

Vital Signs 2005

*Economic and Social Indicators
for New Hampshire*

2000-2003

January 2005

A Labor Market Information Report



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Introduction

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Some data items have been drawn from published reports or unpublished records of many state and federal government agencies and private organizations.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 following year, unless otherwise noted. For example, enrollments for the 2002-2003 school year are shown under 2003. Whenever possible, 2004 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.

Change in Key Economic Indicators

Indicator	2001 to 2002		2002 to 2003		Section
	Net Change	Percent Change	Net Change	Percent Change	
Population	16,000	1.2%	13,000	1.0%	1
Income, per capita personal	\$187	0.6%	\$594	1.7%	2
Wages, average weekly (private)	\$13.42	2.0%	\$22.14	3.2%	2
Labor Force	17,000	2.5%	13,000	1.8%	3
Employment	8,000	1.2%	16,000	2.4%	3
Unemployment	9,000	37.5%	-2,000	-6.1%	3
Nonfarm jobs - total all industries	-8,800	-1.4%	-1,800	-0.3%	4
Vehicle registrations	25,706	2.3%	27,367	2.4%	7
Electricity purchased (million KWH)	174	1.7%	332	3.2%	8
Gross state product (current dollars-millions)	\$2,614	6.0%	\$2,599	5.6%	9
Export Sales to the World (NAICS code) (\$ millions)	-\$538.0	-22.4%	\$68.0	3.7%	9
Meals and rooms receipts (millions)	\$26.9	1.3%	\$51.8	2.6%	10
Existing home sales (total units per year)	701	3.5%	1,099	5.3%	11
Bank assets (\$ millions)	-\$6,057	-17.1%	\$298	1.0%	12
Non-current loans (\$ millions)	-\$148.6	-30.6%	-\$102.7	-30.4%	12
Bankruptcy filings	131	3.4%	339	8.4%	12
School enrollment (K-12)	1,536	0.7%	678	0.3%	14
Poverty rate	-0.7		0.0		16
Crime offenses	-927	-3.2%	na	na	17
Traffic crashes	5,833	17.0%	1,653	4.1%	17

1. Population

Nearly one-third of the Granite State's population was born between 1946 and 1965; this generation is driving the increased demand for jobs in the service-providing industries.



New Hampshire's over-the-year population growth has been slowing down since the 2000 census. Population growth in the state has slowed to 1.0 percent from 2002 to 2003. Although still seeing the fastest growth rate among the New England states, New Hampshire together with Massachusetts, were the only two New England states experiencing a slow down in growth rates over two consecutive years.

New Hampshire's population is predominately *White, not of Hispanic origin*. The 2000 Census, showed that 95.1 percent of the Granite State's population was *White, not of Hispanic origin* compared to 69.1 percent nationally. But in comparison to the 1990 Census, the share of the population *White, not of Hispanic origin* was even higher at 97.3 percent and more recently according to the 2003 American Community Survey this share had lowered to 94.5 percent of the total population. Slowly the state's population is becoming more diversified.

Aside from lower levels of ethnic/racial diversity, New Hampshire does follow similar demographic trends as the nation. The state is feeling the effects of an aging baby-boomer population and the crunch of the younger echo generation (the children of the baby-boomers).

Baby-boomers

Nationally baby-boomers represent 27.5 percent of the population. Baby-boomers are those born between 1946 and 1964. New Hampshire, with 32.8 percent, was one of seventeen states that had over 30 percent of its population born between 1946 and 1965.¹

Breaking it down between younger (those born between 1956 and 1964) and older (those born between 1946 and 1954) baby-boomers, there are some economic and demographic differences. National studies show that younger boomers, today aged 40 to 49, tend to dedicate more spending on children and housing, where the older boomers lean toward leisure items such as decorating, clothes and vacations.²

Older boomers also have a tendency to save more for retirement and life insurance.³ Unanticipated corporate downsizing foiled some of the early retirement plans of older boomers, while changes in the social security law require boomers to continue to work an additional year in order to become eligible for full retirement. These older boomers have also become accustomed to a higher standard of living and might not be able to afford to retire. As this generation is large in size and demand more services than prior generations, service providing jobs are going to increase over the next decade, especially in the leisure and the medical fields.

Non-boomers

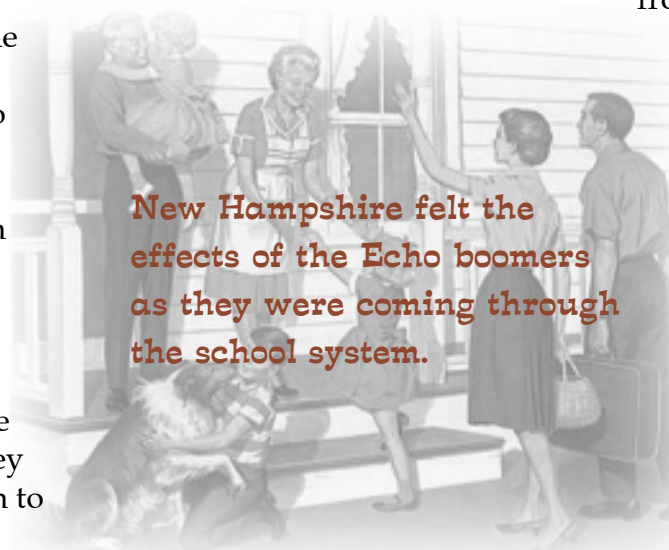
Who will care for these aging boomers? The next generation in line, the generation X, is significantly smaller in size. The generation X are those born between 1965 and 1976. This smaller generation is not only raising their own children but an increasing portion are also worrying about caring for their aging parents in the future. The X-generation's parents belong to the generation born before and during

World War II. Additionally, job vacancies resulting from the retiring boomers are far larger in number than the population able to replace them.

New Hampshire's enrollment in schools, grades 1 through 8, grew through 1998, and the enrollment is now tapering off, showing that the end of the

boomers and the generation born in the mid-nineties till now. Another example is the reclassification of the Somersworth school district from an intermediate class size to a medium class size, caused by a decline in the number of students.

The next wave after the generation X is often referred to as the Echo boomers, but is also referenced as the Millenium Generation or the generation Y. They were born between 1977 and 1992. This generation is slightly larger than the baby-boomers and they are the first generation to have grown up with personal computers.



New Hampshire felt the effects of the Echo boomers as they were coming through the school system.

Echo bulge has gone through the system. The decline in school enrollments has now sparked discussion of closing schools. In Concord, the discussion of closing a school is happening again for a second time. The first time was between the baby-boomers and the generation X, and now again between the Echo

Marital Status

The American Community Survey by the US Census Bureau produces annual estimates about social characteristics of the states. These figures reveal some interesting gender differences about the marital status in the state:

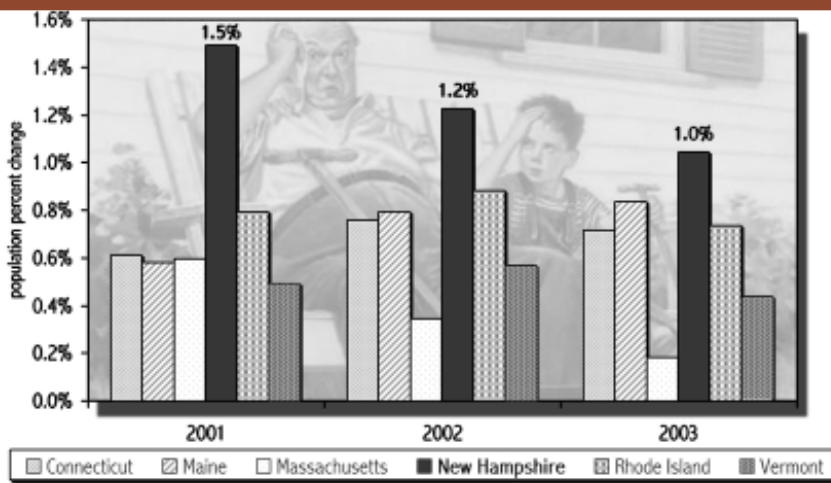
New Hampshire felt the effects of the Echo boomers as they were coming through the school system. The Claremont Decision may not have been so critical had it not been for the extra demands this group placed on the educational system and the supporting towns.

- ✦ Females are about four times more likely to be widowed than men are. This larger share of widowed females can be directly related to the difference in longevity between men and women.
- ✦ Females are also slightly more likely to be divorced than the men are. Opposite, males were two to three percentage points more likely to be married (excludes separations).
- ✦ In each of the last four years (2000 through 2003) the share of males never married were five to six percentage points higher than the share of females never married.

Anita Josten

¹ State estimates included non-boomers born in 1965.
² *The Baby Boomers in 2003*, Mature Market Institute, MetLife. Accessed October 11/17/04, www.metlife.com
³ Ibid.

Although slowing down, New Hampshire's population is still the fastest growing in region



Resident Population

	2000	2001	2002	2003	Source
Population, July 1st (thousands)	1,240	1,259	1,275	1,288	CB
Annual percent change	1.5%	1.6%	1.2%	1.0%	CB/NHES
United States rank of annual percent change	12	8	19	13	CB/NHES
Percent change since last census	11.7%	1.9%	3.2%	4.2%	CB/NHES
Population, Males	610,135	619,742	627,621	634,746	CB
Population, Females	630,337	639,617	647,435	653,211	CB

Median Age

	2000	2001	2002	2003	Source
United States	35.4	35.6	35.7	35.9	CB
New England	37.1	n/a	n/a	n/a	CB
New Hampshire	37.2	37.5	37.9	38.5	CB
Connecticut	37.3	37.6	37.8	38.5	CB
Maine	39.0	39.4	39.8	40.2	CB
Massachusetts	36.8	37.1	37.4	37.5	CB
Rhode Island	37.0	37.6	37.0	37.8	CB
Vermont	38.0	38.4	38.8	39.3	CB

Distribution by Age

	2000	2001	2002	2003	Source
Under 5 years	6.1%	5.9%	5.8%	5.7%	CB/NHES
5 to 17 years	18.9%	18.6%	18.4%	18.1%	CB/NHES
18 to 24 years	8.4%	8.8%	9.0%	9.3%	CB/NHES
25 to 44 years	30.7%	30.3%	29.7%	28.7%	CB/NHES
45 to 64 years	23.9%	24.5%	25.1%	26.3%	CB/NHES
65 years and over	12.0%	12.0%	12.0%	12.0%	CB/NHES

Vital Statistics

	2000	2001	2002	2003	Source
Marriages	10,540	10,650	n/a	n/a	BHSDM
Marriage rate (per 1,000 population)	8.5	8.5	n/a	n/a	BHSDM
Divorces	5,968	5,500	n/a	n/a	BHSDM
Divorce rate (per 1,000 population)	4.8	4.4	n/a	n/a	BHSDM
Components of Population Change:					
Live births	14,561	14,647	14,427	n/a	BHSDM
Birth rate (per 1,000 population)	11.7	11.6	11.3	n/a	BHSDM/NHES
Births to teenage mothers (less than 20 years old)	994	920	882	n/a	BHSDM
Percent of live births	6.8%	6.3%	6.1%	n/a	BHSDM
Non-marital births (percent of live births)	24.6%	24.1%	24.5%	n/a	BHSDM
Late or no prenatal care (percent of live births)	1.3%	1.6%	1.4%	n/a	BHSDM
Resident deaths	9,689	9,813	n/a	n/a	BHSDM
Crude death rate (per 1,000 population)	7.8	7.8	n/a	n/a	BHSDM
Infant death rate (per 1,000 live births)	5.8	3.8	n/a	n/a	BHSDM
Natural increase rate (per 1,000 population)	4.0	3.8	n/a	n/a	BHSDM
Net in-migration rate (per 1,000 population)	n/a	n/a	n/a	n/a	BHSDM/NHES

2. Income & Wages

New Hampshire's average weekly wage for covered employment increased at the same rate as inflation from 2000 to 2003

The growth in New Hampshire's average weekly wage in covered employment has slowed since the over-the-year expansion in 2000 of 7.9 percent. Granite State workers were paid, on average, \$718 a week in 2003, up 3.2 percent from 2002 and 7.5 percent since 2000. Nationally, employees were paid \$726 a week in 2003, up 2.7 percent from 2000 and 6.9 percent from 2000.

The majority of the sectors in the Granite State experienced average weekly wage increases greater than the rate of

inflation from 2000 to 2003. Real estate and rental and leasing topped the list with an increase of 23.2 percent followed closely by Educational services with a growth of 21.2 percent. The consumer price index for the Northeast region increased by 7.5 percent during these four years. This index is typically used as a gauge of price inflation of goods and services in an area.

Only two sectors recorded a drop in average weekly wage from 2000 to 2003. The average weekly wage in the Management of companies and enterprises sector declined by



nearly 9.0 percent while the wage for the Information sector saw a minimal decrease of 0.1 percent.

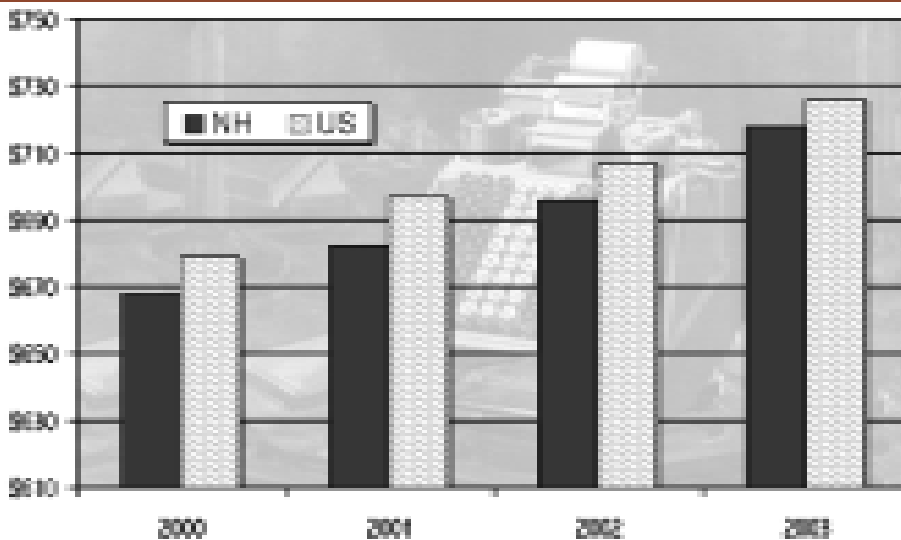
Median

Household Income

New Hampshire's median household income of \$55,166 (based on a 2001-2003 moving average) put it at the top of the list with five other states for highest income in 2003. New Jersey, Maryland, Alaska, Connecticut, and Minnesota also shared the spotlight. Nationally, median household income was \$43,527 in 2003. How can six states be ranked top? Because there is no statistical difference in the median income levels of these states.*

* As with all samples, both the 2-year and the 3-year moving averages are subject to sampling errors. Typically, the larger the sample, the smaller the error. The Census Bureau uses a 90% confidence interval with a margin of error for these surveys. Simply put, this means that they are 90% confident that the median household income is somewhere between the upper and lower bounds of the published number. For example, New Hampshire's income for 2003 was \$55,166 with a margin of error of +/- \$1,331. That means the Census Bureau is 90% confident that the number was somewhere between \$53,835 (\$55,166-\$1,331) and \$56,497 (\$55,166+\$1,331).

Although on the increase, New Hampshire's average weekly wage has been lower than the national average

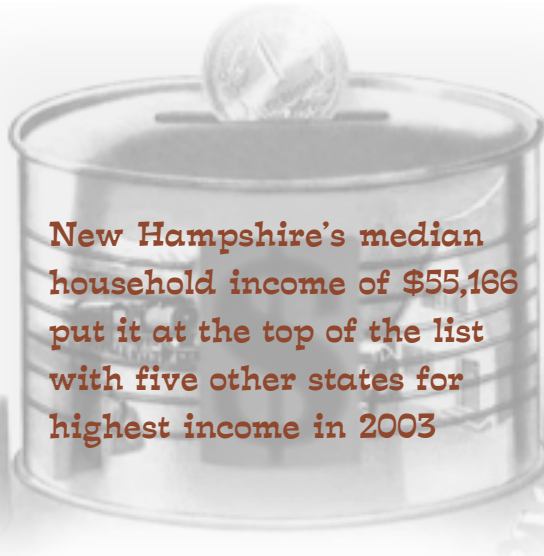


Personal Income

New Hampshire's total personal income was \$44.7 billion in 2003, ranking it 38th in the country. The 2003 personal income level reflected an increase of 2.8 percent from 2002, compared to the national over-the-year change of 3.2 percent.

During the four-year period from 2000 to 2003, total personal income in the Granite State increased 7.9 percent. This was slightly higher than the increase experienced in the New England region as a whole (7.2 percent) and slightly lower than the national increase of 8.6 percent.

