selected Economic Characteristics. U.S Census Bureau. Accessed September 8, 2003  
<[www.census.gov/acs/www/Products/Profiles/](http://www.census.gov/acs/www/Products/Profiles/)>.
- <sup>2</sup> “President’s Welfare Reform Agenda.” The White House. Accessed October 17, 2003  
<[www.whitehouse.gov/infocus/welfarereform/](http://www.whitehouse.gov/infocus/welfarereform/)>.
- <sup>3</sup> “New Goals for Reauthorized TANF.” National Center for Children in Poverty, Mailman School of Public Health at Columbia University. Accessed October 23, 2003  
<[www.nccp.org/pub\\_ssu02a.html](http://www.nccp.org/pub_ssu02a.html)>.
- <sup>4</sup> Table HI-5. Health Insurance Coverage Status and Type of Coverage by State-Children Under 18: 1987 to 2002. U.S Census Bureau. Accessed October 9, 2003  
<<http://www.census.gov/hhes/hlthins/historic/hihist5.html>>.
- <sup>5</sup> Wangsness, Lisa, “Many kids can’t access dental care.” September 29, 2003. Concord Monitor Online. Accessed November 3, 2003  
<[www.cmonitor.com/stories/news/state2003/](http://www.cmonitor.com/stories/news/state2003/)>.
- <sup>6</sup> Ragan, Mark, et al. “Scanning the Policy Environment for Faith-Based Social Services in the United States - Results of a 50 –State Study.” The Roundtable on Religion and Social Welfare Policy. Accessed November 19, 2003  
<[www.religionandsocialpolicy.org/docs/events/](http://www.religionandsocialpolicy.org/docs/events/)>.
- <sup>7</sup> Merrow, Katherine B. Faith-based organizations and social service delivery in New Hampshire. October 2003.
- <sup>8</sup> Table 4. Number of beneficiaries in New Hampshire with benefits in current-payment status, by type of benefit, sex of beneficiaries aged 65 or older, and county. December 2002. Social Security Administration. Accessed October 9, 2003  
<[www.ssa.gov/policy/docs/statcomps/oasdi\\_sc/2002/nh.html](http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2002/nh.html)>. and Table 2. New Hampshire Population Estimates by Age and Sex: April 1, 2000 to July 1, 2002. US Census Bureau. Accessed October 9, 2003  
<<http://eire.census.gov/popest/data/states/tables/ST-EST2002-ASRO-02-33.xls>>.

## 16. Social Assistance

### Poverty

	1999	2000	2001	2002	Source
Persons below poverty (percent of population) - Caution: relatively large standard errors					
New Hampshire	7.7%	5.2%	6.5%	5.8%	CB
Connecticut	7.1%	6.6%	7.3%	8.3%	CB
Maine	10.6%	8.4%	10.3%	13.4%	CB
Massachusetts	11.7%	10.1%	8.9%	10.0%	CB
Rhode Island	9.9%	9.1%	9.6%	11.0%	CB
Vermont	9.7%	11.3%	9.7%	9.9%	CB
United States	11.8%	11.3%	11.7%	12.1%	CB

### Temporary Assistance for Needy Families (TANF) - annual averages

	1999	2000	2001	2002	Source
Total cases (average open on last day of December)	5,581	5,285	5,653	5,946	DHS
Annual percent change	-8.7%	-5.3%	7.0%	5.2%	DHS
Average case size	2.4	2.4	2.4	2.4	DHS
Percent with earned income	14.1%	17.6%	15.2%	15.4%	DHS
Number with non-parent relative in case	1,609	1,638	1,696	1,796	DHS
Annual percent change	2.1%	1.8%	3.5%	5.9%	DHS
Individuals meeting 60 month benefit limit (as of December)	n/a	n/a	149	129	DHS

### Social Security Recipients (December data)

	1999	2000	2001	2002	Source
Total OASDI including spouses and children	194,930	200,490	204,140	207,164	SSA
Annual percent change	1.4%	2.9%	1.8%	1.5%	SSA
Retirement (Retired workers) <sup>a</sup>	130,320	134,170	135,720	137,813	SSA
Survivor <sup>b</sup>	18,130	18,730	18,520	17,338	SSA
Disability (Disabled workers) <sup>a</sup>	21,080	22,210	23,600	25,866	SSA
Age 65 and over	142,680	146,190	147,120	148,437	SSA
Percent of total OASDI recipients	73.2%	72.9%	72.1%	n/a	SSA/NHES
Age 65-69 years	38,030	39,740	39,530	n/a	SSA
Age 70-74 years	37,500	38,090	37,880	n/a	SSA
Age 75 years and older	67,150	68,360	69,710	n/a	SSA
Percent women	52.8%	57.8%	57.4%	57.5%	SSA/NHES
Children aged 17 and under	11,880	11,950	12,980	n/a	SSA
Monthly OASDI benefit amount total (thousands)	\$114,340	\$122,990	\$128,324	\$132,786	SSA
Retired workers (median)	\$821.50	\$863.00	\$896.00	n/a	SSA
Non-disabled widows and widowers (median)	\$813.50	\$857.00	\$895.50	n/a	SSA
Disabled workers (median)	\$716.40	\$743.00	\$767.00	n/a	SSA

<sup>a</sup> Excludes spouses and children

<sup>b</sup> Excludes children

New Hampshire is one of the safest states in the nation. According to Morgan Quitno Press, the Granite State was the fifth safest state in the nation for 2003. Since the release of the first report in 1994, New Hampshire has been one of the top eight safest states in the nation every year. Morgan Quitno Press rates states based on six of the more serious crime categories - murder, rape, robbery, aggravated assault, burglary and motor vehicle theft. Even though the Granite State is one of the safest states in the nation, it is not immune to crime.

### Crime index

For the second year in a row, New Hampshire had the lowest crime index in the nation and the lowest index the state has seen in at least ten years, according to *Crime in the United States 2002*, an annual publication published by the Federal Bureau of Investigation's (FBI) Uniform Crime Reporting (UCR) Unit. Crime indexes are used to help measure crime in standard units so states and cities can be compared on an equal basis. The FBI's index measures the number of crimes per 100,000 population. The Granite State's crime index dropped 4.4 percent to 2,220.0, whereas the national crime index dropped 1.1 percent to 4,118.8.

The crime index consists of seven of the more severe crime offenses - criminal homicide, forcible rape, robbery, aggravated assault, burglary, larceny-

theft, and motor vehicle theft. All states in the Northeast Region, which includes New England, experienced a decline in their crime index, except Massachusetts, which grew at 0.2 percent. The Northeast Region accounted for nearly 19 percent of the U.S. population, while its crime index share was 13.2 percent. The Northeast's crime index relative to population was the lowest among the four regions.

The number of severe crime offenses in New Hampshire dropped over three percent to 28,306 offenses during 2002. Vermont continued to have the lowest number of severe crime offenses

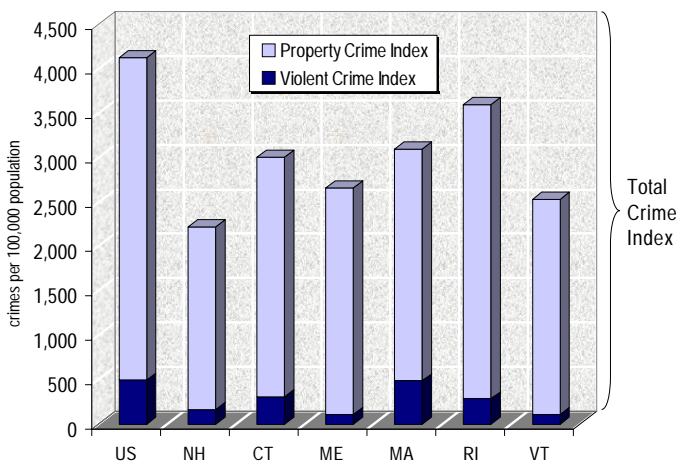
**[(In New Hampshire) 117 crashes caused 127 fatalities, fifteen fewer than in 2001.]**

in the Northeast Region. However, when adjusted for population, New Hampshire ended up having the lowest crime index in the region.

Severe crime offenses are broken down into two different categories - violent crimes and property crimes. Violent crimes are crimes of force or ones where the threat of force is present. These types of crimes include criminal homicide, forcible rape, robbery, and aggravated assault. Violent crimes accounted for 7.3 percent of all severe crime offenses in New Hampshire during 2002; or 2,056 occurrences out of the 28,306 offenses. Even though New Hampshire had the lowest total crime index in the nation, Maine and Vermont both had lower violent crime indexes. New Hampshire saw more rapid improvement in its violent crime index than the United States and the Northeast Region, dropping 5.3 percent, 2.0 percent, and 2.8 percent, respectively.

New Hampshire had the lowest property crime index among all the states at 2,058.7 per 100,000 population, down 4.3 percent, which primarily accounted for New Hampshire having the lowest crime index in the nation. Property crimes accounted for 92.7 percent of total crimes in New Hampshire in 2002. These are crimes where money or property is taken, and include burglary, larceny-theft, and motor vehicle theft. There were

NH's total Crime Index for 2002 was not only lowest in New England but also lower than the national index



26,250 occurrences of property crimes in New Hampshire during 2002. For the nation, the property crime index decreased 0.9 percent, while the Northeast Region dropped 3.8 percent, slightly less rapidly than New Hampshire.<sup>1</sup>

### Prisoner population

According to the Department of Corrections, the state's prisoner population remained relatively unchanged from fiscal year 2002. State prison facilities housed an average of 2,486 prisoners for the fiscal year ending June 30, 2003, up from 2,482 for fiscal year 2002.

Sex offenses continued to be the number one reason why New Hampshire inmates were incarcerated. In 2003, just over 22 percent of the inmates were imprisoned for a sex offense crime. Parole and probation violations were the second and third reasons why New Hampshire inmates were incarcerated.

As of June 30, 2002, New Hampshire's incarceration rate was 195 inmates per 100,000 Granite Staters. According to the U.S. Department of Justice, Bureau of Justice Statistics, the U.S. incarceration rate, which includes all state and federal prisons, was 476 inmates per 100,000 residents. The state portion of the U.S. incarceration rate was 427, while the federal U.S. incarceration rate was 49 inmates per 100,000 residents. The low New Hampshire incarceration rate reflects, in part, the low crime rate mentioned above.

There were 1,440 people admitted to the state prison system during fiscal year 2003, 105 fewer than the prior year. Over 39 percent were new prisoners, while nearly 38 percent were admitted for violating their parole or probation. The remaining 23 percent were transferred from another jurisdiction. These include prisoners from New Hampshire counties and other states. Federal prisoners may also be housed in the state prison system.

There were 1,113 inmates sentenced in New Hampshire during fiscal year 2003, nearly five percent less than the prior year. Of those that were sentenced just over 45 percent received a 2-4 year

sentence, while 29 percent were sentenced for 1-2 years. Some of these inmates could be sentenced for more than one crime and could be in jail for longer than four years. Only the controlling sentence being served during the fiscal year is counted. The prisoner's other sentences will be counted when they are actually served.

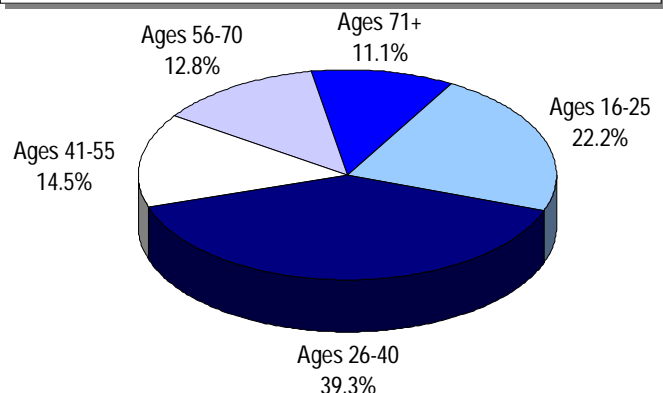
During fiscal year 2003, 1,426 inmates were released from the state prison system, 45 more than the prior year. Over half were released on parole, while 319 were returned to other jurisdictions. Only 190 of the inmates released had served their full sentence.

### Traffic crashes

The number of reported crashes and total reported injuries both increased from the prior year. There were just under 40,200 reported traffic crashes during 2002, an increase of 17 percent. The number of people injured in a motor vehicle crash increased 41.1 percent, totaling 15,835 in 2002.

For the second time since 1985, there was less than one death per 100 million vehicle miles on New Hampshire's roadways. One hundred seventeen crashes caused 127 fatalities, fifteen fewer fatalities than in 2001. Alcohol and/or drugs are involved in two of every five fatal traffic crashes. The share of alcohol and/or drug related fatal crashes has increased 7.7 percentage points during the past three years.

Two of every five fatal crashes on New Hampshire roadways during 2002 involved drivers between the ages of 26 and 40





### Youth drivers vs. older drivers

In 2002, there were 963,986 New Hampshire licensed drivers. Of these, 2.1 percent were between 16 and 17 years old. Even though five and a half percent of all crashes involved 16 and 17 year-old drivers, only 2.1 percent of all crashes involving 16 and 17 year-old drivers resulted in fatal or severe injuries. In 2002, nearly 60 percent of crashes involving 16 and 17 year-old drivers occurred between four months and nine months of receiving their drivers license. Of the reported young driver crashes, two-thirds involved a collision with another vehicle.

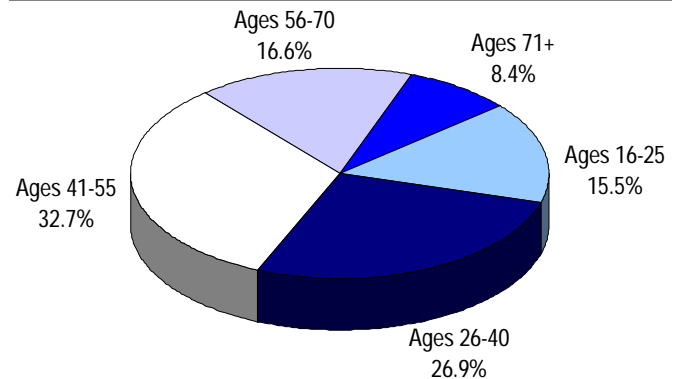
Motor vehicle crashes was the leading cause of death in New Hampshire for people aged 15 to 24 years old. In New Hampshire this age group died in motor vehicle crashes at a rate of 19.7 per 100,000 residents based on 1999-2001 data.<sup>2</sup> This was the also the leading cause of death nationally for this age group. According to national preliminary 2001 figures, people aged 15 to 24 died at a rate of 25.7 per 100,000 population in motor vehicle crashes.<sup>3</sup>

In 2002, there were 127,228 licensed drivers age 65 and older. Sixty-two percent of these drivers were between the ages of 65 and 75. Over 83 percent of residents aged 65 and older had a drivers license during 2002.