Among the New England states, Maine saw the fastest four-year growth in personal income, 13.9 percent, while



New Hampshire's median household income of \$55,166 put it at the top of the list with five other states for highest income in 2003

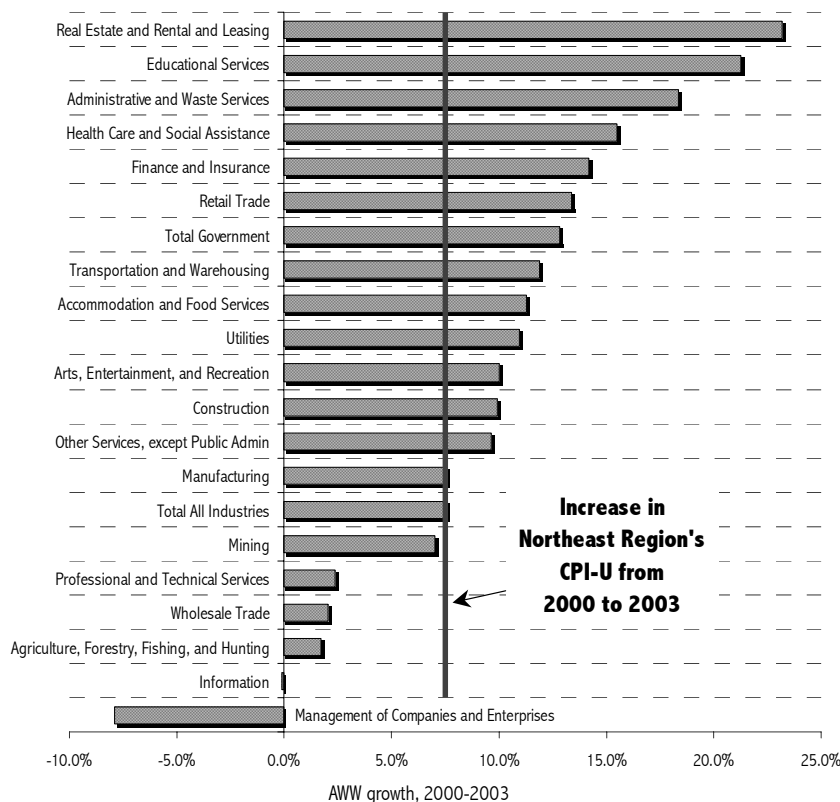
Connecticut came in with the slowest growth, 6.5 percent.

Total personal income includes net earnings by place of residence; dividends, interest, and rent; and transfer payments. In 2003 net earnings accounted for 73.5 percent of total personal income; dividends, interest, and rent were 15.2 percent of the total; and transfer payments were 11.3 percent.

Per Capita Personal Income

In 2003 New Hampshire registered a per capita personal income (PCPI) of \$34,703. This PCPI ranked the Granite State 6th highest in the United States and 3rd highest in New England. The 2003 PCPI reflected an over-the-year increase of 1.7 percent, compared to 2.2 percent nationally.

The majority of the sectors in the State saw a four-year increase in average weekly wage larger than the rate of inflation



Poverty

According to the US Census Bureau, New Hampshire's 2001-2003 average poverty rate of 6.0 percent was the lowest in New England and less than half of the three-year national poverty rate of 12.1 percent. Nationally both the quantity of citizens living in poverty (up 1.3 million to 35.9 million) and the poverty rate (up 0.4 percent to 12.5 percent) increased between 2002 and 2003. The poverty rate in the Northeast remained the same at 11.3 percent.

*Martin F. Flynn IV
Elisabeth Picard*

Total Personal Income

	2000	2001	2002	2003	Source
New Hampshire (\$ millions)	41,429	42,707	43,468	44,686	BEA
Components:					
Net Earnings ^a	73.0%	72.7%	72.6%	73.5%	BEA
Dividends, interest, rent	16.9%	16.7%	15.9%	15.2%	BEA
Transfer payments	10.1%	10.7%	11.5%	11.3%	BEA

^a 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

	2000	2001	2002	2003	Source
Per Capita Personal Income	\$33,398	\$33,922	\$34,109	\$34,703	BEA
United States rank (excluding D.C.)	6	6	6	6	BEA
Annual percent change	9.9%	1.6%	0.6%	1.7%	NHES/BEA
Percent change after adjusting for inflation using CPI	5.9%	0.6%	-1.4%	0.2%	NHES/BEA

Per Capita Disposable Income

	2000	2001	2002	2003	Source
Per Capita Disposable Income	\$28,568	\$29,275	\$30,344	\$31,197	BEA
United States rank (excluding D.C.)	6	6	6	6	BEA
Annual percent change	8.7%	2.5%	3.7%	2.8%	NHES/BEA
Percent change after adjusting for inflation using CPI	4.7%	1.5%	1.2%	0.9%	NHES/BEA

Median Household Income

	2000	2001	2002	2003	Source
New Hampshire	\$48,904	\$51,331	\$53,549	\$55,166	CB
Connecticut	\$50,374	\$53,347	\$53,325	\$55,004	CB
Maine	\$41,659	\$36,612	\$37,654	\$37,619	CB
Massachusetts	\$46,982	\$52,253	\$50,587	\$52,084	CB
Rhode Island	\$43,165	\$45,723	\$44,311	\$45,205	CB
Vermont	\$38,175	\$40,794	\$41,929	\$43,212	CB

US Price Indices

	2000	2001	2002	2003	Source
CONSUMER PRICE INDEX, All Urban Consumers, Year End					
December each year (U.S., 1982-1984 = 100)	174.0	176.7	180.9	184.3	BLS
December to December percent change	3.4%	1.6%	2.4%	1.9%	BLS

Wages

	2000	2001	2002	2003	Source
TOTAL WAGES in employment covered by unemployment compensation (\$ millions)					
Private and public employers	\$21,060	\$21,654	\$21,823	\$22,556	NHES
Annual percent change	10.9%	2.8%	0.8%	3.4%	NHES
AVERAGE WEEKLY WAGES IN PRIVATE EMPLOYMENT covered by unemployment compensation					
All industries (annual average)	\$667.79	\$682.38	\$695.80	\$717.94	NHES
Annual percent change	7.9%	2.2%	2.0%	3.2%	NHES
Agriculture, Forestry, Fishing, and Hunting	\$461	\$451	\$449	\$469	NHES
Mining	\$782	\$847	\$904	\$837	NHES
Utilities	\$1,195	\$1,239	\$1,278	\$1,326	NHES
Construction	\$736	\$810	\$842	\$809	NHES
Manufacturing	\$863	\$860	\$887	\$928	NHES
Wholesale Trade	\$1,139	\$1,152	\$1,141	\$1,162	NHES
Retail Trade	\$425	\$445	\$459	\$482	NHES
Transportation and Warehousing	\$537	\$582	\$592	\$601	NHES
Information	\$1,082	\$1,076	\$1,052	\$1,081	NHES
Finance and Insurance	\$1,019	\$1,029	\$1,083	\$1,163	NHES
Real Estate and Rental and Leasing	\$570	\$581	\$662	\$702	NHES
Professional and Technical Services	\$1,084	\$1,098	\$1,098	\$1,110	NHES
Management of Companies and Enterprises	\$1,500	\$1,326	\$1,294	\$1,382	NHES
Administrative and Waste Services	\$479	\$542	\$559	\$567	NHES
Educational Services	\$574	\$597	\$656	\$696	NHES
Health Care and Social Assistance	\$605	\$640	\$673	\$699	NHES
Arts, Entertainment, and Recreation	\$301	\$319	\$314	\$331	NHES
Accommodation and Food Services	\$255	\$270	\$276	\$284	NHES
Other Services, except Public Admin	\$466	\$481	\$500	\$511	NHES
Total Government	\$598	\$675	\$645	\$675	NHES
AVERAGE WEEKLY EARNINGS					
Production Workers in Manufacturing Employment	\$550.52	\$565.51	\$591.20	\$594.00	BLS
United States rank, including D.C. (1 = highest)	31	31	28	na	BLS

3. Labor Force & Unemployment

New Hampshire's labor force is aging. People in their late fifties to early sixties showed the largest increase in employment levels.

In 2003 New Hampshire's labor force climbed to an annual average of about 719,000, the highest average in the state's history. The labor force is made up of two groups of people – those who are employed and those who are unemployed and actively looking for a job. An increase in the labor force requires job growth to avoid an increase in the number of unemployed. For example, in 2001, as the state slipped into the recession, the labor force increased by an average of 7,000. However, employment only went up by 2,000, meaning unemployment rose by 5,000. As the

economy began to recover in 2002, the labor force went up by 17,000; 8,000 more people were employed while 9,000 more were unemployed. As the economy continued to gain some strength in 2003, the labor force increased by 14,000. Since employment increased by 16,000, the level of unemployment dropped by 2,000.

New Hampshire's labor force is aging. The number of people in the labor force in their late forties to early sixties comprised 37 percent of the total in 2003, up from 32 percent of the total in 2000. Con-



versely, the number of people in the labor force in their twenties and early thirties showed a slight decrease from 2000 to 2003.

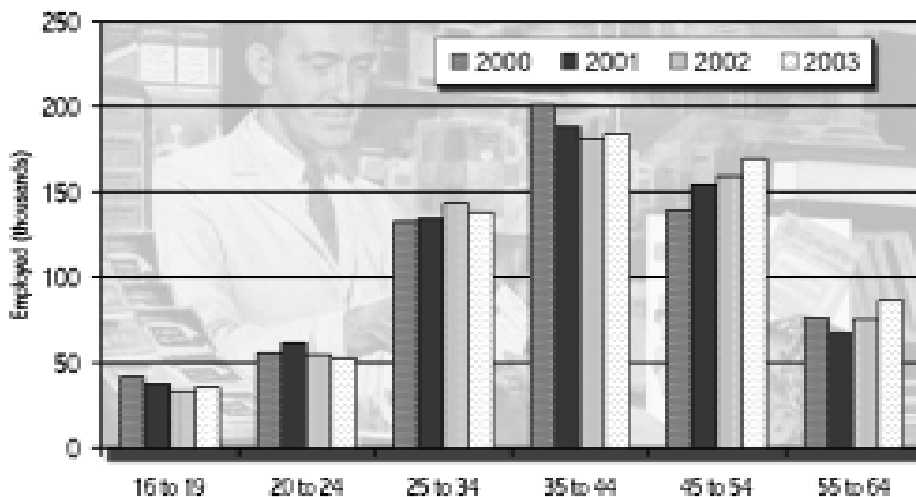
Employed

The Granite State's total residence-based employment, based on the Current Population Survey (CPS), climbed to an annual average of 688,000 in 2003. This over-the-year increase of 16,000 was twice the increase seen from 2001 to 2002. Residence-based employment might see a recovery sooner than establishment based employment because it includes the self-employed.

Nearly every age cohort saw an increase in their employment levels. The exceptions were those age groups that consisted of people in their twenties to early thirties. Even as the economy recovers from the last recession, it is difficult for some recent graduates to establish themselves in the labor market.

What's interesting is that those people in their late fifties to early sixties showed the largest increase in employment levels, 11,000 more employed

Except for those in their twenties to early thirties, every age group saw an increase in employment in 2003



(increase of 14.7 percent). The next largest (and fastest) increase was those in their late forties to early fifties. This age group added 10,000 more to its employment level, an increase of 6.3 percent.

Unemployed

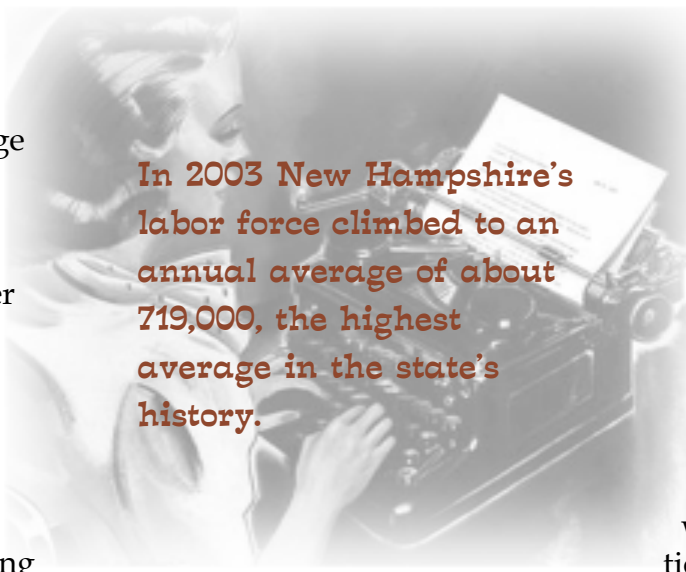
The number of unemployed people in New Hampshire in 2003 decreased over-the-year, finally breaking the trend of three consecutive years of increases. That said, there were still 31,000 New Hampshire residents unemployed in 2003, yielding an average unemployment rate of 4.3 percent.

Except for those at either end of the spectrum, every age cohort had fewer unemployed in 2003 than in 2002. Roughly 1,000 more teenagers were unemployed in 2003, increasing their already high rate of 11.9 percent in 2002 to 12.9 percent in 2003. Those in the labor force that are closer to retirement age (55 to 64) saw no change in their unemployment level but did see a slight increase in their unemployment rate.

The largest decline (2,000) was for those in their late forties to early fifties. This, in turn, caused their unemployment rate to drop from 4.7 percent in 2002 to 3.3 percent in 2003. Those in the labor force in their late thirties to early

forties saw the number of unemployed decrease by 1,000 over-the-year, thus reducing their unemployment rate from 3.8 percent in 2002 to 3.3 percent in 2003.

Those in their late twenties and early thirties, too, had 1,000 fewer unemployed in 2003 than in the previous year. However, because they also had fewer employed, their unemployment rate actually



In 2003 New Hampshire's labor force climbed to an annual average of about 719,000, the highest average in the state's history.

increased slightly in 2003. The unemployment rate for those in their early twenties dropped from 8.3 percent in 2002 to 7.6 percent in 2003, a result of 1,000 fewer unemployed. It might seem contradictory that those in their twenties and early thirties saw a decrease in employment as well as unemployment, but all indications are that some left the labor force to go back to school or to stay home and care for their children, waiting for the economy to improve even more.

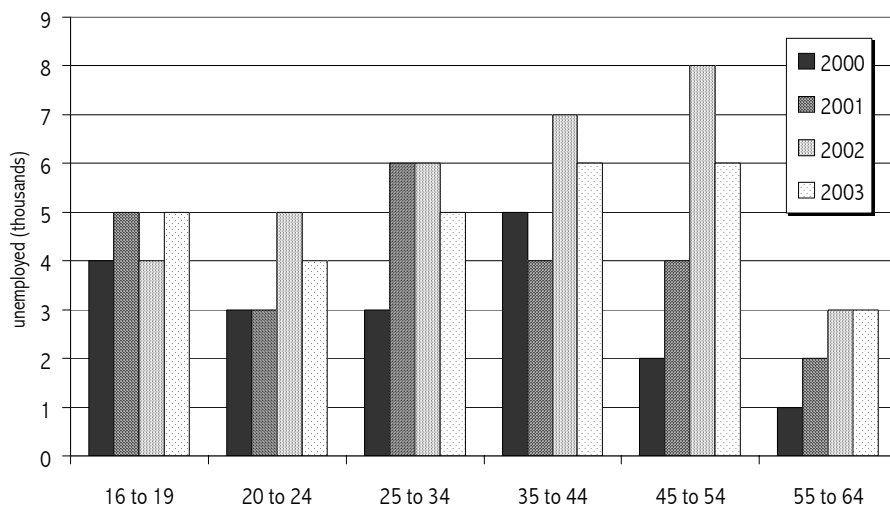
Labor Force Participation Rate

The labor force participation rate (LFPR) is made up of two components: the civilian labor force divided by the civilian noninstitutional population (age 16 and above). In other words, the LFPR is the share of the working age population either employed or unemployed and actively seeking work. A significant change in either one of these components will affect the LFPR.

It is not unusual for the labor force participation rate (LFPR) to decline as the unemployment rate increases. Some people can't find a job, get discouraged, and leave the labor force. Others may decide to go to school while the economy is not doing well, hoping their additional education will help them secure a job later on. Conversely, as the unemployment rate decreases and the economy gets better, those not looking for work may decide to do so, and thus become part of the labor force.

For the few years leading up to the 2001 recession, when the unemployment rate was low and the state was in the midst of the "high-tech boom", New Hampshire's LFPR was increasing slightly. However, in 2001, when the nation and the state entered the recession and the unemployment rate

Except for those at either end of the age range, every age group had fewer unemployed in 2003 than in the previous year



started increasing, the Granite State's LFPR decreased. This downward trend continued in 2002 but seemed to stabilize in 2003 as the unemployment rate decreased and the economy started recovering.

The biggest declines in LFPR from 2000 to 2003 were in the smallest two age groups. The 16-19 age groups dropped from 65.1 percent to 55.5 percent and the 20-24 age group dropped from 86.3 percent to 80.5 percent. These declines can be contributed to a decrease in high school drop out rates and an increase in college enrollments.

The LFPR increased the most for those in the 55 to 64 age group, going from 65.8 percent in 2000 to 72.1 percent in 2003. So, even though the popula-

tion is aging, these older workers are staying in the labor force. This trend could be attributed to both the increases in the retirement age and the fact that many people can't afford to retire because the value of their retirement plan dropped over the last few years.