Youth drivers are often viewed as being inexperienced drivers, while older drivers are often viewed as having diminished driving skills. Almost 16 percent of all New Hampshire licensed drivers were 16 to 25 years old. This age group was involved in just over 22 percent of fatal crashes in 2002. Over eight percent of licensed drivers were age 71 or older, and this age group was involved in just over 11 percent of fatal crashes. These two age groups did not, however, cause the largest number of fatal crashes on New Hampshire roadways in 2002. Nearly 40 percent of the 117 fatal crashes were caused by drivers aged 26 to 40 years old. This age group makes up almost 27 percent of all licensed New Hampshire drivers.

The 41 to 55 age group had a larger share of New Hampshire drivers licenses than any other age

Nearly one-third of all New Hampshire licensed drivers in 2002 were people between the ages of 41 and 55



group. This group had the smallest ratio of fatal crashes vs. licensed drivers during 2002. None of these figures, however, takes into account how many miles are driven by members of various age groups. In order to assess and compare risk, the rate of fatal crashes per 1,000,000 miles, or some other measure, would be necessary.

### AMBER Alert: America's Missing: Broadcast Emergency Response

On April 30, 2003, the President signed into law the Prosecutorial Remedies and Other Tools to End the Exploitation of Children Today (PROTECT) Act of 2003. This new law established a national AMBER Alert network, which will link state, regional, and local plans. It will also help other states put an effective AMBER Alert Plan in place by providing matching funds. The PROTECT Act of 2003 also establishes stricter punishments for those who commit federal crimes against children.

The AMBER Alert Plan is a voluntary program where law enforcement agencies work together with broadcasters to alert the public about abducted children that are in danger. Any descriptions and information that the police have at that time will be given out. The public is encouraged to be on the lookout for the abductor and the child. By the fall of 2003 all but four states had implemented an AMBER Alert Plan.

New Hampshire's version of the AMBER Alert Plan, the NH Child Abduction Emergency Alert System,

## 17. Crime & Crashes

was launched on April 21, 2003. In addition to details of the abduction being broadcasted through various types of media, including a scrolling ticker across various Web sites, the information can also be sent to lottery terminals and printed on the bottom of each lottery ticket.

*Gail Houston*

- <sup>1</sup> "Crime in the United States 2002." Uniform Crime Reports Program. United States Department of Justice, Federal Bureau of Investigation. Accessed October 27, 2003 <<http://www.fbi.gov/>>.
- <sup>2</sup> Burns, MPH, Elisabeth and Neil Twitchell. "New Hampshire Injuries, 1999-2001." Bureau of Health Statistics & Data Management. September 2003. Accessed October 13, 2003 <[www.dhhs.state.nh.us/DHHS/BHSDM/LIBRARY/](http://www.dhhs.state.nh.us/DHHS/BHSDM/LIBRARY/)>.
- <sup>3</sup> Arias, Ph.D., Elizabeth and Betty L. Smith B.S. Ed. "Deaths: Preliminary Data for 2001." *National Vital Statistics Report* Vol. 51, No. 5., Table 7. March 14, 2003. Centers for Disease Control. Accessed September 24, 2003 <<http://www.cdc.gov/>>.

### Crime Offenses

	1999	2000	2001	2002	Source
Total crime offenses	n/a	30,068	29,233	28,306	FBI
Annual percent change	n/a	n/a	-2.8%	-3.2%	FBI
Violent crime offenses	n/a	2,167	2,144	2,054	FBI
Annual percent change	n/a	n/a	-1.1%	-4.2%	FBI
Property crime offenses	n/a	27,901	27,089	26,250	FBI
Annual percent change	n/a	n/a	-2.9%	-3.1%	FBI

### Total Crime Index (Rate per 100,000 population)

	1999	2000	2001	2002	Source
United States	4,266.8	4,124.0	4,162.6	4,118.8	FBI
New Hampshire	n/a	2,433.1	2,321.3	2,220.0	FBI
Connecticut	3,389.3	3,232.7	3,109.3	2,997.2	FBI
Maine	2,875.9	2,619.8	2,692.9	2,656.0	FBI
Massachusetts	3,262.5	3,026.1	3,087.9	3,094.2	FBI
Rhode Island	3,581.9	3,476.4	3,682.3	3,589.1	FBI
Vermont	2,817.3	2,986.9	2,769.8	2,530.0	FBI

### Violent Crime Index (Rate per 100,000 population)

	1999	2000	2001	2002	Source
United States	523.0	506.1	504.5	494.6	FBI
New Hampshire	n/a	175.4	170.2	161.2	FBI
Connecticut	345.6	324.7	334.6	311.1	FBI
Maine	112.1	109.6	111.7	107.8	FBI
Massachusetts	551.0	476.1	477.8	484.4	FBI
Rhode Island	286.6	297.7	309.3	285.2	FBI
Vermont	113.8	113.5	105.1	106.7	FBI

### Property Crime Index (Rate per 100,000 population)

	1999	2000	2001	2002	Source
United States	3,743.5	3,617.9	3,658.1	3,624.1	FBI
New Hampshire	n/a	2,257.8	2,151.0	2,058.7	FBI
Connecticut	3,043.7	2,908.0	2,774.7	2,686.1	FBI
Maine	2,762.8	2,510.2	2,581.1	2,548.2	FBI
Massachusetts	2,711.5	2,550.0	2,610.1	2,609.8	FBI
Rhode Island	3,295.4	3,178.7	3,373.0	3,303.8	FBI
Vermont	2,703.5	2,873.4	2,664.7	2,423.3	FBI

## Criminal Arrests

	1999	2000	2001	2002 <sup>a</sup>	Source
Total	34,839	35,592	38,816	36,432	UCRU/NHES
Annual percent change	n/a	2.2%	9.1%	-6.1%	UCRU/NHES
Total Drug Offenses	2,732	2,815	2,993	2,463	UCRU/NHES
Annual percent change	n/a	3.0%	6.3%	-17.7%	UCRU/NHES
Total DWI Offenses	4,797	4,563	5,019	4,990	UCRU/NHES
Annual percent change	n/a	-4.9%	10.0%	-0.6%	UCRU/NHES
<b>Adult Total</b>	<b>27,775</b>	<b>28,094</b>	<b>31,056</b>	<b>29,282</b>	<b>UCRU/NHES</b>
Annual percent change	n/a	1.1%	10.5%	-5.7%	UCRU/NHES
Total Drug Offenses	2,081	2,174	2,266	1,876	UCRU/NHES
Annual percent change	n/a	4.5%	4.2%	-17.2%	UCRU/NHES
Total DWI Offenses	4,688	4,453	4,896	4,891	UCRU/NHES
Annual percent change	n/a	-5.0%	9.9%	-0.1%	UCRU/NHES
<b>Juvenile Total</b>	<b>7,064</b>	<b>7,498</b>	<b>7,659</b>	<b>7,150</b>	<b>UCRU/NHES</b>
Annual percent change	n/a	6.1%	2.1%	-6.6%	UCRU/NHES
Total Drug Offenses	651	641	730	587	UCRU/NHES
Annual percent change	n/a	-1.5%	13.9%	-19.6%	UCRU/NHES
Total DWI Offenses	109	110	123	99	UCRU/NHES
Annual percent change	n/a	0.9%	11.8%	-19.5%	UCRU/NHES