Unemployment Insurance

As the state slipped into the recession of 2001, the number of weeks compensated for unemployment insurance more than doubled. The trend continued into 2002 as the number of weeks increased by 65 percent to 421,511, a level not seen since the last recession in the early 1990s. On a more positive note, as the state started to recover from the recession, the number of

weeks compensated in 2003 were less than the previous year.

The drop in weeks compensated, in turn, caused a slight drop in the amount of benefits paid out, which too had seen tremendous increases since the start of the new millenium. These increases put a strain on the state's Unemployment Trust Fund. So much so, that the unemployment insurance tax reduction usually given to employers was gradually reduced until the second quarter of 2004 when there was no reduction given at all. This was the first time in ten years that there was no reduction in the tax rate.

A sure sign of how hard New Hampshire workers were hit in the 2001 recession is the amount of time (duration) they were collecting unemployment insurance benefits. In 2001, New Hampshire had the lowest duration in the country with an average of 9.5 weeks. That number nearly doubled the next year when the average duration skyrocketed to 17.6 weeks, 42nd worst in the nation and more than a full week above the national average. There were some signs of recovery as the 2003 average duration for benefit payments stabilized at about the 2002 level.

Elisabeth Picard

Labor Disputes

	2000	2001	2002	2003	Source
Number of companies	2	1	0	0	DOL
Employees involved	1,765	3	0	0	DOL

Civilian Labor Force

	2000	2001	2002	2003	Source
Civilian Labor Force (annual average)	686,000	689,000	706,000	719,000	BLS
Annual percent change	2.7%	0.4%	2.5%	1.8%	NHES
Labor force participation rate	72.8%	72.0%	71.3%	71.5%	BLS
United States rank	4	7	tie 8	8	BLS
Male participation rate	79.8%	78.4%	77.9%	78.5%	BLS
United States rank	3	7	8	6	BLS
Female participation rate	66.7%	66.3%	65.2%	64.9%	BLS
United States rank	7	9	9	tie 9	BLS

Employment

	2000	2001	2002	2003	Source
Employed (annual average)	666,000	664,000	672,000	688,000	BLS
Annual percent change	2.5%	-0.3%	1.2%	2.4%	BLS/NHES
Work full-time - 35 hours or more per week	72.4%	71.8%	72.8%	n/a	BLS

Unemployment

	2000	2001	2002	2003	Source
Unemployed (annual average)	19,000	24,000	33,000	31,000	BLS
Unemployment rate (annual average)					
New Hampshire	2.8%	3.5%	4.7%	4.3%	BLS
United States rank (1=lowest)	6	8	16	5	BLS
New England	3.0%	3.8%	4.6%	5.1%	BLS
United States	4.0%	4.7%	5.8%	6.0%	BLS
Men					
New Hampshire	2.8%	3.7%	4.8%	4.5%	BLS
New England	2.7%	3.9%	n/a	n/a	BLS
United States	3.9%	4.8%	6.3%	6.3%	BLS
Women					
New Hampshire	2.8%	3.4%	4.6%	4.1%	BLS
New England	2.9%	3.4%	n/a	n/a	BLS
United States	4.1%	4.7%	5.7%	5.7%	BLS
Teenagers (16-19)					
New Hampshire	9.6%	11.9%	11.9%	12.9%	BLS
New England	9.7%	11.0%	n/a	n/a	BLS
United States	13.1%	14.7%	17.5%	17.5%	BLS

Unemployment Insurance

	2000	2001	2002	2003	Source
Weeks compensated for unemployment (UI)	122,099	254,856	421,511	408,977	DOL
Benefits paid, unemployment insurance (thousands)	\$26,073	\$60,628	\$107,810	\$103,364	DOL
Average duration, benefit payments (weeks)	9.0	9.5	17.6	17.8 ^a	DOL
United States average	13.7	13.8	16.5	16.4	DOL
United States rank, including D.C. (1=lowest)	2	1	42	40	DOL
Average weekly benefit amount					
New Hampshire	\$217.21	\$240.59	\$259.84	\$258.60	DOL
United States	\$220.67	\$238.07	\$256.77	\$261.62	DOL

^aNew Hampshire Additional Benefits program was available

4. Employment by Industry

Latest 2004 employment surpassed 2001 levels. Manufacturing drove Goods producing declines. Services providing employment shows strength.



Total nonfarm¹ employment in New Hampshire peaked in 2001 with an annual average of 627,200. From March to November of that year the state, as well as the nation, was in a recession. Because employment is a lagging indicator and because the annualized employment numbers are an average over the whole year, the side effects of the recession are first seen in 2002, where nonfarm employment dropped by 8,800. Another 1,800 jobs were lost in 2003 as the state was still recovering from the recession. Even though the first half of 2004 showed over-the-year increases, each month in 2004 was still below the same month in the peak year of 2001. However, August to October of 2004 showed glimmers of optimism as nonfarm employment in each of those months surpassed the 2001 level.

In general, the trend over the last four years has been that the goods producing domain saw large losses while the service providing domain portrayed strength, dampening the effects of the downturn.

Goods Producing Employment

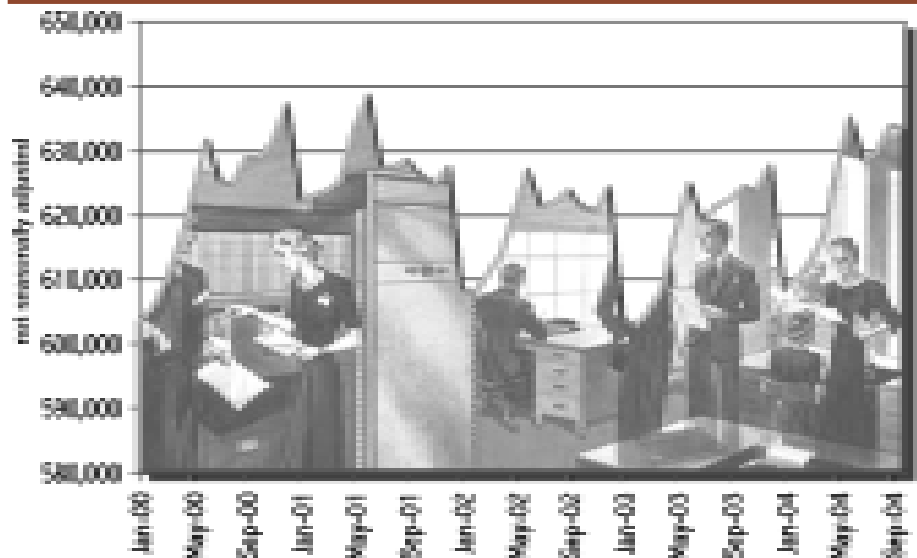
From 2002 to 2003, goods producing employment was on the decline in New Hampshire as well as in New England and the nation. But the nation lost goods producing employment at a slower rate than New Hampshire and New England, mainly because the Manufacturing supersector wasn't hit as hard.

Goods producing employment, driven by the decline in Manufacturing, peaked in December 2000 and went down till the beginning of 2003, where it started to stabi-

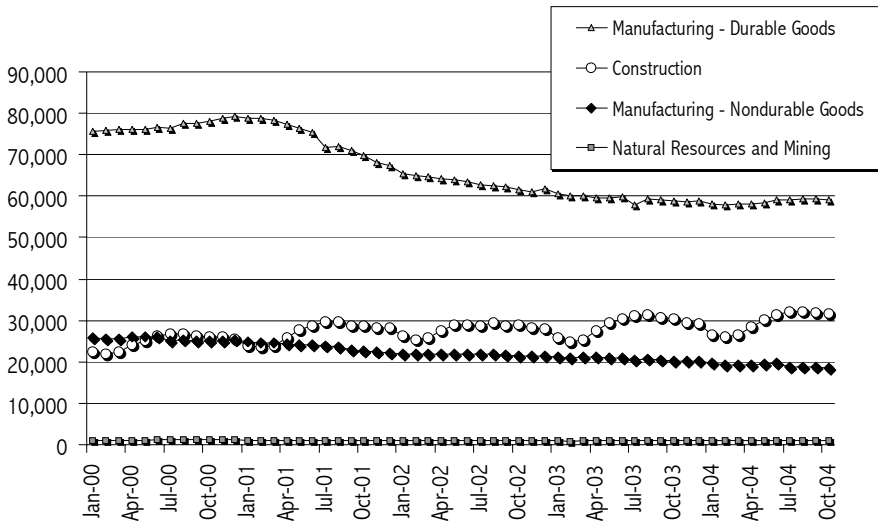
lize at an employment level just below 110,000. This domain declined by 18,700 jobs from 2000 to 2003 - a decline of 22 percent.

Both durable goods manufacturing (e.g., computers, appliances, fabricated parts) and nondurable goods manufacturing (e.g., food products, paper) saw employment drop by double-digit percentages. In general, durable goods make up three-quarters of the Manufacturing employment in the state and nondurable goods make up a quarter. But whereas employment in durable goods manufacturing peaked in December 2000,

Total nonfarm employment on the mend as 2004 monthly levels near 2001 peak



Manufacturing drove the decline in Goods Producing employment from the peak in 2000 until the beginning of 2003



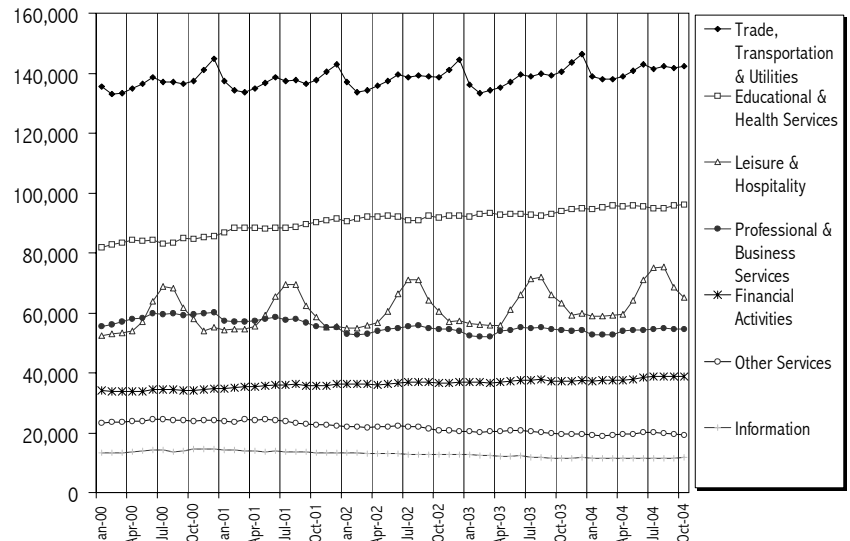
employment in nondurable goods manufacturing peaked in December 1997. And while employment in durable goods manufacturing started to stabilize in the beginning of 2003, the decline in nondurable goods manufacturing employment has continued. The longer downturn in the nondurable goods employment is indicative of the change that has been happening in the Granite State Manufacturing - a shift away from mass produced low value added raw-material transformation to lower volume, high-end value added production.

Construction employment went against the tide of the rest of the goods producing supersectors. This supersector saw steady increases with seasonal dips in January, February and March of each year. The combination of low interest rates, a favorable mortgage climate, and de-

mand for housing due to population increases insured the Construction supersector to thrive. In July 2000, Construction employment surpassed the employment level of nondurable goods manufacturing.

Employment in Natural resources and mining, the smallest supersector in the domain, remained relatively constant.

The Trade, transportation, and utilities supersector, the largest in the service providing domain, has seen modest over-the-year job growth since 2001



Service Providing Employment

Over the last four years, service providing employment in New Hampshire has been outpacing New England and the nation. Although employment in the service providing domain is still growing in New Hampshire, this growth slowed down substantially in 2002 and onwards.

As a whole, the service providing domain in New Hampshire showed a net nonfarm employment increase of about 7,400 jobs from 2000 to 2003. The large majority of this net increase occurred from 2000 to 2001, as the state was entering into a recession. In the aftermath of the recession, employment increases only reached 400 from 2001 to 2002 and 900 from 2002 to 2003.

The service providing domain is made up of seven supersectors. However, more

than half of the domain's nonfarm employment falls into just two of them - the Trade, transportation, and utilities supersector and the Education and health services supersector. In addition, not all supersectors saw increases in employment over this period. From 2000 to 2003, three of the supersectors experienced job losses.

The Trade, transportation, and utilities supersector claimed one-third of the total service providing domain's nonfarm employment in 2003. This supersector has seen modest over-the-year net job increases since 2001, ranging from 200 to 900. These increases are much smaller than the 3,600 new jobs this supersector gained from 1999 to 2000. However, the over-the-year job increases should continue, as employment in the first 10 months of 2004 was higher than the same months in 2003.

The Education and health services supersector made up slightly more than one fifth of the domain's total nonfarm employment in 2003. Although this supersector is not the largest in the domain, it added the most new jobs each year since 2000. A net increase of 5,100 jobs was recorded in this supersector from 2000 to 2001. Only about half as many (2,800) were added in 2002 and then half of that (1,400) were added in 2003. Even with this

trend of smaller gains, this supersector was able to help offset job losses in other supersectors in the domain.

The Leisure and hospitality supersector claimed about one-seventh of the service providing domain's total nonfarm employment in 2003. This supersector has experienced steady increases ranging from 1,100 to 1,300 each year

... the trend over the last four years has been that the Goods producing domain saw large losses while the Service providing domain portrayed strength, dampening the effects of the downturn.

since 2000. This upward trend seemed to have continued in 2004.

The Financial activities supersector, which makes up about one of every eleven jobs in the domain, was the only other supersector that didn't record job losses during the four years. After remaining stable from 1999 to 2000, nonfarm employment in this supersector jumped by 1,600 in 2001. Job gains slowed in 2002 and 2003 with 900 and 600 jobs added, respectively. Employment in each of the first ten months of 2004 was higher than in the same month of 2003.

On the downside, the Professional and business services supersector had a net loss of 4,700 jobs from 2000 to 2003 - the largest decline of any supersector in the service providing domain. The largest over-the-year decline occurred from 2001 to 2002 when this supersector lost 2,700 jobs. On a positive note, the losses slowed in 2003 when only 400 fewer were employed in this supersector. Even with these job losses, the Professional and business services supersector was the third largest in the domain in 2003. Looking at the first ten months of 2004, the average employment was higher in 2004 than in 2003.

The Other services supersector consists of service-oriented businesses such as repair and maintenance, personal and laundry services, and membership associations. This supersector showed a relatively small loss of 300 jobs from 2000 to 2001. However, this was followed by job losses of 2,000 and 1,400 in the next two years, bringing the total job loss to 3,700 since 2000. This trend continued into 2004 as the first ten months experienced over-the-year job declines. About one of every twenty jobs in the domain are found in this supersector.

Nonfarm employment in the Information supersector, consisting of publishing, recording, broadcasting, and

telecommunications industries, dropped by 1,900 over the four-year period from 2000 to 2003. This trend continued into 2004 as eight of the first ten months experienced over-the-year declines. This supersector made up less than three percent of the domain's total employment in 2003.

Government Employment

Total Government employment increased by 6,300 from

2000 to 2003. Looking at the interim years, 2,300 new jobs were added from 2000 to 2001. Local government accounted for the majority of the increase, claiming six of every ten new jobs. Federal government employment dropped by about 100. During the following two years, total Government employment increased by 2,500 and 1,500, respectively. Nearly all of these new jobs were in Local government.

Government employment in New Hampshire has definitely outpaced New England and the nation. The increase in Local government jobs is due to strong population growth in the state.

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¹ Nonfarm employment is based on the Current Employment Survey (CES). Data on the number of full-time and part-time workers on payroll are collected for a period including the 12th of the month.