<sup>a</sup>Preliminary totals, data is not all in yet

## Traffic Crashes

	1999	2000	2001	2002	Source
Total crashes reported	35,558	38,156	34,357	40,190	DMV
Annual percent change	5.6%	7.3%	-10.0%	17.0%	DMV/NHES
Total injuries reported	14,010	15,033	11,221	15,835	DMV
Annual percent change	5.6%	7.3%	-25.4%	41.1%	DMV/NHES
Fatal motor vehicle crashes	131	117	124	117	DMV
Percent alcohol involved, crashes <sup>a</sup>	36.6%	34.2%	40.3%	41.9%	DMV
Number of fatalities	141	126	142	127	DMV
Percent alcohol involved, victims <sup>a</sup>	36.9%	32.5%	39.4%	34.6%	DMV
Fatalities per 100 million vehicle miles	1.07	0.95	1.05	0.92	RTDS

<sup>a</sup>Based on a Blood Alcohol Content of 0.04 percent or above.

## State Prison Population

	1999	2000	2001	2002	Source
Number of prisoners in state prisons <sup>a</sup> (fiscal year)	2,233	2,259	2,336	2,482	DC
New Hampshire's incarceration rate <sup>b</sup> (fiscal year)	183	182	185	195	DC/NHES
Probation and parole caseload	4,606	4,920	4,547	4,808	DC
U.S. incarceration rate (federal and state jurisdiction) <sup>b</sup>	476	478	470	476	USDJ
State jurisdiction incarceration rate <sup>b</sup>	434	432	422	427	USDJ
Federal jurisdiction incarceration rate <sup>b</sup>	42	45	48	49	USDJ

<sup>a</sup> Number of inmates on June 30th, sentenced for more than one year.

<sup>b</sup> Sentenced prisoners with more than 1 year per 100,000 residents.

## Auto Insurance Claims Loss - Personal and Commercial

	1999	2000	2001	2002	Source
Total Claims (\$ millions)	\$356.5	\$407.9	\$437.0	\$459.4	ID
Annual percent change	7.4%	14.4%	7.1%	5.1%	ID/NHES
Personal Claims (\$ millions)	\$305.3	\$346.9	\$372.0	\$398.5	ID
Annual percent change	9.3%	13.6%	7.2%	7.1%	ID/NHES
Percent Personal	85.6%	85.0%	85.1%	86.7%	ID/NHES
Commercial Claims (\$ millions)	\$51.2	\$61.0	\$65.0	\$60.9	ID
Annual percent change	-2.5%	19.1%	6.6%	-6.3%	ID/NHES

New Hampshire is known for its high quality of life. From its mountains to its lakes and seacoast, the Granite State is a great place to live, work, and visit. In order for the state to stay that way, protecting the environment is necessary. The following are some of the many initiatives planned in order to protect the environment both today and in the future.

### Safe drinking water

On June 12, 2002, President Bush signed the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (Bioterrorism Act)

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**According to New Hampshire's Department of Environmental Services (DES), one gallon of gasoline can contaminate over six million gallons of water, enough to supply 42 households for a year.**

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into Law. This act amends the existing Safe Water Act<sup>1</sup> by requiring all community public water systems serving 3,300 people or more to conduct vulnerability assessments (VAs) and prepare or revise an emergency response plan (ERP) that incorporates the results of the VA.

The deadlines for the plans were based on the population served by the water system. Those serving 100,000 or more people had to have a vulnerability assessment completed by March 31, 2003 and an emergency response plan done by September 30, 2003. Systems supporting between 50,000 and 100,000 people had until the end of 2003 to complete a VA and must have an ERP done by June 30, 2004. Water systems supporting between 3,300 and 50,000 people must have a VA by June 30, 2004 and a completed ERP by the end of 2004.

Of the 703 active community water systems in the state, Manchester's is the only one that serves more than 100,000 people. As of September 30, 2003, emergency response plans were received by 627 New Hampshire community water systems.<sup>2</sup>

### Water pollution

New Hampshire is once again "first in the nation." This time the Granite State is the first state to sue oil companies over the use of MtBE in gasoline. The lawsuit, filed in Merrimack County Superior Court on October 6, 2003, alleges that 22 major oil companies added the chemical "Methyl tertiary Butyl Ether" ("MtBE") to gasoline, causing widespread contamination of the state's waters with a chemical that is costly to find and remove. The State is asking that these companies not only be held responsible for all costs associated with correcting the problem, but that they also receive fines.<sup>3</sup>

MtBE increases the octane rating of gasoline and reduces air pollution by increasing the gasoline's oxygen content. It was first added to gasoline in 1980 as lead was removed. The argument from oil companies is that an alternative would be more expensive, thus, gasoline prices would increase.

### Water infestation

"Exotic Aquatic Plants" are not native to New Hampshire. According to New Hampshire's Department of Environmental Services (NHDES), the first infestation of these plants was found in Lake Winnepesaukee in 1965. According to DES, these exotic aquatic species can grow and reproduce rapidly. They take over large portions of waterbodies impairing boating, recreation, and aesthetics. They also pose a threat to native plants and animals.

In 2001, 58 infestations occurred in 53 bodies of water in the Granite State. The most common of these plants is the variable milfoil. This plant was responsible for almost all of the infestation around the state in 2001 and was found in 50 bodies of water in 2002. In some parts of the state, this plant had grown to 10-17 feet in height.

What is being done? According to DES, it is illegal to transport and introduce exotic aquatic plants in New Hampshire. They say these plants are being spread from waterbody to waterbody by attaching to boats and hitches. New Hampshire's Lakes Association not only monitors New Hampshire's waterbodies, but also inspects boats at launch sites

around the state and educates boaters on how to avoid spreading these plants.<sup>4</sup>

### Alternative vegetation control

From 1998 to 2002 Public Service of New Hampshire (PSNH), working with Bellwether Solutions (a vegetation management company), used sheep to control vegetation underneath power lines.<sup>5</sup> According to PSNH, tree limbs hitting power transmission lines can cause power outages. Trees in these rights-of-way areas also hinder access to power lines for maintenance or power restoration during an emergency. To avoid this, prior to 1998 PSNH would mow one-fifth of the 1,800 miles of power grid rights-of-way each year, at a cost of \$2.5 million. The Grazing Power Project was designed to investigate whether sheep grazing is a cost-effective, environmentally friendly alternative for controlling vegetation. As of fall 2003, PSNH, in conjunction with some UNH professors, were still studying the effects of this grazing project on the vegetation.