Annual Employment Averages

	2000	2001	2002	2003	Source
TOTAL NONFARM	622,000	627,200	618,400	616,600	NHES
TOTAL PRIVATE	538,500	541,400	530,100	526,900	NHES
Goods Producing	128,500	125,600	113,800	109,800	NHES
Natural Resources & Mining	1,000	1,000	900	1,000	NHES
Construction	24,900	27,200	27,900	28,800	NHES
Manufacturing	102,500	97,400	85,000	80,100	NHES
Durable Goods	77,000	73,800	63,300	59,300	NHES
Primary Metal Manufacturing	3,400	3,200	2,900	3,000	NHES
Computer & Electronic Product	27,400	25,800	20,100	18,500	NHES
Electrical Equipment, Appliance, & Component	6,600	6,600	5,200	4,600	NHES
Nondurable Goods	25,400	23,600	21,700	20,700	NHES
Food, & Beverage, & Tobacco Product Manufacturing	3,300	3,400	3,400	3,400	NHES
Paper Manufacturing	4,000	3,600	3,000	3,100	NHES
Service Providing	409,700	415,800	416,200	417,100	NHES
Trade, Transportation, & Utilities	137,100	137,300	138,200	138,700	NHES
Wholesale Trade	25,700	26,700	26,600	26,800	NHES
Retail Trade	94,600	94,900	95,900	96,200	NHES
Food, & Beverage Stores	19,300	19,200	19,400	19,100	NHES
Transportation and Utilities	16,700	15,800	15,800	15,700	NHES
Information	13,900	13,700	12,900	12,000	NHES
Financial Activities	34,100	35,700	36,600	37,200	NHES
Professional & Business Services	58,600	57,000	54,300	53,900	NHES
Educational & Health Services	83,900	89,000	91,800	93,200	NHES
Educational Services	18,500	20,300	21,100	21,500	NHES
Health Care & Social Assistance	65,400	68,700	70,700	71,700	NHES
Hospitals	20,300	21,800	22,700	22,900	NHES
Leisure & Hospitality	58,200	59,500	60,800	61,900	NHES
Accommodation & Food Services	48,100	49,000	49,900	50,400	NHES
Food Services & Drinking Places	38,800	39,500	40,600	41,100	NHES
Other Services	23,900	23,600	21,600	20,200	NHES
Total Government	83,500	85,800	88,300	89,800	NHES

Annual Employment Percent Changes Private & Government

		2000	2001	2002	2003	Source
TOTAL NONFARM						
	New Hampshire	2.7%	0.8%	-1.4%	-0.3%	NHES
	New England	2.4%	0.1%	-1.5%	-1.2%	NHES/BLS
	United States	2.2%	0.0%	-1.1%	-0.3%	NHES/BLS
Private						
	New Hampshire	2.7%	0.5%	-2.1%	-0.6%	NHES
	New England	2.4%	-0.1%	-1.9%	-1.2%	NHES/BLS
	United States	2.1%	-0.3%	-1.7%	-0.4%	NHES/BLS
Government						
	New Hampshire	2.5%	2.8%	2.9%	1.7%	NHES
	New England	2.3%	1.5%	0.6%	-1.0%	NHES/BLS
	United States	2.4%	1.6%	1.9%	0.3%	NHES/BLS

Annual Employment Percent Changes -Goods Producing

		2000	2001	2002	2003	Source
Goods Producing						
	New Hampshire	1.7%	-2.3%	-9.4%	-3.5%	NHES
	New England	1.3%	-2.3%	-7.0%	-4.6%	NHES/BLS
	United States	0.8%	-3.1%	-5.5%	-3.3%	NHES/BLS
Natural Resources & Mining						
	New Hampshire	11.1%	0.0%	-10.0%	11.1%	NHES
	New England	2.9%	1.4%	-2.7%	2.8%	NHES/BLS
	United States	0.2%	1.2%	-3.8%	-2.1%	NHES/BLS
Construction						
	New Hampshire	2.9%	9.2%	2.6%	3.2%	NHES
	New England	6.4%	5.2%	0.1%	-0.6%	NHES/BLS
	United States	3.7%	0.6%	-1.6%	0.1%	NHES/BLS
Manufacturing						
	New Hampshire	1.3%	-5.0%	-12.7%	-5.8%	NHES
	New England	-0.2%	-4.5%	-9.4%	-6.1%	NHES/BLS
	United States	-0.3%	-4.8%	-7.2%	-4.8%	NHES/BLS
Durable goods						
	New Hampshire	2.0%	-4.2%	-14.2%	-6.3%	NHES
	New England	0.7%	-3.2%	-10.6%	-6.8%	NHES/BLS
	United States	0.4%	-5.0%	-8.3%	-5.4%	NHES/BLS
Nondurable goods						
	New Hampshire	-0.8%	-7.1%	-8.1%	-4.6%	NHES
	New England	-1.9%	-7.4%	-6.7%	-4.7%	NHES/BLS
	United States	-1.6%	-4.4%	-5.5%	-3.8%	NHES/BLS

Annual Employment Percent Changes - Service Providing

	2000	2001	2002	2003	Source
Service Providing					
New Hampshire	3.1%	1.5%	0.1%	0.2%	NHES
New England	2.6%	0.6%	-0.4%	-0.5%	NHES/BLS
United States	2.5%	0.8%	-0.2%	0.3%	NHES/BLS
Trade, Transportation, & Utilities					
New Hampshire	2.7%	0.1%	0.7%	0.4%	NHES
New England	2.0%	-0.6%	-1.0%	-0.9%	NHES/BLS
United States	1.8%	-0.9%	-1.9%	-0.8%	NHES/BLS
Wholesale trade					
New Hampshire	5.3%	3.9%	-0.4%	0.8%	NHES
New England	2.1%	1.1%	-2.3%	-0.5%	NHES/BLS
United States	0.7%	-2.7%	-2.1%	-0.8%	NHES/BLS
Retail trade					
New Hampshire	2.4%	0.3%	1.1%	0.3%	NHES
New England	1.9%	-0.7%	0.0%	-1.0%	NHES/BLS
United States	2.1%	-0.3%	-1.4%	-0.7%	NHES/BLS
Transportation and Utilities					
New Hampshire	0.6%	-5.4%	0.0%	-0.6%	NHES
New England	0.8%	-2.6%	-3.5%	-1.4%	NHES/BLS
United States	2.1%	-0.8%	-3.0%	-1.3%	NHES/BLS
Information					
New Hampshire	6.9%	-1.4%	-5.8%	-7.0%	NHES
New England	7.7%	-0.7%	-8.6%	-6.2%	NHES/BLS
United States	6.2%	-0.1%	-6.5%	-5.8%	NHES/BLS
Financial Activities					
New Hampshire	0.0%	4.7%	2.5%	1.6%	NHES
New England	1.2%	1.3%	-0.3%	-0.5%	NHES/BLS
United States	0.5%	1.6%	0.5%	1.6%	NHES/BLS
Professional & Business Services					
New Hampshire	5.6%	-2.7%	-4.7%	-0.7%	NHES
New England	5.1%	-1.8%	-5.1%	-2.7%	NHES/BLS
United States	4.4%	-1.1%	-3.0%	0.1%	NHES/BLS
Educational & Health Services					
New Hampshire	3.1%	6.1%	3.1%	1.5%	NHES
New England	1.7%	2.6%	2.9%	1.5%	NHES/BLS
United States	2.1%	3.5%	3.6%	2.4%	NHES/BLS
Leisure & Hospitality					
New Hampshire	2.3%	2.2%	2.2%	1.8%	NHES
New England	1.9%	1.0%	2.1%	1.4%	NHES/BLS
United States	2.8%	1.5%	-0.4%	1.2%	NHES/BLS
Other Services					
New Hampshire	3.9%	-1.3%	-8.5%	-6.5%	NHES
New England	2.5%	2.9%	0.8%	0.0%	NHES/BLS
United States	1.6%	1.7%	2.2%	0.4%	NHES/BLS

5. Occupational Trends

Education occupations will be in demand as the population grows. Aging baby-boomers will drive the increase in health occupations.

It wasn't too long ago that the occupations we take for granted today like Webmaster and LAN/WAN Administrator didn't exist. Why do new occupations emerge? Why do others disappear? Some new occupations emerge as a result of advancements in technology while others are a result of demographic trends like the aging baby boomers. Still others emerge to fill the change in consumer wants and needs.

Long Term Projections

Today's occupational trends are heavily influenced by the changing population demographics in the state. As everyone is aware, the baby boomer generation is aging and bringing along a new generation that is rapidly making its presence known. Of course, the boomer generation has grown up generally getting whatever the "American Dream" had to offer, expecting the best and getting it. That mentality of service on demand, as well as increased technological advances, is having a huge impact on the occupational demands in the

health and social service sectors of the economy. Evidence of this is the growing long term employment projections for medical assistants, medical records technicians, and home health aides from 2002 through 2012.

New Hampshire's population is projected to grow and a growing population undoubtedly needs to be educated. So teachers should still be in high demand. Also, as the population segments continue to age, the demand for teachers in areas other than elementary and secondary schools will also become stronger.

Bringing Things Forward

The Echo Boomers, the children of the baby boomers (born between 1977 and 1992) will replace the baby boomers as they leave the workforce. This generation has a huge advantage when it comes to information. They have been bombarded with information since infancy, from Sesame Street and "Speak 'n Spell" toys to the Internet and IM (Instant Messaging). The once common barriers to communi-



cations and adjusting to different cultures is not as much of a burden for this generation that has been exposed to it all from the beginning. This yearning for advanced technology and information is a contributing factor in the projected demand in the technological fields. The continued demand in the computer and science occupations represents this expansion.

Education in Occupations

Improvements in processes and growth in technology bring with them a need for a more specialized workforce. Most of the health care and educational occupations require some sort of formal training or education. Reviewing the top 30 fastest growing occupations, both nationally and specifically for New Hampshire, 70 percent or more need some sort of formal education. Only two separate occupations, personal and home care aides, and home health aides, require only short-term on-the-job training on New Hampshire's list. Nationally, occupational therapists aides was the third

occupation requiring only short term on-the-job training (it missed the list in New Hampshire, ranking 36th).

Short Term Projections

The most recent short term projections, from third quarter 2003 to third quarter 2005, compare the occupational employment levels on a substantially shorter timeline.


These short term estimates are much more susceptible to current as well as ongoing economic situations. Immediate events, such as plant closings, have a more significant part in establishing the short term estimates. Even with that in mind, the occupational demand trends still mirror the long term projections with education, training and library occupations; and healthcare practitioners and technical occupations among the job groups expecting healthy growth patterns.

Within the healthcare practitioners and technical occupations were three occupations projected to grow roughly ten percent during this two year period:

- ✦ Respiratory Therapists – 11.8 percent – 40 new jobs
- ✦ Medical Assistants – 9.9 percent – 110 new jobs
- ✦ Physicians Assistants – 9.3 percent – 29 new jobs

Although the new job counts for these occupations are not overwhelming, because of the small employment base in those occupations, the growth is significant.

Short-term projections anticipate about a thousand new jobs in the construction and extraction occupations. This group reflects New Hamp-



Today's occupational trends are heavily influenced by the changing population demographics in the state.

shire's growing need for housing as well as the growing retail trade facilities moving into the state.

Sales and related occupations are expected to increase by over 2,500 new jobs by fourth quarter 2005, a direct result of the huge growth in Construction. Even though the fourth quarter sales employment typically is higher because of holiday employment levels, this is a projection from that quarter to the same quarter 24 months out. This is also the second largest occupational group in the state, so even though it had the most new

jobs expected for the short term, it only amounts to a 2.9 percent growth rate.

Declining Occupations

As New Hampshire follows the national trend of shifting from a goods producing economy toward a service providing one, some occupations will be in less demand.

For instance, assemblers, once one of the largest occupations in the state, is now on the decline as Manufacturing firms shift high volume, lower value added production overseas. However, this is not to say that all occupations in Manufacturing are on the decline.

As Manufacturing firms continue producing higher value added products, albeit on a smaller scale, there will still be a need for highly skilled production occupations.

*Anita Josten
Elisabeth Picard*

Occupations Adding the Most Jobs, 2002-2012

SOC Code	Occupation	Employment		
		2002	2012	Change
41-2031	Retail Salespersons	25,453	31,360	5,907
29-1111	Registered Nurses	11,794	16,301	4,507
41-2011	Cashiers	20,557	24,846	4,289
35-3021	Combined Food Preparation and Serving Workers, Including Fast Food	10,761	13,829	3,068
35-3031	Waiters and Waitresses	12,171	15,043	2,872
11-1021	General and Operations Managers	10,911	13,210	2,299
43-4051	Customer Service Representatives	7,893	9,828	1,935
41-1011	First-Line Supervisors/Managers of Retail Sales Workers	10,476	12,384	1,908
25-9041	Teacher Assistants	7,796	9,588	1,792
13-1199	Business Operations Specialists, All Other	5,490	7,237	1,747
31-1012	Nursing Aides, Orderlies, and Attendants	6,339	8,083	1,744
15-1031	Computer Software Engineers, Applications	3,016	4,720	1,704
53-3032	Truck Drivers, Heavy and Tractor-Trailer	7,621	9,207	1,586
43-4171	Receptionists and Information Clerks	5,041	6,584	1,543
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	8,365	9,879	1,514
41-4012	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	7,198	8,710	1,512
21-1093	Social and Human Service Assistants	2,445	3,816	1,371
53-3033	Truck Drivers, Light or Delivery Services	4,406	5,686	1,280
25-3999	Teachers, Primary, Secondary, and Adult, All Other (OES Only)	3,071	4,187	1,116
41-4011	Sales Representatives, Wholesale and Manufacturing, Technical and Scientific Products	4,550	5,613	1,063
11-9199	Managers, All Other	9,821	10,834	1,013
37-3011	Landscaping and Groundskeeping Workers	4,514	5,521	1,007
39-9021	Personal and Home Care Aides	2,164	3,152	988
41-9099	Sales and Related Workers, All Other	3,605	4,558	953
25-2021	Elementary School Teachers, Except Special Education	6,006	6,940	934

Fastest Growing Occupations, 2002-2012 (at least 500 in base year)

SOC Code	Occupation	Employment		Change	
		2002	2012	number	percent
31-9092	Medical Assistants	1,057	1,772	715	67.6%
29-2071	Medical Records and Health Information Technicians	759	1,230	471	62.1%
15-1081	Network Systems and Data Communications Analysts	690	1,113	423	61.3%
15-1031	Computer Software Engineers, Applications	3,016	4,720	1,704	56.5%
21-1093	Social and Human Service Assistants	2,445	3,816	1,371	56.1%
25-3021	Self-Enrichment Education Teachers	556	857	301	54.1%
13-1111	Management Analysts	1,742	2,667	925	53.1%
31-1011	Home Health Aides	1,540	2,318	778	50.5%
15-1032	Computer Software Engineers, Systems Software	743	1,096	353	47.5%
31-9091	Dental Assistants	1,270	1,870	600	47.2%
39-9031	Fitness Trainers and Aerobics Instructors	1,704	2,503	799	46.9%
29-2021	Dental Hygienists	816	1,194	378	46.3%
15-1099	Computer Specialists, All Other	1,220	1,780	560	45.9%
39-9021	Personal and Home Care Aides	2,164	3,152	988	45.7%
29-1123	Physical Therapists	964	1,372	408	42.3%
21-1015	Rehabilitation Counselors	673	954	281	41.8%
29-1122	Occupational Therapists	608	848	240	39.5%
29-2052	Pharmacy Technicians	864	1,202	338	39.1%
31-9099	Healthcare Support Workers, All Other	827	1,149	322	38.9%
29-1051	Pharmacists	883	1,224	341	38.6%
29-1111	Registered Nurses	11,794	16,301	4,507	38.2%
11-9111	Medical and Health Services Managers	1,090	1,504	414	38.0%
29-2041	Emergency Medical Technicians and Paramedics	844	1,163	319	37.8%
25-3999	Teachers, Primary, Secondary, and Adult, All Other (OES Only)	3,071	4,187	1,116	36.3%

6. Private Enterprise

Robust business confidence explains why both new incorporations and new limited liability companies (LLCs) were up in 2003.

According to the September 2004 New Hampshire Manufacturing Roundtable, "Manufacturing is not dying – it is advancing and will remain a critical New Hampshire sector in the consumer-driven 21st century."

Layoffs in Manufacturing have slowed down but have not stopped completely. The state in conjunction with several private enterprises sponsored a NH Manufacturing Summit in September 2004. The purpose of the conference was to get industry leaders together in order to come up with new ideas of how to overcome the challenges the Manufacturing industry is facing. The findings of the New Hampshire Manufacturing Roundtable were presented at the summit, sending the message that Granite State Manufacturing is becoming more technologically sophisticated and as a consequence the value of "assembly line" workers diminishes. As the outlook for Manufacturing is getting better, some industry leaders claim they have difficulties attracting young people to enter the trade. As Manufactur-

ing is portrayed as an industry in decline, students are not encouraged to enter occupations related to this industry.

In September 2004, the RKM/BIA New Hampshire Business Outlook Survey was published for the first time. This telephone survey of 300 businesses in New Hampshire was designed to give insight into business confidence, hiring, purchasing and challenges facing New Hampshire businesses. In summary, the survey found that there is a relatively robust business confidence in New Hampshire today and optimism for the year ahead. The strongest business growth was expected in annual sales and a more modest growth in employment. However, the high cost of health insurance was considered the leading challenge for businesses; 20 percent of those surveyed cited cost as a concern. Another challenge identified was the lack of highly skilled labor.

Health Insurance Cost Still Increasing

In general, the double digit increases in health insurance premiums for the third year in a row has made the health



insurance cost an obstacle for many businesses and individuals in the nation.

In New Hampshire a new law, SB 110, was passed and went into effect in January 2004. SB 110 changed the way insurance companies can set insurance rates for individual employers. The intention behind the law was to make the health insurance market more competitive and thereby attract more insurance carriers to the state. Before the bill was passed, two large health insurance companies controlled about 85 percent of the state's market.¹

The new rating methodology bases the insurance rate on the age of group members, medical risk, geographic location and industry type. Preliminary data examined by New Hampshire Insurance Department showed that "groups of one to nine members appear to suffer the highest insurance premium increases attributable to the rating change."²

2004 New Hampshire Benefits

At press time, the New Hampshire Economic and Labor

Market Information Bureau was finishing a publication of the results of the 2004 New Hampshire Benefit Survey. This survey was a point-in-time analysis of what kind of benefits firms in New Hampshire offered to full-time and part-time employees. The firms surveyed were stratified two ways: by size and by industry.