### Environmental education

Motor vehicles are the most recycled product in the United States. Over 10 million vehicles are recycled annually for parts or scrap. According to New Hampshire's Department of Environmental Services (DES), one gallon of gasoline can contaminate over six million gallons of water, enough to supply 42 households for a year. To prevent this and other types of environmental accidents from

happening at auto recycling yards, DES designed a program to help New Hampshire's auto recyclers learn how to operate in an environmentally friendly manner. This NH Green Yards Program has two phases. The first phase, which started in summer 2003, is Education and Compliance Assistance. DES conducted workshops to help auto recyclers from around the state become more aware of possible environmental hazards at their sites. About 200 auto recycling yards participated in this phase of the program.

Phase two is Environmental Self-audit and Compliance Certification. Once these auto recyclers learn how to become environmentally friendly, they are given a period of time to conduct a self-audit of their site. If they find their site is not in compliance with DES standards, they must implement steps toward achieving that goal. When they have reached compliance, they must submit their self-audit within a reasonable amount of time and certify to DES that they are in compliance with environmental standards.<sup>6</sup>

### Environmental cleanup

In the past, people were less aware of how dumping chemical wastes might affect public health and the environment. According to the US Environmental Protection Agency, on properties where such practices were intensive or continuous, the result was uncontrolled or abandoned hazardous waste sites, such as abandoned warehouses and

#### Ozone Levels

	1999	2000	2001	2002	Source
Ozone levels (ozone season April 1 to October 31):					
Highest 1-hour maximum hourly values in parts per million, selected monitoring sites [National Ambient Air Quality Standard (NAAQS) 0.12 parts per million (ppm)]					
Manchester	0.093	0.094	0.119	0.111	EPA
Nashua	0.103	0.099	0.125	0.135	EPA
Portsmouth	0.127	0.097	0.082	0.145	EPA
Rye	0.124	0.102	0.149	0.137	EPA
Estimated Days above NAAQS standard (0.125 ppm)	1	0	3	0	EPA
Unhealthy Days (days above 0.08 ppm/8 hours, state)	9	1	10	13	DES-ARD

#### Carbon Monoxide

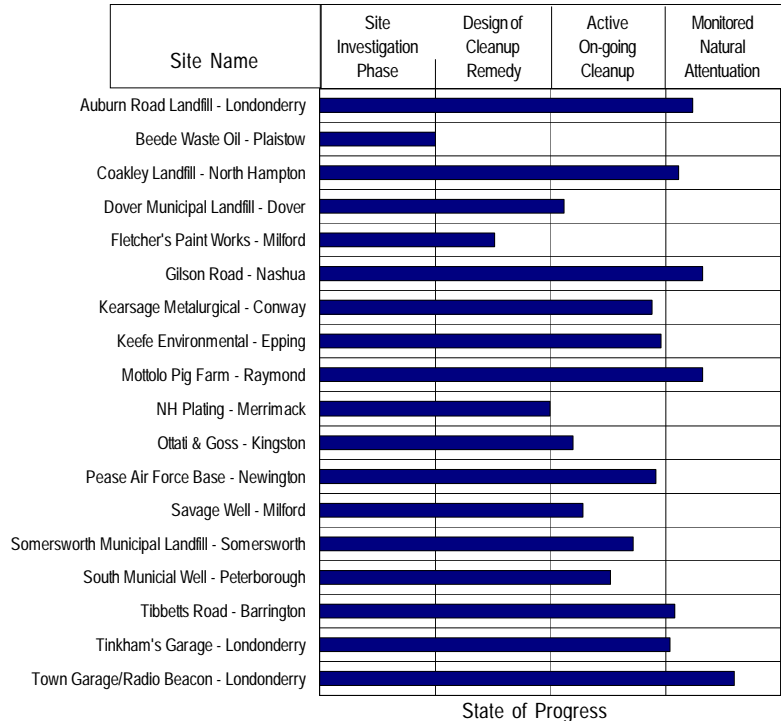
	1999	2000	2001	2002	Source
Highest maximum eight-hour concentration					
Manchester	5.6	4.2	3.1	2.8	EPA
Nashua	6.0	4.6	4.0	3.9	EPA

## 18. Environment

landfills. In 1980 the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), also known as Superfund, was created to locate, investigate, and clean up the nation's hazardous waste sites. Some sites were worse than others, so a "national priorities list" (NPL) was created. The NPL is a list of potentially hazardous waste sites that pose the greatest threat to humans, wildlife, and/or the environment. Of the roughly 1,250 sites on the NPL, 40 were cleaned up and removed in 2003. In total, 886 sites nationally have been cleaned and removed from the NPL. According to the US Environmental Protection Agency, as of January 2003, none of New Hampshire's 18 Superfund sites had been removed from the NPL.

A Superfund site cleanup consists of four phases. Phase 1 is the Site investigation stage. New Hampshire had one site in this phase as of January 2003. Two of the state's sites were in Phase 2, the Design of cleanup remedy stage. Phase 3 is the Active on-going cleanup stage. Eight of the Granite States Superfund sites were in this stage as of January 2003. The national average cost for cleaning up a Superfund site is between \$25 and \$30 million and lasts about 10 years, according to the US Environmental Protection Agency. The remaining seven Superfund sites in

### New Hampshire has 18 hazardous waste sites on the National Priorities List of Superfund Sites



New Hampshire were in Phase 4, the Monitored natural attenuation<sup>7</sup> stage.

According to NHDES, by 2005 all eighteen NPL sites in the state should have ongoing or completed cleanup.

*Elisabeth Picard*

### Toxics Release Inventory

	1999	2000	2001	2002	Source
<b>On-site and Off-site Releases in Pounds</b>					
New Hampshire	5,907,361	6,160,861	4,758,653	n/a	EPA
Percent Change	-16.1%	4.3%	-22.8%	n/a	NHES/EPA
New England	38,006,876	40,178,999	37,773,462	n/a	EPA
Percent Change	-12.7%	5.7%	-6.0%	n/a	NHES/EPA
U.S. (millions)	7,645,537	7,100,816	6,157,997	n/a	EPA
Percent Change	3.2%	-7.1%	-13.3%	n/a	NHES/EPA

### Solid Waste

	1999	2000	2001	2002	Source
<b>SOLID WASTE Residential and Commercial (tons per year-thousands)</b>					
Generated	1,326	1,383	1,368	1,328	DES-WMD
Diversion (recycling + composting)	300	278	304	325	DES-WMD
Disposed of	959	1,068	991	927	DES-WMD
Pounds per person per day	6.0	6.4	6.0	5.7	DES-WMD
Exported	67	57	73	77	DES-WMD
Imported (for incineration and landfill)	539	255	346	721	DES-WMD

- <sup>1</sup> *The Safe Water Drinking Act was passed by Congress in 1974. According to the Environmental Protection Agency, its purpose was to protect public health by regulating the nation's public drinking water supply.*
- <sup>2</sup> Brock, Jessica. "Re: Bioterrorism Act." E-Mail to Lis Picard. October 1, 2003.
- <sup>3</sup> Heed, Peter W., Attorney General. "New Hampshire Sues Major Oil Companies over MtBE Pollution." News Release. October 6, 2003. [New Hampshire Department of Justice](http://www.nh.gov/nhdoj/Press%20Release/100603mtbe.html). Accessed October 20, 2003 <[www.nh.gov/nhdoj/Press%20Release/100603mtbe.html](http://www.nh.gov/nhdoj/Press%20Release/100603mtbe.html)>
- <sup>4</sup> "43 Organizations Selected to Participate in Lake Host Program this Summer" [Lakeside](http://www.lakeside.com). June 2003. New Hampshire Lakes Association.
- <sup>5</sup> "Here come the sheep." Public Service of New Hampshire. Accessed September 30, 2003 <[www.psnh.com/Energy/Sheep](http://www.psnh.com/Energy/Sheep)>.
- <sup>6</sup> [NH Green Yards](http://www.nh.gov/nhdoj/Press%20Release/100603mtbe.html). September 2003. New Hampshire Department of Environmental Services.
- <sup>7</sup> *MNA refers to the treatment approach of allowing natural processes to reduce contaminant concentrations to acceptable levels.*

### Water Quality - Lakes and ponds<sup>a</sup>

	1999	2000	2001	2002	Source
<b>Aquatic Life:</b>					
Total acres assessed	160,570	n/a	79,182	n/a	WSP
Acres Fully Supporting	155,560	n/a	0	n/a	WSP
Acres Partially Supporting	3,231	n/a	n/a	n/a	WSP
Acres Not Supporting	1,779	n/a	79,182	n/a	WSP
Acres Not Assessed	7,432	n/a	86,622	n/a	DES-WD
<b>Fish Consumption:</b>					
Acres Fully Supporting	168,002	n/a	165,804	n/a	DES-WD
<b>Swimming:</b>					
Total acres assessed	160,406	n/a	95,608	n/a	DES-WD
Acres Fully Supporting	159,119	n/a	95,523	n/a	DES-WD
Acres Partially Supporting	1,287	n/a	n/a	n/a	DES-WD
Acres Not Supporting	0	n/a	85	n/a	DES-WD
Acres Not Assessed	7,596	n/a	70,196	n/a	DES-WD

### Water Quality - Rivers and streams<sup>a</sup>

	1999	2000	2001	2002	Source
<b>Aquatic Life:</b>					
Total miles assessed	2,714	n/a	729	n/a	DES-WD
Miles Fully Supporting	2,558	n/a	0	n/a	DES-WD
Miles Partially Supporting	134	n/a	n/a	n/a	DES-WD
Miles Not Supporting	22	n/a	729	n/a	DES-WD
Miles Not Assessed	8,167	n/a	8,896	n/a	DES-WD
<b>Fish Consumption:</b>					
Total miles assessed	279	n/a	9,625	n/a	DES-WD
Miles Fully Supporting	0	n/a	9,431	n/a	DES-WD
Miles Partially Supporting	265	n/a	n/a	n/a	DES-WD
Miles Not Supporting	13	n/a	194	n/a	DES-WD
Miles Not Assessed	10,602	n/a	0	n/a	DES-WD
<b>Swimming:</b>					
Total miles assessed	2,769	n/a	1,225	n/a	DES-WD
Miles Fully Supporting	2,657	n/a	810	n/a	DES-WD
Miles Partially Supporting	43	n/a	n/a	n/a	DES-WD
Miles Not Supporting	69	n/a	415	n/a	DES-WD
Miles Not Assessed	8,112	n/a	8,400	n/a	DES-WD

<sup>a</sup> Significant improvements were made to the assessment methodology used to assess waters in 2001 which is a major reason why 2001 assessment results are significantly different than previous years. Based on the new criteria, there is insufficient data to assess lakes, ponds, rivers and streams as fully supportive of aquatic life. Efforts are underway to fill data gaps for future reports.

## Abbreviation      Provider

ABI .....	American Bankruptcy Institute
AR .....	New Hampshire Association of Realtors
AS.....	New Hampshire Department of Administrative Services
BEA .....	Bureau of Economic Analysis, United States Department of Commerce
BFA .....	New Hampshire Business Finance Authority
BHSDM .....	Bureau of Health Statistics and Data Management, New Hampshire Department of Health and Human Services
BKR.....	United States Bankruptcy Courts, Administrative Office of United States Courts
BLS .....	Bureau of Labor Statistics, United States Department of Labor
BVR.....	Bureau of Vital Records, Office of Community and Public Health, New Hampshire Department of Health and Human Services
CB .....	Bureau of the Census, United States Department of Commerce
CTC.....	New Hampshire Department of Community Technical Colleges
DC .....	New Hampshire Department of Corrections
DE.....	New Hampshire Department of Education
DES-ARD .....	Department of Environmental Services, Air Resources Division
DES-WD .....	Department of Environmental Services, Water Division
DES-WMD .....	Department of Environmental Services, Waste Management Division
DHS.....	Division of Human Services, New Hampshire Department of Health and Human Services
DMV .....	Division of Motor Vehicle, New Hampshire Department of Safety
DT.....	New Hampshire Department of Transportation
DTTD .....	Division of Travel and Tourism Development, New Hampshire Department of Resource and Economic Development
EIA .....	Energy Information Administration, United States Department of Energy
EPA .....	United States Environmental Protection Agency
F&G .....	New Hampshire Department of Fish and Game
FBI .....	Federal Bureau of Investigation
FDIC.....	Federal Deposit Insurance Corporation
FHLMC.....	Federal Home Loan Mortgage Corporation
FHWA.....	Federal Highway Administration
FM .....	Fannie Mae and Fannie Mac



**Abbreviation      Provider**

FR..... Federal Reserve Bank of Boston  
 HA ..... New Hampshire Hospital Association  
 HFA ..... New Hampshire Housing Finance Authority (NHHFA)  
 ID..... New Hampshire Insurance Department  
 ISDS ..... Information Services, New Hampshire Department of Safety  
 LC ..... New Hampshire Liquor Commission  
 LD ..... New Hampshire Department of Labor  
 MA ..... Manchester Airport  
 MBA ..... Mortgage Bankers Association of America  
 MISER..... Massachusetts Institute for Social and Economic Research  
 MTA ..... Manchester Transit Authority  
 NAR ..... National Association of Realtors  
 NCUA ..... National Credit Union Administration  
 NHES ..... New Hampshire Employment Security  
 NTS..... Nashua Transit System  
 OEP ..... New Hampshire Office of Energy & Planning  
 OFA ..... Office of Family Assistance, Administration of Children and Families,  
 United States Department of Health and Human Services  
 P&R ..... Division of Parks and Recreation,  
 New Hampshire Department of Resources and Economic Development  
 PEC..... New Hampshire Postsecondary Education Commission  
 PM ..... New Hampshire Pari-mutuel Commission  
 PS..... United States Postal Service, Manchester Field Division  
 PSNH ..... Public Service Company of New Hampshire  
 RA ..... New Hampshire Department of Revenue Administration  
 RTDS ..... Road Toll Administration, New Hampshire Department of Safety  
 SMM ..... Sales and Marketing Management, a publication of Bill Communications  
 SSA ..... United States Social Security Administration  
 SOS..... Secretary of State, Corporate Division, Department of State  
 UED ..... United States Department of Education  
 UIS..... United States Department of Labor, Unemployment Insurance Service  
 USACE ..... United States Army Corps of Engineers  
 USDJ..... United States Department of Justice