The 2004 New Hampshire Benefit survey data showed that larger firms were more likely to offer medical insurance than smaller firms were. Only three quarters of the firms with fewer than 20 employees offered full-time employees medical insurance, while nine out of ten firms with 20 to 99 employees offered full-time employees medical insurance. Close to all of the firms with 100 or more employees offered full-time employees medical insurance.

The survey also showed a difference in the percentages of firms offering medical insurance depending on the type of industry. Firms in the Information supersector were most likely to offer medical insurance and firms in the Construction supersector were least likely to offer full-time employees medical insurance. More than eight of ten firms in the Information supersector offered full-time employees medical insurance, whereas

fewer than six of ten firms in both the Construction and the Leisure and hospitality supersectors offered full-time employees medical insurance. Both the Manufacturing and the Education and health services supersectors were

In general, firms were much more likely to offer medical insurance plans to full-time employees than to part-time employees. For those that didn't offer it, cost was the most frequently cited reason.



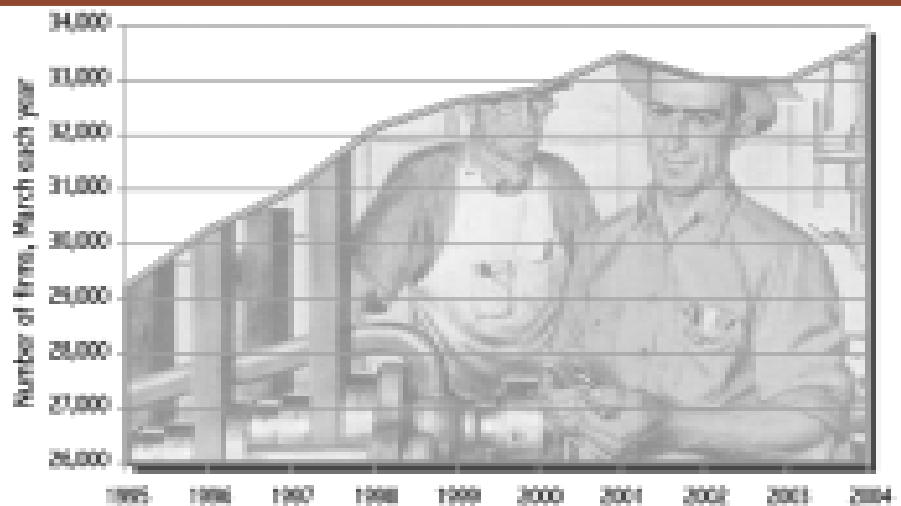
Manufacturing is not dying – it is advancing and will remain a critical New Hampshire sector in the consumer-driven 21st century.

also on the high end of the scale. In these two supersectors more than three quarters of the firms offered full-time employees medical insurance.

New Businesses in New Hampshire

New Hampshire ranked 7th out of 50 states in economic freedom according to "The US Economic Freedom Index: 2004 Report". Especially in comparison to the other New England States, the Granite State fared far better. The other New England States ranked between 30th and 48th. According to New Hampshire Department of Resources and Economic Development this is one of the reasons why New Hampshire is viewed as a preferred business destination by expanding or relocating companies.

Except for 2002 and 2003, the number of private firms in the state with employment in March has increased since 1995



“Start up New Hampshire” was a new private-public sponsored initiative introduced in 2004. Two hundred twelve companies entered to compete for \$250,000 in cash prizes for the best business plan. The entrants not only had to go through the creative process of developing a business plan, but also learned about the state and local resources available to them to help them get started. The hope is that many new businesses will be created as a result of this initiative.

The number of private firms in New Hampshire with employment has increased steadily over the last ten years with the exception of the of two years following the recession. After a decrease of only 34 firms in 2003, the number of firms was up 658 in 2004. However, employment as a share of total for each of the firm sizes stayed about the same over the last ten years.

Both the number of new incorporations and new limited liability companies (LLCs) registered with New Hamp-

shire’s Secretary of State were up in 2003. The number of new incorporations in New Hampshire increased by 58 whereas the number of new LLCs increased by 1,182 over-the-year. The steep increase in the number of new LLCs is related to the large amount of people who were laid off. For some of these, starting a business became the solution.

Another positive sign was that the number of terminated firms (accounts) with New Hampshire Employment Security (NHES) in 2003 was down from 2002. And even though the number of new firms (accounts) was lower than in 2002 as well, overall there were about 1,000 more new firms than terminated ones in the state in 2003.

High Tech in NAICS

The Standard Industrial Classification (SIC) system was changed to the North American Industry Classification System (NAICS) in 2001. No official definition of high tech industries has yet been established under NAICS, so the definition from the Office of

Technology (Department of Commerce) will be used as a base. The Bureau of Labor Statistics (BLS) established a conversion table of SIC codes to NAICS codes, which enabled the Economic and Labor Market Information Bureau (ELMI) to convert historical files to NAICS.

Using caution, it is possible to compare high tech employment in NAICS back to the early 1990’s. With the large decline in high tech employment from 2001 to 2002, and with the continued decline, the 2003 level of high tech employment is the same as it was back in 1993. Employing units increased more than 60 percent since 1993. An increase in the number of units with the same number of people employed in high tech means high tech firms are relatively smaller today than ten years earlier. Whereas the number of high tech employing units in the Manufacturing sector saw minor increases, employing units in the Information sector more than doubled, and Professional and technical services sector close to doubled.

High tech employment and wages within selected sectors*

Sector	2003			1993		
	Average units	Average employment	Average weekly wage	Average units	Average employment	Average weekly wage
High Tech Manufacturing	646	32,961	\$1,136.69	604	40,638	\$723.12
High Tech Information	244	4,124	\$1,417.66	105	1,658	\$939.51
High Tech Professional and technical services	2,510	13,652	\$1,298.75	1,380	8,580	\$793.83

* For specific description of what is included go to our website at <http://www.nhes.state.nh.us/elmi/covempwag.htm>

High tech employment at the sector level shows that high tech employment in the Manufacturing sector fell by more than 7,500 over the ten year period, while high tech employment in the Information and Professional and technical services sectors increased by close to 2,500 and 5,000, respectively. The change in the high tech employment mix is indicative of a shift from hardware to software high tech production in the state.

Despite a decline of about 1,000 jobs in the Software publishers industry group over the last three years, most of the employment gains over the last ten years in the Information sector came from this industry-group.

Total wages and average weekly wages for high tech workers went up more than 60 percent since 1993, while the consumer price index (CPI - a measure of inflation) only

went up with 42.5 percent. Average weekly wage in 1993 was \$740.27 for high tech employees. In comparison, average weekly wage for high tech workers was \$1,198.81 in 2003.

Annette Nielsen

¹ Dillon, Rachel M. "A shake up for health insurance market?" *NHPR News*. June 3, 2003. NH Public Radio. Accessed December 3, 2004 <http://www.nhpr.org/view_content/4832/>

² St. Clair, Brett. "Lawmakers evaluate change in health insurance rating for State's small businesses." *BIA Report*, September 2004: pg. 4.

Firms by Size^{a,b}

	2000	2001	2002	2003	Source
Total Number of Firms with employment	32,643	33,242	32,837	32,803	NHES
1 - 4 employees	18,538	18,897	18,616	18,681	NHES
5 - 9 employees	6,196	6,299	6,213	6,120	NHES
10 - 19 employees	3,717	3,796	3,784	3,853	NHES
20 - 49 employees	2,563	2,594	2,636	2,588	NHES
50 - 99 employees	884	882	871	846	NHES
100 - 249 employees	483	517	471	483	NHES
250 - 499 employees	159	152	147	133	NHES
500 - 999 employees	63	63	61	59	NHES
1,000 & over employees	40	42	38	40	NHES
Net Annual Change in Number of Firms	208	599	-405	-34	NHES
Net Annual Change in Number of Employees	14,085	9,250	-14,295	-4,670	NHES
1 - 4 employees	104	316	-170	89	NHES
5 - 9 employees	107	718	-697	-344	NHES
10 - 19 employees	193	1,307	-319	980	NHES
20 - 49 employees	1,991	1,128	651	-1,358	NHES
50 - 99 employees	3,219	-139	25	-2,227	NHES
100 - 249 employees	2,368	5,210	-5,798	2,235	NHES
250 - 499 employees	4,015	-1,839	-2,036	-3,714	NHES
500 - 999 employees	1,449	-185	-650	-2,993	NHES
1,000 & over employees	639	2,734	-5,301	2,662	NHES

Percent of Total Employment (by size of firm)

	2000	2001	2002	2003	Source
1 - 4 employees	7.1%	7.1%	7.2%	7.3%	NHES
5 - 9 employees	7.9%	7.9%	8.0%	8.0%	NHES
10 - 19 employees	9.7%	9.8%	10.0%	10.3%	NHES
20 - 49 employees	15.1%	15.0%	15.5%	15.4%	NHES
50 - 99 employees	11.7%	11.5%	11.8%	11.5%	NHES
100 - 249 employees	14.0%	14.7%	14.0%	14.5%	NHES
250 - 499 employees	10.6%	10.0%	9.9%	9.3%	NHES
500 - 999 employees	8.3%	8.2%	8.3%	7.7%	NHES
1,000 & over employees	15.6%	15.8%	15.2%	15.9%	NHES

^aFirms by size numbers are based on March covered employment data, in each calendar year.

New & Terminated Firms Covered by Unemployment Compensation

	2000	2001	2002	2003	Source
New firms	5,727	5,543	5,746	5,652	NHES
Terminated firms	7,341	5,264	5,418	4,598	NHES

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

	2000	2001	2002	2003	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

	2000	2001	2002	2003	Source
New incorporations in New Hampshire	1,864	1,727	1,679	1,737	SOS
Out-of-state incorporations new to New Hampshire	1,348	1,244	1,046	1,380	SOS
New Limited Liability companies (LLC) in the state	3,166	3,443	4,755	5,937	SOS
Out-of-State LLCs new to the state	318	367	291	486	SOS

High Tech by NAICS

	2000 ^c	2001	2002	2003	Source
Average annual number of employing units	3,626	3,654	3,532	3,500	NHES
Average annual employment	65,560	63,770	54,362	51,331	NHES
Total wages (millions of dollars)	3,849	3,698	3,264	3,200	NHES
Average weekly wages	1,129	1,115	1,155	1,199	NHES

^c Employment & Wages(ES-202) for 2000 is a BLS conversion of the original data in SIC.

7. Transportation & Traffic

Commuters are traveling farther to work, the majority commute alone. Passenger traffic continues to increase at Manchester Airport.

When Robert Frost wrote about “the [road] less traveled by,” he wasn’t referring to Route 93 on a summer weekend. Interstate highways in New Hampshire did not exist until 1950. Today the state turnpike system consists of 93 miles of limited highway with 631 total lane miles. What was once a rural state has become, in many places, an extension of the urban sprawl of the Boston metropolitan area. Not only are there more roads, but the roads are getting more congested.¹

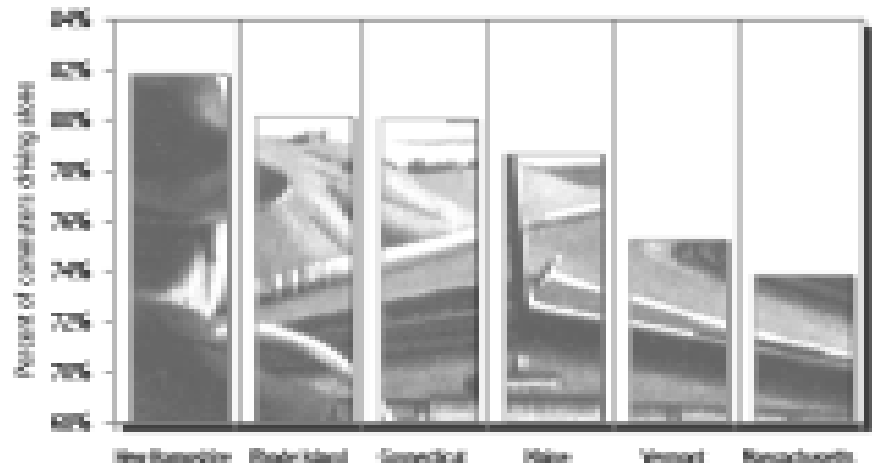
The Federal Highway Administration defines congestion as “when traffic demand approaches or exceeds the available capacity of the highway system.”² Traffic demand can vary depending on the time of day or year and capacity itself can change because of weather, construction, accidents, or other events. Commuters, tourists, and people merely running a short errand add to the traffic. Congestion is no longer confined to rush hour. Many drivers will agree that “it’s always rush hour.”

Congestion results in longer commuting times to get to work, which have increased over the past decade. In 1990, it took the typical New Hampshire commuter 21.9 minutes to get to work compared to 2000, when the typical commute took 25.3 minutes. Commuters tend to live further from their jobs, according to a survey conducted by the US Department of Transportation. The added time of 6.8 minutes for a round trip costs commuters 28.3 hours a year. Commuting time in New Hampshire is very close to the national average of 25.5 minutes.³



If people live further from work than in the past, then part of the increase in commuting time is due to distance. Whatever the reason, the extra time spent in traffic means lost productivity. When someone is on the road, they are not producing a product or a service (although cell phone users may disagree). Idling in traffic wastes fuel, and causes wear and tear on cars and trucks. According to the Bureau of Transportation Statistics, shipments originating in New Hampshire had a value of \$30.8 billion in 1997. Nearly 61.7 percent of that value was shipped by truck.⁴ For many

More than 80 percent of New Hampshire commuters drove alone to work in 2002



Source: "Toumey to Work, 2002." US Census Bureau

drivers, the most visible cost of congestion is the increased stress on themselves and passengers.

A well-functioning transportation system – roads, waterways, and airports – is essential for economic growth and future success. To prepare for the future, a Ten-year Transportation Improvement Plan for 2005-2014 was approved by the state legislature and became effective on August 14, 2004. The Plan will allow for the Granite State's full participation in federally supported transportation improvement projects in conjunction with the legislation known as the Intermodal Surface Transportation Efficiency Act (ISTEA). The Plan will be updated every ten years, with input from individual communities and nine Regional Planning Commissions.⁵

Roads and Vehicles

In the Annual Report for fiscal 2003, the New Hampshire Department of Transportation mentioned several achievements in improving the state's infrastructure:⁶

Completed improvements on I-93 over Bodwell Road in Manchester, rehabilitated roads and bridges on I-89 from Sunapee to Grantham and on I-93 from Thornton to Woodstock.

Reconstructed the I-89 Springfield rest area, widened I-95 at the Hampton toll plaza, and repaired bridges on the Connecticut River at Orford and Haverhill.

Made road improvement on I-93 from Plymouth to Thornton, on I-293 in Manchester, and along 101 in Manchester and Auburn.

The E-Z Pass electronic toll collection system is expected to begin in early 2005 ... [according to NHDOT], the first phase will begin at the main Hooksett toll plaza.

The Bureau of Highway Maintenance improved 370 miles of highway and completed more than 7,100 tons of asphalt work.

The Bureau of Traffic applied more than 82 million feet of road striping.

The Bureau of Turnpikes reported that 109,978,699 vehicles passed through the toll system, a 2.1 percent increase over the previous fiscal year.

Distributed \$27.3 million in Block Grant Aid Program funds to communities.