**Air Quality Standards:**

The quality of air, as monitored at various sites throughout the state for the following pollutants: lead, ozone, nitrogen oxide, carbon monoxide, sulfur dioxide, and suspended particulate matter. *(Section 18)*

**Alcohol-Involved Traffic Crash:**

Either driver, biker, or pedestrian reported consuming alcohol prior to the crash (blood alcohol level of .04 or above). *(Section 17)*

**Assisted-Rental Housing:**

Several programs provide both project-based and tenant-based financial assistance for low income housing renters including NHHFA (New Hampshire Housing Finance Authority), HUD (US Dept. of Housing and Urban Development), FmHA (Farmers' Home Administration), and local housing agencies. *(Section 11)*

**Average Weekly Earnings, Production Workers:**

Average earnings of production workers in Manufacturing during the survey week, including overtime, paid vacation, and sick leave. *(Section 2)*

**Average Weekly Wage:**

Total wages paid by employers divided by average employment and further divided by the number of weeks in the reference period. *(Section 2)*

**Benefits Paid, Unemployment Insurance:**

Money payable to an unemployed individual as compensation for lost wages. Includes benefits paid on wages earned in covered employment; plus interstate benefits; adjusted for benefit recoveries, and for transfers under the interstate combined wage plan. *(Section 3)*

**Birth Rate:**

Number of resident live births per 1,000 resident population. *(Section 1)*

**British Thermal Units (BTUs):**

The quantity of heat needed to raise the temperature of one pound of water one degree Fahrenheit at a specified temperature. *(Section 8)*

**Chained Dollars:**

A methodology for adjusting for inflation, which includes both quantities produced and relative prices of goods and services. *(Section 9)*

**Civilian Labor Force:**

That portion of the population age sixteen and older which is employed or unemployed and actively seeking employment. Members of the armed forces and the institutionalized population are excluded. *(Section 3)*

**Consumer Price Index for Urban Consumers (CPI-U):**

An index used to measure changes in the cost of a market basket of selected goods and services. Often the reference for cost of living adjustments in wages and entitlements. See Constant Dollars. *(Section 2)*

**Constant Dollars:**

Figures that are estimates representing an effort to remove the effects of price changes (inflation) as if the dollar had constant purchasing power. See Current Dollars. *(Section 9)*

**Contract Value Indices:**

An indexed dollar value of construction contracts. *(Section 11)*

**Total Construction:** The value of contracts for new construction, additions, and major alterations, but not for maintenance.

**Nonbuilding Construction:** The value of contracts for highways, bridges, dams, utility systems, and airports.

**Nonresidential Building Construction:**

The value of contracts for commercial buildings, manufacturing plants, hospitals, schools and colleges, and other public and private buildings.

**Residential Construction:** single and multiple unit houses, hotels, motels, and dormitories.

**Current Dollars:**

Figures reflecting actual prices or costs prevailing during the specified year(s).  
See Constant Dollars and Chained Dollars.

*(Section 9)*

**Death Rate, Crude:**

Number of resident deaths per 1,000 resident population.

*(Section 1)*

**Debt-Service Burden:**

The ratio of household debt payments to disposable income, which measures how much of a household's disposable income goes to debt repayment.

*(Section 2)*

**Defense Contracts:**

Military awards for supplies, services, and construction made during a specified fiscal year.

*(Section 9)*

**Delinquency Rates:**

The number of loans and mortgages out of total that are 30 days or more past due or in non-accrual status.

*(Section 2)*

**Disability Benefits under Social Security:**

For purposes of entitlement to benefits, disability is defined as the inability to engage in any substantial gainful activity, by reason of medically determinable physical or mental impairment severe enough to render the person unable to engage in any kind of substantial gainful work, regardless of availability of such work.

*(Section 16)*

**Disposable Income:**

Personal income less personal taxes and non-tax payments.

*(Section 2)*

**Divorce Rate:**

Number of divorces, annulments, and legal separations per 1,000 resident population.

*(Section 1)*

**Durable Goods:**

Items with a normal life expectancy of three or more years. Expenditures for durable goods are generally postponable. Consequently, durable goods sales are the most volatile component of consumer expenditures. Common examples of durable goods items are automobiles, furniture, household appliances, mobile homes, etc.

*(Section 4)*

**Duration of Benefit Payments, Average:**

Number of weeks compensated for unemployment during the year, divided by the number of first payments. May include more than one period of unemployment.

*(Section 3)*

**Earnings:**

see Average Weekly Earnings

*(Section 2)*

**Effective Buying Income (EBI):**

An economic factor in figuring a market's "ability to buy." It is estimated by personal income less personal tax and nontax payments similar to disposable income. Developed by Sales and Marketing Management.

*(Section 10)*

**Electric Utility:**

A corporation, person, agency, authority, or other legal entity or instrumentality that owns and/or operates facilities for the generation, transmission, distribution, or sale of electrical energy, primarily for use by the public, and that files forms listed in the Code of Federal Regulations, Title 18, Part 141. Facilities that qualify as co-generators or small power producers under the Public Utility Regulatory Policies Act are not considered utilities.

*(Section 8)*

**Energy Consumption:**

The use of energy as a source of heat or power or as a raw material input to a manufacturing process.

*(Section 8)*

**Energy Generated, Net:**

The total amount of electric energy produced by a generating station less the electric energy consumed for station use. *(Section 8)*

**Equity Capital Asset Ratio:**

A measure to assess the financial health of lending institutions. *(Section 12)*

**FmHA:**

Farmers' Home Administration. See Assisted-Rental Housing *(Section 11)*

**Fuel Consumed to Generate Electricity:**

Fuel required by all types of electricity generating plants. Coal, gas, and nuclear fuels are shown in equivalent barrels of oil. *(Section 8)*

**Gross Domestic Product (GDP):**

The market value of all final goods and services produced by resources located in the United States, regardless of ownership. *(Section 9)*

**Gross State Product (GSP):**

The market value of all final goods and services produced by resources located in a state, regardless of ownership. *(Section 9)*

**High Tech Industries (BLS 1999 Definition):**

Industries are considered high tech if employment in both research and development (R&D) occupations and in all technology-oriented occupations account for a proportion of employment that was at least twice the average for all industries in the Occupational Employment Statistics survey. High tech intensive industries are a subset of total high tech industries. Their R&D and technology-oriented occupations total more than five times the all industry average. *(Section 6)*

**Home Sales of Existing Homes:**

Estimates based on multiple listing data. Projections are made with the cooperation of the National Association of Realtors. Data primarily consists of existing units of single family homes, town houses, condominiums, and cooperatives. Multiple units are excluded. *(Section 11)*

**Households:**

All the people who occupy a housing unit (single occupants, two or more unrelated occupants, and families). *(Section 2)*

**HUD:**

Department of Housing and Urban Development. See Assisted-Rental Housing *(Section 11)*

**Incarceration Rate:**

The number of persons confined in prison, with sentences over one year, per 100,000 people in the state's resident population. *(Section 17)*

**Indexed Crime:**

Selected offenses used to gauge fluctuations in the overall volume and rate of crime reported to law enforcement. The offenses included are the violent crimes of murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault; and the property crimes of burglary, larceny/theft, and motor vehicle theft. *(Section 17)*

**In-migration:**

That part of the increase in the population not attributable to the natural increase rate. Generally, this is the populace moving to New Hampshire from an out-of-state residence. *(Section 1)*

**Inpatient Days:**

The number of days that patients (excluding newborns) spend in a hospital, including the day of admission, but not the day of discharge. *(Section 15)*

**Interest Rate Risk:**

The possible reduction in returns associated with changes in interest rates *(Section 12)*

**Labor Force Participation Rate:**

The percentage of the civilian noninstitutional population age sixteen or older that is working or looking for work. *(Section 3)*

**Late Prenatal Care:**

Prenatal care that does not begin until the third trimester of pregnancy. *(Section 1)*

**Loan defaults:**

Also known as charge-offs, which are the value of loans removed from the books and charged against loss reserves. *(Section 13)*

**Manufacturers' Shipments:**

The received or receivable net selling of all products shipped, both primary (raw material) and secondary (manufactured), as well as miscellaneous receipts, such as receipts for contract work for others, installation and repair, sales of scrap, and sales of products bought and resold without further processing. *(Section 9)*

**Marriage Rate:**

Number of marriages per 1,000 resident population. *(Section 1)*

**Meals and Rooms Receipts:**

Estimate of sales by hotels, motels, and eating and drinking establishments based on taxes received under the Meals and Rooms authority. *(Section 10)*

**Median:**

The value exactly in the middle of a set of data that are ranked in order of ascending size. Half of all data values will be less than the median, while half will be more. *(Section 2)*

**Medicaid:**

A joint governmental program providing medical assistance to low income and needy people. *(Section 15)*

**Medicare:**

A federal program providing hospital insurance and supplementary medical insurance for persons who are eligible for retirement benefits and have attained the age of 65, disabled persons entitled to social security disability benefits, and workers or their dependents with permanent kidney failure. *(Section 15)*

**Natural Increase Rate:**

The number of resident births minus deaths per 1,000 total resident population. *(Section 1)*

**NHHFA:**

New Hampshire Housing Finance Authority. See Assisted-Rental Housing *(Section 11)*

**Nonfarm Wage and Salary Employment:**

Place of work employment that does not include private household workers, self-employed, unpaid family workers, and domestics or agricultural workers. *(Section 4)*

**Nondurable Goods:**

Items that generally last for less than three years. Nondurable goods items are generally purchased when needed. Common examples of nondurable goods items are food, beverages, apparel, gasoline, etc. *(Section 4)*

**Noncurrent Loans:**

Loans and leases 90 days or more past due or in nonaccrual status. *(Section 12)*

**OASDI:**

Old Age, Survivors, and Disability Insurance. See Social Security. *(Section 16)*

**Pari-mutuel:**

A system of wagering where the bettors who wager on competitors placing in the first three positions share the total pool minus a percentage for the management. *(Section 10)*

**Parole:**

A condition of release of an inmate from prison serving an un-expired sentence, who has to report to a parole officer. *(Section 17)*

**Per Capita Personal Income:**

Total personal income divided by total population. *(Section 2)*

**Personal Income:**

The current income received by all the residents of the state from all sources, including wages and salary disbursements, other labor income, proprietors' income, rental income, interest, dividends, and transfer payments; less personal contributions for social insurance.

*(Section 2)*

**Poverty Level:**

A set of income thresholds varying by size of family used to detect who is poor.

*(Section 16)*

**Private Firms:**

A nongovernment economic unit that produces goods or services. It can have multiple locations, but will still be considered one firm.

*(Section 6)*

**Probation:**

A suspended sentence for a convicted offender giving the offer of freedom during good behavior under supervision of a probation officer.

*(Section 17)*

**Property Tax Rates, Equalized:**

A uniform standard for comparing tax rates between towns and counties. *(Section 13)*

**Property Tax Rates, Full Value:**

The tax rate if property were assessed at its full market value. Rates represent tax on each \$1,000 of a property's market value.

*(Section 13)*

**Property Tax Assessment Ratio:**

The full value assessment ratio is a comparison between current assessments (local tax rate) and full market value (full value tax rate).

*(Section 13)*

**Real Gross Domestic Product:**

The market value of all final goods and services by resources located in the United States, regardless of ownership, adjusted for inflation.

*(Section 9)*

**Real Gross State Product:**

The market value of all final goods and services produced by resources located in a state, regardless of ownership, adjusted for inflation.

*(Section 9)*

**Renewable Resources:**

Biomass (wood, garbage, and industrial waste), solar, wind, geothermal, or certain types of hydroelectric facilities used to generate electricity. Energy from renewable resources is also known as "green power." Renewable resources account for only 7.4 percent of the nations' energy consumption, according to the U.S.

Department of Energy. *(Section 8)*

**Scholastic Assessment Test Score:**

Mean test score for all students in the state who took the SAT exam during the designated academic year.

*(Section 14)*

**Social Security:**

National Old Age, Survivors, and Disability Insurance (OASDI). The largest income maintenance program in the United States. Provides monthly cash benefits to individuals or their families to replace, in part, the income lost when a worker retires in old age, becomes severely disabled, or dies. Coverage is nearly universal, including about 95 percent of the jobs in this country. Funds come primarily from taxes on earnings in covered jobs and matching funds paid by employers and the self-employed.

*(Section 16)*

**Stranded Costs:**

Value of a utility's investment in electricity assets that could not be recovered in a competitive marketplace. *(Section 8)*

**Temporary Assistance to Needy Families (TANF):**

A system of federal block grants to states for the provision of welfare benefits. Replaces AFDC, JOBS, and Emergency Assistance Programs. *(Section 16)*

**Total Equalized Valuation:**

The true market value of all taxable property in the state as determined by the Department of Revenue Administration. *(Section 13)*

**Transfer Payments:**

Payments to individuals for which no current goods or services are exchanged, like Social Security, welfare and unemployment benefits. *(Section 2)*

**Unemployed:**

Persons who were not employed during the monthly survey week but were available for work and were overtly engaged in a job-seeking activity within the previous four week period, waiting to be recalled from a layoff, or waiting to report to a new job within thirty days. *(Section 3)*

**Unrestricted Revenue:**

Moneys received by the state, which may be appropriated by the Legislature for any purpose without constitutional limitations. *(Section 13)*

**Value Added by Manufacture:**

A measure of manufacturing activity used for comparing the relative economic importance of manufacturing among industries and geographic areas. The cost of materials, supplies, fuels, etc. are subtracted from the value of shipments plus receipts for services rendered, and adjusted by adding value added by merchandising plus net change in finished goods and work-in-process between the beginning and the end of the year. *(Section 9)*

**Vehicle Registration:**

A count of the registration certificates on file at the Department of Safety at the end of each calendar year. *(Section 7)*

**Water Quality Classification:**

Water quality status of the state's surface and ground waters, as reported to Congress per the requirements of Section 305(b) of the Water Quality Act of 1987. *(Section 18)*

**Weekly Benefit Amount, Average:**

Benefits paid for total unemployment during the year divided by the number of weeks compensated. *(Section 3)*

**Weeks Compensated for Unemployment:**

Number of weeks of unemployment for which benefits were paid including both total and partial unemployment. Interstate claims are counted in the paying state. *(Section 3)*

**Workers' Compensation:**

Specifies the level of medical and disability income benefits to be paid to injured workers. *(Section 15)*