The number of passenger vehicles increased by 2.4 percent in 2003 to nearly 1.2 million while commercial vehicle registrations grew by 3.9 percent to 188,595. There are now about as many registered cars as there are people in New Hampshire.⁷

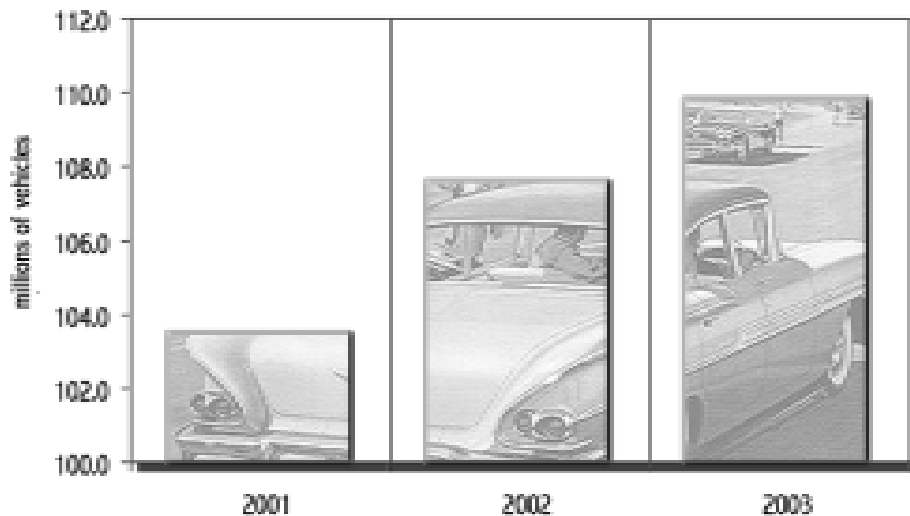
During the fiscal year 2003, the New Hampshire Department of Transportation purchased 24 public transit vehicles: nine for elderly and disabled persons and 15 for local transportation systems. Passenger counts for rural transit systems and inter-city buses increased by 34 percent over 2002 as 1.3 million passengers took advantage of the services.⁸

The Federal Highway Administration's annual survey of bridges for 2003 showed little change over the previous year. The number of bridges that were either structurally deficient or functionally obsolete was 795 out of 2,352, or 33.8 percent. The national average was 27.2 percent.⁹

E-Z Pass and Tolls

In the near future, drivers may find that lines at tollbooths are moving along faster. Deploy-

The number of vehicles passing through the state's tolls increased again in 2003



ment of the E-Z Pass electronic toll collection system is expected to begin in early 2005. Drivers will soon be able to prepay for tolls (likely at a discount) and receive a transponder that will electronically deduct the toll amount from their account as the vehicle passes through the tollbooth without coming to a full stop. The first phase will begin at the main Hooksett toll plaza, the Hooksett ramp, and at the Bedford toll. In later phases, the system will be deployed at tollbooths in Merrimack, Dover, and Hampton.¹⁰

For a second year, one-way tolls were in effect at the Hampton toll plaza on Interstate 95. The system was in effect from June 30 to October 22, 2004 during the peak tourism period. In 2003, the experiment ran for ten weeks and significantly reduced

traffic congestion, with backups in the southbound direction virtually eliminated. Motorists responded favorably and no accidents occurred. Estimate of the gross revenue lost during the experiment was \$180,000. Tolls were collected in the northbound direction only, with motorists paying double the usual rate. Southbound traffic then was allowed to travel toll-free. In

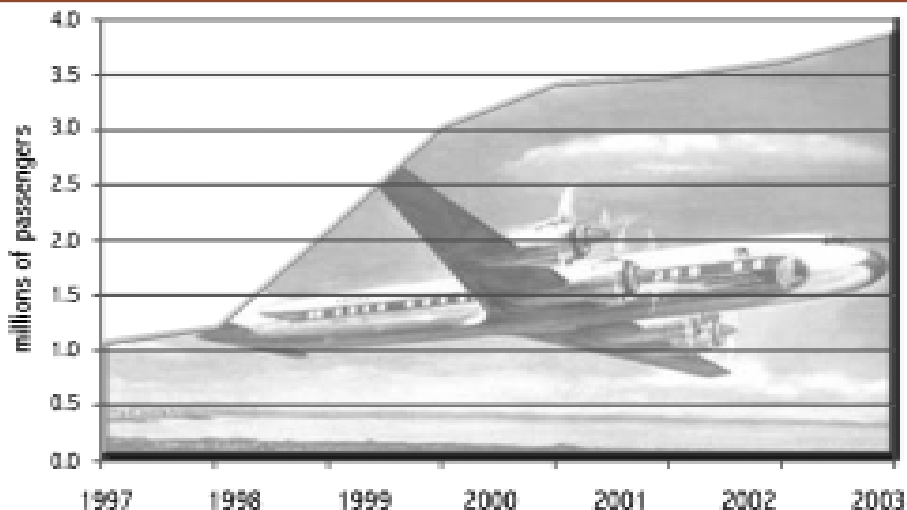
addition to reducing traffic backups, it saved energy and reduced driver stress.¹¹

Air Transit

Manchester Airport, the largest of the state's 25 airports, added a new airline in 2004 with Independence Air offering nine non-stop flights daily to Washington-Dulles. US Airways responded to the competition by adding eight daily flights for a total of 28 and Southwest Airlines expanded service to offer 28 daily departures.¹² Other airlines are looking at Manchester for possible expansion. Airport officials have been talking to American, Air Tran, Spirit, and Jet Blue.

Passenger traffic increased by 7.1 percent at Manchester Airport in 2003. During that year, 3.6 million passengers passed through the gates. On the downside, air cargo tonnage (excluding airmail)

Passenger traffic continued to climb at Manchester Airport in 2003



decreased by 11.2 percent in 2003. To accommodate passenger growth, a 75,000 square foot expansion of the passenger terminal opened in February 2004. Construction of three more terminal gates is scheduled for summer 2005.¹³

Passengers at MHT (the airport code for Manchester) benefit from relatively low airfares. Out of the top 85 markets ranked by percentage change in airfares from 1995, Manchester was the leader, with a 15.8 percent decrease in fares based on second quarter 2004 data released by the Bureau of Transportation Statistics, US Department of Transportation.¹⁴

The Federal Aviation Administration (FAA) is erecting a new control tower at Manchester Airport, three times taller than the existing tower. Completion is scheduled for late 2005. Manchester Airport will receive \$7 million in US Department of Transportation funding for runway repair and extension (\$4.5 million) and noise abatement (\$2.5 million).¹⁵

FAA-required upgrades at Nashua Airport are expected to cost \$10 million. Most of the money will come from federal sources. Nashua Municipal Airport has no regularly scheduled flights, but is an active general aviation airport.

The proposed modification to the runway is needed to accommodate the newer classes of corporate and private jets.¹⁶

Rail Transport

The Amtrak Downeaster operates four daily round trips between Portland, Maine and Boston's North Station, stopping in Dover, Durham, and Exeter. The train accommodates both business and pleasure travelers and provides an alternative to driving. Ridership trends were down somewhat in the summer of 2004, due to the closing of North Station in Boston for the Democratic National Convention and the collapse of a bridge in Kennebunk, Maine.

Highway Traffic - Annual totals

	2000	2001	2002	2003	Source
Interstates, NH - Mass. State line (thousands, from traffic counters, Salem & Seabrook)	70,082	70,103	72,954	n/a	DT
Annual percent change	3.1%	0.0%	4.1%	n/a	DT/NHES
Rural traffic, annual percent change	2.1%	1.9%	2.9%	1.2%	DT
Annual vehicle miles (millions of miles)	13,264	13,433	13,711	14,251	RTDS
Annual percent change	2.2%	1.3%	2.1%	3.9%	RTDS/NHES

Registrations, Licenses, and Fuel Consumption

	2000	2001	2002	2003	Source
Vehicle Registrations					
Passenger Vehicles	1,068,256	1,136,532	1,162,238	1,189,605	ISDS/NHES
Annual percent change	4.5%	6.4%	2.3%	2.4%	ISDS/NHES
Commercial Vehicles	164,967	171,180	181,508	188,595	ISDS/NHES
Annual percent change	11.0%	3.8%	6.0%	3.9%	ISDS/NHES
Persons per passenger car (population/#vehicles)	1.2	1.1	1.1	1.1	ISDS
Total driver licenses on issue					
Total driver licenses on issue	947,002	948,863	926,974	979,316	ISDS
Annual percent change	2.5%	0.2%	-2.3%	5.6%	ISDS/NHES
Boat Registrations					
Boat Registrations	97,882	101,000	101,452	101,703	ISDS
Annual percent change	1.9%	3.2%	0.4%	0.2%	ISDS/NHES
Motor Fuel Consumption (fiscal year)					
Millions of gallons of gasoline and diesel fuel	783	799	820	843	RTDS
Annual percent change	0.1%	2.1%	2.6%	2.8%	RTDS/NHES

When full service resumed in September, the number of riders increased by 7.0 percent over September 2003. During the month of September, on-time performance was 94.2 percent.¹⁷

Another Amtrak train, the Vermonter, known as the "Ethan Allen Express," runs from St. Albans, Vermont to Washington, D.C. stopping at Claremont Junction on the way. A rider can board the train in Claremont at 9:39 AM and be in Washington at 8:00 PM.

The State of New Hampshire continues to purchase rail corridors in an effort to maintain and encourage active rail freight service. All active rail lines in New Hampshire totaled 450 miles in 2000. Rail is used to transport bulk commodities such as coal, sand, and gravel and it also serves paper mills in the North Country. Total miles of rail owned by the state increased





from 193 miles in 2001 to 201 miles in 2004. The current rail system includes one regional railroad, eight local railroads, and five passenger and tourist operations.

In addition to revenues generated by fees and property arrangements, the state has established a loan fund for railroad projects and also can tap federal funds from the Congestion Mitigation and Air Quality (CMAQ) program. CMAQ also provides funding for state and municipal fleets to purchase alternative fuel vehicles.

Water Transport

Portsmouth Harbor can service liners, bulk carriers, passenger ships, container ships, feeder vessels, and barges. It is designated by the US Department of Commerce as a Foreign Trade Zone under the supervision of the US Customs Service. Goods entering the zone are not subject to duties while in the zone.

The Division of Ports and Harbors (DPH) runs the Market Street Marine Terminal on the Piscataqua River in Portsmouth. Examples of cargo handled include:

-  Scrap metal, salt, wood chips
-  Industrial machinery parts and construction materials
-  Power plant components, tanks
-  Container cargo

According to a 2002 survey of 150 selected ports by the US Army Corps of Engineers Navigation Data Center, Portsmouth ranked 87th in total tonnage for 2002 with 4.1 million tons, with more than 83 percent of the total tonnage from foreign sources. In comparison, the port of Boston handled 20.4 million tons, while Portland, Maine totaled 27.1 million.¹⁸

Michael Argiropolis

Portsmouth Harbor Freight Traffic (000 short tons)

	2000	2001	2002	2003	Source
Total	4,462	4,447	4,108	n/a	USACE
Annual percent change	-2.1%	-0.3%	-7.6%	n/a	NHES
Domestic	824	574	631	n/a	USACE
Annual percent change	-19.1%	-30.3%	9.9%	n/a	NHES
Foreign Imports	3,572	3,792	3,398	n/a	USACE
Annual percent change	1.9%	6.2%	-10.4%	n/a	NHES
Foreign Exports	66	81	79	n/a	USACE
Annual percent change	120.0%	22.7%	-2.5%	n/a	NHES
Canadian percent of Foreign Imports	47.4%	n/a	n/a	n/a	NHES

Postal Service

	2000	2001	2002	2003	Source
First handling pieces - Manchester and Portsmouth Post Offices (millions) (FY ending 9/30)	1,090.1	1,043.2	1,040.0	n/a	USPS

- ¹ About the Turnpike System. New Hampshire Department of Transportation. Accessed November 29, 2004. <webster.state.nh.us/dot/turnpikes/tpkhome.htm>
- ² Congestion Mitigation. US Department of Transportation, Federal Highway Administration. Accessed November 29, 2004. <www.fhwa.dot.gov/congestion/congest2.htm>
- ³ Journey to Work: 2000. March, 2004. US Department of Commerce, US Census Bureau. Accessed November 29, 2004. <www.census.gov/prod/2004pubs/c2kbr-33.pdf>
- ⁴ Table 3-3: Shipments Originating in New Hampshire by Mode of Transportation: 1997. Bureau of Transportation Statistics. Accessed November 30, 2004. <www.bts.gov/publications/state_transportation_profiles/new_hampshire/html/table_03_03.html>
- ⁵ Ten Year Transportation Improvement Plan, 2005-2014. New Hampshire Department of Transportation. Accessed November 30, 2004. <webster.state.nh.us/dot/transportationplanning/pdf/0514TenYrPlan.pdf>
- ⁶ Annual Report for Fiscal Year 2003. New Hampshire Department of Transportation. Accessed November 29, 2004. <webster.state.nh.us/dot/media/pdf/2003AnnualReport.pdf>
- ⁷ DeGrace, Chuck. New Hampshire Department of Transportation. Phone interview November 29, 2004.
- ⁸ Annual Report for Fiscal Year 2003. New Hampshire Department of Transportation. Accessed November 29, 2004. <webster.state.nh.us/dot/media/pdf/2003AnnualReport.pdf>
- ⁹ Deficient Bridges by State and Highway System. US Department of Transportation, Federal Highway Administration. Accessed November 29, 2004. Accessed December 1, 2004. <www.fhwa.dot.gov/bridge/defbr02.htm>
- ¹⁰ E-Z Pass Project Status Update. New Hampshire Department of Transportation. Accessed November 29, 2004. <webster.state.nh.us/dot/turnpikes/pdf/EZPassUpdate.pdf>
- ¹¹ New Hampshire Department of Transportation. On the Move Spring, 2004: pg. 11.
- ¹² Cousineau, Michael. "US Airways Ups Flights to 28." Manchester Union Leader October 25, 2004.
- ¹³ Farren, Michael. Manchester Airport Administration. Phone interview October 7, 2004.
- ¹⁴ Manchester Airport Information. Accessed November 29, 2004.
- ¹⁵ *ibid.*
- ¹⁶ "Plan Calls for \$10M Airport Upgrades." Nashua Telegraph October 6, 2004.
- ¹⁷ Performance Report, August 2004. Northeast New England Passenger Rail Authority. Accessed November 30, 2004. <www.thedowneaster.com/authority_overview.php>
- ¹⁸ Tonnage for Selected US Ports in 2002. US Army Corps of Engineers. Accessed August 30, 2004.

Aircraft Travel

	2000	2001	2002	2003	Source
Manchester Airport					
Total Passengers	3,169,301	3,233,555	3,363,243	3,601,420	MA
Annual Percent Change	12.8%	2.0%	4.0%	7.1%	MA/NHES
Enplanements	1,588,320	1,631,331	1,687,733	1,802,299	MA
Annual Percent Change	12.4%	2.7%	3.5%	6.8%	MA/NHES
Deplanements	1,580,981	1,602,224	1,675,510	1,799,121	MA
Annual Percent Change	13.2%	1.3%	4.6%	7.4%	MA/NHES
Air Cargo (Tons) ^a	87,500	83,260	90,745	80,547	MA
Annual Percent Change	9.4%	-4.8%	9.0%	-11.2%	MA/NHES

^aDoes not include air mail

8. Energy

Electricity prices continue to rise. Home heating oil prices projected to outpace last year. Gas prices on the decline at the end of 2004.

It was like a perfect storm. Hurricanes, war, and financial problems at a Russian oil company converged to drive energy prices to record highs in the fall of 2004. These conditions, on top of increased worldwide demand for petroleum, continued to worry New Hampshire residents as the weather turned colder and the possibility of paying more than last year to heat their homes became greater. Drivers winced as gasoline prices topped \$2.00 a gallon in many areas. Businesses were concerned too, because money spent on

energy is money not spent on other goods. For businesses that depend on trucking, the high cost of diesel fuel is a problem because there is no substitute so they eventually pass the cost on to consumers.

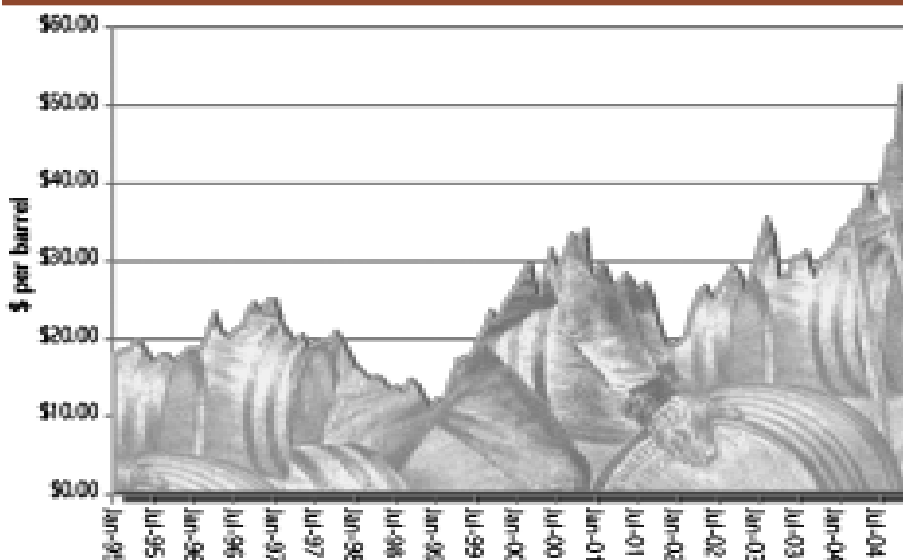
Energy costs are closely tied to the price of crude oil, either directly or indirectly because of substitution effects. For example, when the price of heating oil goes up, people respond by switching to natural gas, which drives up demand for gas and makes it more expensive.



Energy costs influence consumer behavior in other ways. When gasoline is costly, people take fewer or shorter trips, which can have a negative or positive effect on the tourism industry in the state. Fewer people may come from out of state on one hand, but local residents may decide to stay closer to home. Airlines pass on increased fuel costs to customers, who respond by flying less. Energy-intensive industries find it harder to compete and may trim back employment or cut production in order to control costs.

The price paid for energy is beyond the control of a single consumer or business. In the short run, consumers can try to lock in heating oil prices in early fall, convert to energy-efficient appliances, carpool, and practice better driving habits. In the long run, development of hydrogen-based fuels, expanded drilling for oil, and other technological advances could provide alternatives to costly energy sources. These however, will take time to come on line.

The per barrel price of West Texas Intermediate crude oil (WTI) is a widely-used benchmark for petroleum prices in the US

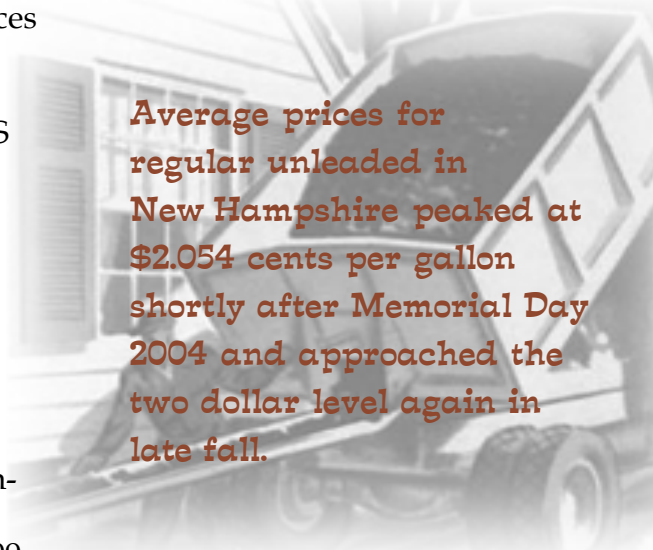


Electricity

Electric rates in New Hampshire are not as sensitive to the price of oil as in other states, because much of the generating capacity is from coal-burning plants. There was little direct impact on rates as the price of oil climbed higher during 2004. After a period of transition in the early 1990s, rates have been relatively stable. Nonetheless, New Hampshire ranked 6th highest in electricity prices in 2002, according to the Energy Information Administration of the US Department of Energy, slightly more expensive than Massachusetts, but cheaper than Vermont and Maine. Rates for residential customers in New Hampshire averaged 11.77 cents per kilowatt-hour while commercial and industrial customers averaged 10.09 cents and 8.83 cents, respectively.¹

Residential customers pay higher rates than commercial and industrial users because it costs more to serve them — electricity can be delivered to large power users at higher voltages. For customers that use smaller amounts of electricity, voltages must be reduced. By the time electricity gets to individual houses, it has gone through several steps of voltage reduction and incurred more costs.

Public Service Company of New Hampshire serves 69.8 percent of retail customers in the state. New Hampshire Electric Cooperative serves many small towns and rural areas in the state with 11.3 percent of the total. Unitil Energy Systems, a holding company that provides distribution services through its Concord Electric and Exeter and Hampton Electric subsidiaries,



Average prices for regular unleaded in New Hampshire peaked at \$2.054 cents per gallon shortly after Memorial Day 2004 and approached the two dollar level again in late fall.

accounts for another 11.1 percent. Granite State Electric serves 6.0 percent and a small percentage of customers are served by municipal utilities.²

A major energy company, AES Corporation, found that the new competitive environment in energy could have a downside. In 2002, the company broke ground on AES Granite Ridge, a gas-fired generating plant in Londonderry. The company had hoped to sell electricity on the open market in New England, but had difficulties because of the

excess capacity in the region. That reason, plus the increased cost of gas prompted the company to transfer its ownership in the plant to a group of creditors. The plant will continue to run until a buyer can be found.³

More than a quarter of New Hampshire's electric production depends on coal. Coal has been used to produce electricity since the early days of electric power and is still widely used by utilities because coal-fired units generally cost less to run than petroleum- or gas-fired units. Merrimack Station in Bow is a 478-megawatt plant that serves the base load electricity demand for PSNH. At this plant, coal is burned to heat water to produce steam, which then turns a large turbine that produces electricity. In the US, coal is used for 51.8 percent of electricity production.

Natural Gas

While it is the most popular heating fuel source for the nation as a whole, as just over half of US homes heat with natural gas, less than 20 percent of New Hampshire homes use it as the primary heating source. One reason for this is that many homes in New England are older than homes in the rest of the country and still retain their original heating system; many of these

homes use oil as the primary fuel for heating needs.

Natural gas usage is making inroads in new residential construction in New Hampshire and is more common in the densely populated southern part of the state. A major user of natural gas is the electric utility industry for its power-generating plants. In the past ten years, three pipeline systems have been added in New England and existing lines have been enhanced to increase capacity to meet the growing need.

Nearly all of the natural gas currently used in the United States comes from domestic sources, but a growing portion will come from sources outside of North America as demand increases.⁴

Residential natural gas prices in New Hampshire during the extremely cold winter of 2004 were considerably higher than in the previous year. The average price of \$13.21 per thousand cubic feet (\$/Mcf) was the highest for a December to March period since 2001. By the summer of 2004, the price of natural gas in New Hampshire topped out at \$15-16 per thousand cubic feet.⁵

Delivery rates (the rate charged by the utility to get the gas through local pipelines to a home or business) are

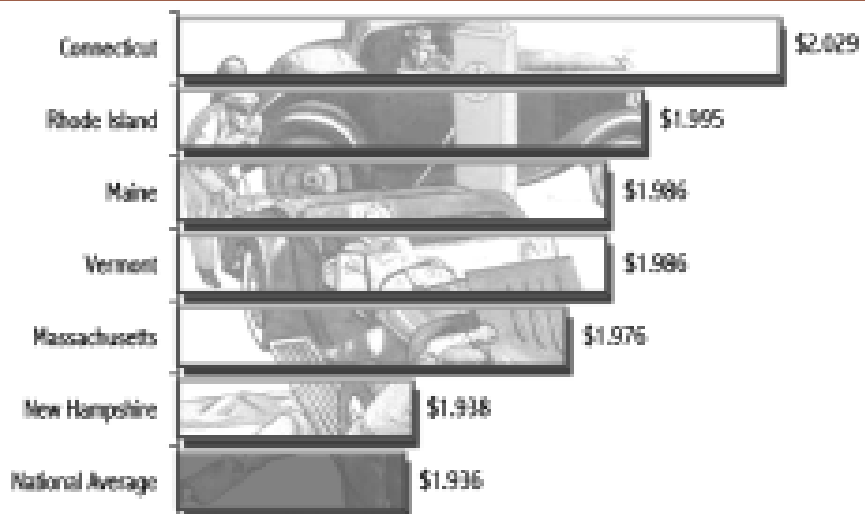
relatively stable, but the cost of gas to the utility can vary considerably.

Even though demand is higher in the winter, the price of gas tends to be lower than it is in the summer. Utilities purchase gas on the open market and enter into contracts for gas supply, and will tend to store gas for the peak winter period, lowering the chance of spikes in the price. Nonetheless, utilities are still subject to the supply and demand forces in effect in the US and internationally. Gas utilities are allowed to pass along the cost of gas to customers subject to the rate setting authority of the New Hampshire Public Utilities Commission. Rising natural gas prices would eventually translate to higher bills for customers.

One reason that prices for natural gas are higher in New

England is that the supply of gas is far away. Most of the natural gas in the United States comes from domestic sources on the Gulf Coast, Texas, and Oklahoma. A network of pipelines is needed to move the gas to New England where it is eventually distributed to businesses and households. As an alternative, natural gas can be cooled to very low temperatures (-260° F) where it is transformed to liquefied natural gas (LNG) which can then be transported by ship to terminals on the East Coast. No LNG terminal exists in New Hampshire, but there is a large one in Everett, Massachusetts. Capacity to handle more tankers will be increased to meet the growing demand for natural gas. A proposed liquefied natural gas plant in Saint John, New Brunswick has recently received approval by Canadian regulators and is scheduled to open in 2007.⁶

New Hampshire had the lowest gasoline prices in New England, early December 2004



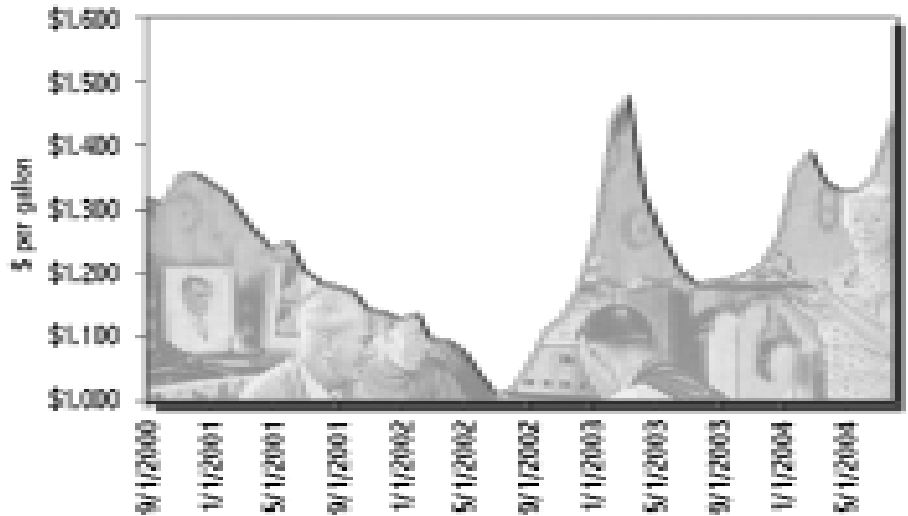
Source: American Automobile Association (AAA)

Gasoline

When a driver grudgingly pays for gas that was more expensive than it was yesterday, does the local filling station make a windfall profit? Most likely, it does not. Like any retailer, a local dealer must monitor the “replacement cost” of inventory, which in this case is what the dealer thinks he will pay for the next delivery of gasoline. While prices of crude oil may gyrate wildly in world petroleum markets, there is a lag time before there is an effect on prices at the pump. It may take a few weeks for record high crude oil prices to effect a significant change in local prices of gasoline. Local dealers also keep an eye on the “spot” price of gasoline and adjust their pump price frequently to keep up with market trends. In periods of volatility, it is not unusual to see the price change several times in one day.

Generally, a retailer can charge whatever the traffic will bear, so to speak. A seller must cover his costs and make a profit, but competition will prevent him from raising his price too high. Location of the gas station is important, as is the time of year. Gas will be more expensive in central New Hampshire during Bike Week and NASCAR events, while holiday weekends can assure high prices all around. Average prices for regular unleaded in New Hampshire peaked at \$2.054 cents per

Home heating oil prices were on the rise again in 2004



Source: New Hampshire Office of Energy and Planning

gallon shortly after Memorial Day 2004 and approached the two dollar level again in late fall⁷.

So where does the money spent on gasoline go? Assuming a gasoline price of \$1.88 per gallon (the US average price in August 2004), 52.0 percent of that cost is for crude oil. Taxes at the federal, state, and local levels accounted for 22.0 percent. Profits and costs for refining (processing crude oil into gasoline) make up another 14.0 percent.⁸ Finally, the costs and profits of distribution, marketing, and retailing, take another 12.0 percent. In recent years, crude oil has varied between 35 to 50 percent of the total cost. At the retail level, profit margin can be as little as a few cents per gallon. While this example uses national averages, gasoline taxes in New Hampshire are relatively low. Total state taxes are 20.6 cents per gallon,

while the national average is 25.3 cents. Of the six New England states, only Vermont has a lower gasoline tax.

Finding the cheapest gasoline is often a matter of being in the right place at the right time. To find out where the least expensive gas is on a given day and area, drivers check out a number of web sites, where visitors can view and post recent gasoline price activity at individual service stations throughout the state.

Home Heating Oil

The winter of 2004 was very cold. January's average monthly temperature in Concord was only 14.2 degrees, six degrees below normal. As residents turned up the thermostat, they may have felt relieved that heating oil prices peaked at \$1.398 in February, compared to a high of \$1.484 the previous winter. Tightening of heating oil supplies in

world markets raised concerns as the price reached \$1.46 this past August. That upturn could be a harbinger of higher prices in the winter to come.⁹

More than half of the homes in New Hampshire use heating oil as the primary fuel. As the average home consumes about 800 gallons a year, an increase that would put prices in the \$2.00 per gallon level would add nearly \$500 to the cost of last year's heating bill. A colder than normal winter could mean higher prices, too.¹⁰

Heating oil is closely tied to the price of crude oil and is subject to the factors that affect its price. Heating oil is traded in a separate market on the New York Mercantile Exchange. Local supply and demand factors, along with the unpredictable weather are also major factors.

Many home heating oil dealers offer programs where customers can lock in a price early in the heating season to protect from potential increases during the winter, but take the risk that the price will drop. In recent years, locking in has been a very good bet.

Michael Argiropolis

¹ State Electricity Prices, 2002. US Department of Energy, Energy Information Administration. Accessed November 8, 2004. <www.eia.doe.gov/neic/rankings/stateelectricityprice2002.htm>

² Home—Electric. New Hampshire Public Utilities Commission. Accessed November 8, 2004. <www.puc.state.nh.us/Electric/electric.htm>

³ "Troubled Power Plant Changing Hands." Foster's Sunday Citizen September 5, 2004.

⁴ Clean Vehicles. Union of Concerned Scientists. Accessed November 30, 2004. <www.ucsusa.org/clean_vehicles/>

⁵ New Hampshire Natural Gas Residential Price. US Department of Energy, Energy Information Administration. Accessed November 29, 2004. <tonto.eia.doe.gov/dnav/ng/hist/n3010nh3m.htm>

⁶ Howe, Peter. "Gas Plant Could Ease N.E. Demand." Boston Globe August 10, 2004.

⁷ Daily Fuel Gauge Report. American Automobile Association. Accessed December 2, 2004. <www.ouraaa.com/news/news/fuel.html>

⁸ Gasoline and Diesel Fuel Update. US Department of Energy, Energy Information Administration. Accessed November 8, 2004. <tonto.eia.doe.gov/oog/info/gdu/gasdiesel.asp>

⁹ EIA's Petroleum Product Prices for New Hampshire. US Department of Energy, Energy Information Administration. Accessed November 8, 2004. <www.eia.doe.gov/emeu/states/oilprices/oilprices_nh.html>

¹⁰ Moskowitz, Eric. "Money to Burn as Oil Costs Climb." Concord Monitor October 4, 2004.

Energy Expenditures and Prices

	2000	2001	2002	2003	Source
Energy Expenditures Per Capita	\$2,611	n/a	n/a	n/a	EIA
United States rank	20	n/a	n/a	n/a	EIA
Energy Prices (\$ per million Btu)	\$13.32	n/a	n/a	n/a	EIA
United States rank	4	n/a	n/a	n/a	EIA
Petroleum prices (per million Btu)	\$10.67	n/a	n/a	n/a	EIA
United States rank	15	n/a	n/a	n/a	EIA
Electric prices (per million Btu)	\$32.98	n/a	n/a	n/a	EIA
United States rank	3	n/a	n/a	n/a	EIA

Energy Purchased and Generated

	2000	2001	2002	2003	Source
Electric Energy Purchased					
Sales to Ultimate Customers (million KWH)					
New Hampshire:					
Total	10,159	10,316	10,490	10,822	EIA
Percent change	2.7%	1.6%	1.7%	3.2%	NHES
Residential	3,656	3,789	4,045	4,253	EIA
Percent change	0.4%	3.6%	6.7%	5.1%	NHES
Commercial	3,774	3,912	4,014	4,174	EIA
Percent change	4.7%	3.6%	2.6%	4.0%	NHES
Industrial	2,597	2,483	2,288	2,253	EIA
Percent change	3.2%	-4.4%	-7.8%	-1.5%	NHES
New England:					
Total	116,987	118,809	116,614	122,946	EIA
Percent change	2.9%	1.6%	-1.8%	5.4%	NHES
Residential	41,302	43,161	44,411	46,455	EIA
Percent change	0.7%	4.5%	2.9%	4.6%	NHES
Commercial	47,527	51,496	49,285	51,639	EIA
Percent change	4.5%	8.4%	-4.3%	4.8%	NHES
Industrial	26,531	22,622	20,769	23,275	EIA
Percent change	3.0%	-14.7%	-8.2%	12.1%	NHES
Net Energy Generated, New Hampshire (million KWH)	12,702	13,095	12,276	6,232	EIA
As percentage of energy purchased	125.0%	126.9%	117.0%	57.6%	NHES
As percentage of total generated by type ^a					
Hydroelectric	2.6%	1.7%	2.1%	5.3%	EIA/NHES
Fossil fuel	35.1%	31.9%	36.0%	94.7%	EIA/NHES
Nuclear	62.4%	66.4%	61.9%	-	EIA/NHES

^a Rounding may cause percentages to not equal 100 percent

Energy and Fuel Consumption

	2000	2001	2002	2003	Source
Energy Consumption					
Total consumption (trillion Btu)	329.1	n/a	n/a	n/a	EIA
Annual percent change	0.3%	n/a	n/a	n/a	EIA/NHES
United States rank	45	n/a	n/a	n/a	EIA/NHES
Types of energy consumption (percent of total)					
Residential	24.0%	n/a	n/a	n/a	EIA/NHES
Commercial	17.8%	n/a	n/a	n/a	EIA/NHES
Industrial	27.2%	n/a	n/a	n/a	EIA/NHES
Transportation	31.1%	n/a	n/a	n/a	EIA/NHES
Energy consumption per capita (million Btu)					
United States rank (including D.C.)	44	n/a	n/a	n/a	EIA
Net Interstate flow of electricity and assoc. losses	-16,856	n/a	n/a	n/a	EIA
Fuel Consumed to Generate Electricity In equivalent barrels of oil					
New Hampshire total (thousand barrels)	19,804	20,600	19,190	8,748	NHES
Oil	783	831	1,152	3,489	EIA
Coal	5,543	5,030	5,005	5,259	EIA/NHES
Gas	129	87	181	0	EIA/NHES
Nuclear	13,349	14,651	12,852	0	EIA/NHES

9. Production

New Hampshire's **GSP** growth 2nd fastest in region from 2002 to 2003. Export sales picked up after recession related decline.

New Hampshire's gross state product was \$49.0 billion in 2003, up 5.6 percent over the year. This over-the-year increase ranked the Granite State as 16th for fastest growth in the nation. Among the New England States, only Rhode Island, with a 7.0 percent increase, saw a faster over-the-year growth in GSP than New Hampshire. Growth for the other states in the region ranged from 5.4 percent in Vermont to 3.2 percent in Massachusetts.

According to Bureau of Economic Analysis (BEA), Gross State Product is the value added in production by the labor and their productive resources located in a state. GSP for a state is derived as the sum of the GSP originating in all industries in the state. In mid-December 2004, BEA, using the North American Industry Classification System (NAICS) for the first time, released a comprehensive benchmark revision of GSP. They revised GSP figures from 1998 to 2002 and estimated total GSP for all industries for 2003.

GSP by Sector

During the late 1990s, as the "high tech boom" started, New Hampshire's Manufacturing employment was on the rise as the nation was seeing declines. Why? The Granite State had a higher share of its Manufacturing employment in high tech than the nation and its growth more than compensated for other manufacturing sector declines. As a result, Manufacturing, with \$8.3 billion, claimed just over 21 percent of the state's total gross state product in 1998.



The Real estate, rental, and leasing sector followed with \$5.1 billion, or 13.1 percent of total GSP, a product of a growing real estate market.

As the nineties ended and the new millenium began, New Hampshire, along with the nation, saw its high tech employment drop. By 2002, the latest year GSP by sector data is available from BEA, Manufacturing's GSP dropped to \$5.8 billion, claiming only 12.5 percent of the state's total GSP. However, during this

New Hampshire's GSP increased 5.6 percent from 2002 to 2003; 2nd fastest growth in the region and 16th in the nation



time the real estate market took off and this sector's GSP increased to \$6.7 billion, surpassing Manufacturing's GSP and claiming the highest share of the total for the state, 14.4 percent in 2002.

Finance and insurance, riding on the coattail of the strong real estate market, saw its GSP increase from \$2.8 billion in 1998 to \$4.3 billion in 2002. Because New Hampshire has seen a huge influx of retail establishments in recent years, it is not surprising that Retail trade's GSP increased from \$3.0 billion in 1998 to \$4.2 billion in 2002.

Exports to the World

After increasing at double-digit rates in 1999 and 2000, the total value of New Hampshire's export sales to the world peaked in 2001 at \$2.4 billion. However, just like its high tech employment, the Granite State's high tech exports were hit hard by the 2001 recession. Partly driven by this drop in high tech employment, export sales dropped by \$537.7 million over-the-year to \$1.86 billion in 2002. However, export sales can fluctuate due to the presence or absence of large sales contracts or deliveries.

The Granite State was able to regain some of that loss as export sales to the world increased by \$68.1 million from 2002 to 2003. This gain

brought the State's export sales up to \$1.93 billion, about where it was back in 1999.

By Industry

Not surprisingly, the vast majority of New Hampshire's export sales come from Manufacturing firms. In 2000, Manufacturing firms claimed about 94 percent of the total sales. More than half of the sales were from firms in just two

[The Real estate, rental, and leasing sector's] GSP increased to \$6.7 billion, surpassing Manufacturing's GSP and claiming the highest share of the total for the state, 14.4 percent in 2002.

subsectors, Computer and electronic product manufacturing (NAICS 334) and Machinery manufacturing subsector (NAICS 333). By 2003, Manufacturing's share of the total sales dropped slightly to about 91 percent.

Other types of exports from New Hampshire include fish, forestry products, agricultural products, minerals and ores, and livestock.

Roughly 42 percent of New Hampshire's total export sales to the world in 2000 were from firms in the Computer and electronic product manu-

facturing (NAICS 334) subsector. This was a tremendous feat for a subsector that employed 4.5 percent of the state's total covered employment in 2000. Then came the recession. From 2000 to 2003, this subsector lost nearly one-third of its work force, about 8,700 employees. Even so, it still claimed 32 percent of the state's total export sales in 2003.

Firms in the Machinery manufacturing subsector (NAICS 333) were responsible for roughly 17 percent of the state's total export sales in 2000. This subsector made up only 1.4 percent of the state's total covered employment that year. This subsector was hit hard by the recession as well with a loss of about one-fifth of its workforce or nearly 1,600 employees from 2000 to 2003. Although firms in this subsector showed lower export sales numbers in 2003 compared to 2000, their share of the total sales actually increased to just over 20 percent of the state's total sales.

Export sales of Manufactured chemicals, too, saw its share of the total increase, from 4.3 percent in 2000 to 5.3 percent of the total in 2003. The Transportation equipment manufacturing and Miscellaneous manufacturing subsectors also saw their share of total export sales increase from 2000 to 2003.

By Country

New Hampshire exported to more than 170 countries some time during the 2000 to 2003 time frame. However, the majority of the state's export sales are usually with just 10 countries.

Export sales to Canada, New Hampshire's number one trading partner, dropped by 32 percent from 2000 to 2003 and those to the United Kingdom, the Granite State's number two trading partner, declined by 25 percent.

Export sales to Mainland China, New Hampshire's 7th largest trading partner in 2003, increased by \$43.4 million from 2000 to 2003, a growth of 145 percent. This was the largest 4-year net increase among all of New Hampshire's trading partners. The Netherlands also saw a sizeable increase in export sales

for the Granite State, \$39.7 million during the same time frame, making it the Granite State's 4th largest trading partner in 2003.

Exporting Companies

Nearly 2,200 firms exported merchandise from New Hampshire in 2002. This was down more than 13 percent from 2001. Comparing the other New England states, Massachusetts topped the list with almost 10,200 firms exporting merchandise from the state while Vermont came in at the bottom with only 1,100 firms exporting merchandise in 2002. Looking at all the states, California topped the list with 55,400 firms exporting merchandise and Wyoming came in last with only 307 firms exporting merchandise. Nationally, more than 223,000 firms exported merchandise in 2002.¹

Employment Related to Exports

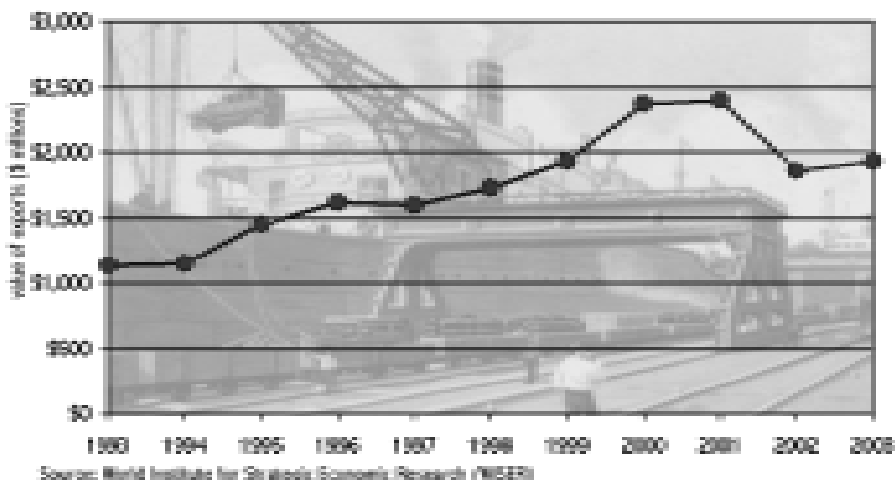
Employment related to the export of manufactured goods includes those jobs that are either directly related or indirectly related to exports. Jobs *directly* related to exports are those employees of firms that produce the merchandise to be exported. Jobs *indirectly* related to exports include such employees as those from firms that the manufacturers buy supplies from and those working for transportation companies that deliver the merchandise from the manufacturing plant to the port of export.²

Roughly 37,500 jobs in New Hampshire were related to exports of manufactured goods in 2001, the latest year for which this data is available. Manufacturing firms (based on SIC definition) claimed 53.6 percent of those jobs. Only Rhode Island and Connecticut had a higher share of their total employment related to Manufactured exports in Manufacturing with 62.4 and 59.6 percent, respectively. Nationally, only 43.9 percent of the total employment related to Manufactured exports were in Manufacturing.

As the US dollar continues to fall, many wonder what effect this will have on exports. According to the World Institute for Strategic Economic Research (WISER), "A lower dollar makes US companies

Continued on page 42

The value of New Hampshire's exports increased slightly in 2003 after experiencing a large recession-related decline in 2002



Gross State Product (\$ millions)

	2000	2001	2002	2003	Source
Current Dollars	\$42,655	\$43,834	\$46,448	\$49,047	BEA/PSNH
Annual percent change	n/a	2.8%	6.0%	5.6%	NHES
Real 1996 Dollars (base year)	\$42,655	\$43,138	\$44,813	n/a	BEA/PSNH
Annual percent change	5.2%	1.1%	3.9%	n/a	NHES

US Gross Domestic Product (\$ billions)

	2000	2001	2002	2003	Source
Current Dollars	\$9,817	\$10,128	\$10,487	\$11,004	BEA
Annual percent change	5.9%	3.2%	3.5%	4.9%	BEA/NHES
Real 2000 Dollars (base year)	\$9,817	\$9,891	\$10,075	\$10,381	BEA
Annual percent change	3.7%	0.8%	1.9%	3.0%	BEA/NHES

Value Added

	2000	2001	2002	2003	Source
Value Added by Manufacture					
Total (\$ millions)	\$10,350	\$8,621	n/a	n/a	CB
Value Added per Payroll Dollar					
United States	\$3.24	\$3.13	n/a	n/a	CB
New Hampshire	\$2.65	\$2.27	n/a	n/a	CB
United States rank ^a	45	48	n/a	n/a	CB
Connecticut	\$2.58	\$2.61	n/a	n/a	CB
United States rank ^a	49	44	n/a	n/a	CB
Maine	\$2.97	\$2.78	n/a	n/a	CB
United States rank ^a	38	39	n/a	n/a	CB
Massachusetts	\$2.89	\$2.67	n/a	n/a	CB
United States rank ^a	41	42	n/a	n/a	CB
Rhode Island	\$2.52	\$2.45	n/a	n/a	CB
United States rank ^a	50	47	n/a	n/a	CB
Vermont	\$3.12	\$2.92	n/a	n/a	CB
United States rank ^a	30	33	n/a	n/a	CB
Industry Share of Total Value Added (NAICS codes)					
Computer and Electronic Product Manufacturing	30.9%	24.5%	n/a	n/a	CB
Fabricated Metal Product Manufacturing	10.5%	13.7%	n/a	n/a	CB
Machinery Manufacturing	10.1%	9.1%	n/a	n/a	CB
Electrical Equipment, Appliance, and Component Manufacturing	8.3%	7.6%	n/a	n/a	CB
Plastics and Rubber Products Manufacturing	5.8%	5.3%	n/a	n/a	CB
Paper Manufacturing	5.3%	5.3%	n/a	n/a	CB
Miscellaneous Manufacturing	4.9%	6.7%	n/a	n/a	CB
Printing and Related Support Activities	3.4%	4.1%	n/a	n/a	CB
Primary Metal Manufacturing	2.7%	2.7%	n/a	n/a	CB
Wood Product Manufacturing	2.7%	2.1%	n/a	n/a	CB
Total Manufacturers' Shipments (\$ millions)	\$19,641	\$16,975	n/a	n/a	CB
Annual percent change	6.5%	-13.6%	n/a	n/a	CB

^a Including D.C.

Continued from page 40

more competitive in foreign markets. At the same time, global growth is expected to increase to 4.1 percent in 2004 from 3.2 percent in 2003, increasing international buying power for US made products."

Elisabeth Picard

¹ A Profile of US Exporting Companies, 2001-2002, US Department of Commerce, Foreign Trade Division. Accessed November 5, 2004. <www.census.gov/foreign-trade/aip/edbrel-0102.pdf>

² Exports from Manufacturing Establishments: 2001. July 2004. US Census Bureau. Accessed September 30, 2004 <www.census.gov/mcd/exports/ar01.pdf>

New Capital Expenditures

	2000	2001	2002	2003	Source
Total (\$ millions)	\$857	\$855	n/a	n/a	CB
As a Percent of Payroll					
United States	25.1%	24.2%	n/a	n/a	CB/NHES
New Hampshire	22.0%	22.5%	n/a	n/a	CB/NHES
Connecticut	17.4%	16.9%	n/a	n/a	CB/NHES
Maine	34.3%	26.7%	n/a	n/a	CB/NHES
Massachusetts	20.3%	21.7%	n/a	n/a	CB/NHES
Rhode Island	15.3%	14.6%	n/a	n/a	CB/NHES
Vermont	55.1%	41.1%	n/a	n/a	CB/NHES

Export Sales to the World

	2000	2001	2002	2003	Source
Total (\$ millions)	\$2,373	\$2,401	\$1,863	\$1,931	WISER
Annual percent change	23.0%	1.2%	-22.4%	3.7%	WISER/NHES
Industry Share of Total Exports (NAICS code)					
Computer and Electronic Product Manufacturing	42.1%	36.8%	30.6%	31.8%	WISER/NHES
Machinery Manufacturing	17.2%	19.4%	20.7%	20.1%	WISER/NHES
Fabricated Metal Product Manufacturing	4.6%	4.0%	3.9%	4.0%	WISER/NHES
Electrical Equipment, Appliance, and Component Manufacturing	5.0%	8.5%	5.4%	4.9%	WISER/NHES
Chemical Manufacturing	4.6%	4.0%	3.9%	4.0%	WISER/NHES
Plastics and Rubber Products Manufacturing	5.0%	8.5%	5.4%	4.9%	WISER/NHES
Leather and Allied Product Manufacturing	4.3%	6.0%	5.2%	5.3%	WISER/NHES
Transportation Equipment Manufacturing	4.6%	4.0%	3.9%	4.0%	WISER/NHES
Miscellaneous Manufacturing	2.5%	2.8%	4.0%	4.2%	WISER/NHES
Paper Manufacturing	2.1%	1.2%	1.6%	2.2%	WISER/NHES

Defense Contracts (\$ millions)

	2000	2001	2002	2003	Source
Total	\$400	\$479	\$597	\$738	CB

10. Trade, Recreation, & Hospitality

New England consumers still showed signs of concern in 2004. Agritourism a special niche in New Hampshire's economy.



Consumer confidence plays a major role in the economy. As consumers gain confidence in the economy, they buy products, especially big ticket items. This, in turn, increases output and employment. Consumer confidence is broken down into how consumers feel about their circumstances now and how they feel about the future (six months from now). More specifically, for the Present Situation Index, consumers are surveyed about their present business and employment conditions. For the Future Expectations Index, consumers are surveyed on not only how they feel about business and employment conditions of the

future (6 months from now), but also how confident they feel about their household income six months from now. According to the Conference Board, the total consumer confidence index is an average of these.

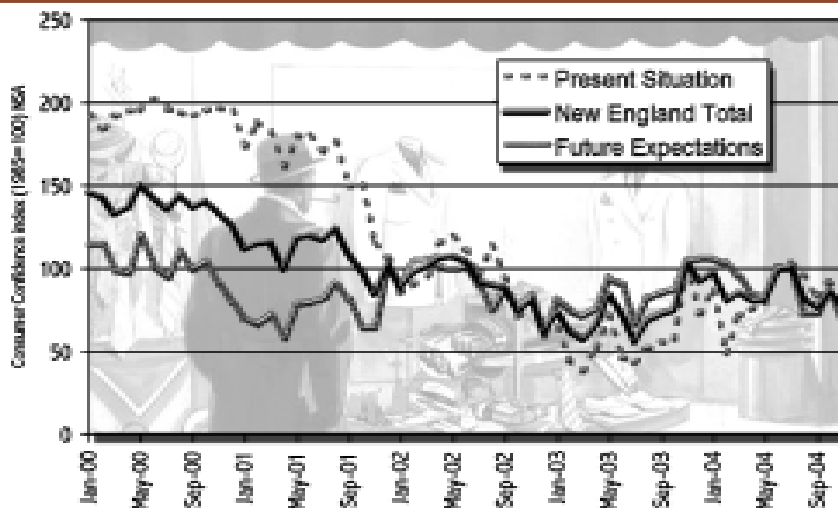
In March 2001 the region (as well as the nation) was officially in a recession. New England consumers were concerned about their present circumstances. The Present Situation index dropped 87 points, bringing the March 2001 level of 182.6 down to 95.6 in March 2002, four months after the recession "officially" ended. Although consumers were concerned

about their present situation, they were more optimistic about the future as that index increased over-the-year.

That optimism was short-lived, however, as the total consumer confidence level plunged nearly 44 points from 101.9 in March 2002 to 57.6 in March 2003. The present situation index declined by 60 points while the Future Expectations Index dropped by 33 points.

As the region continued to recover from the recession, consumers were gaining confidence, especially in the current business and employment conditions. In March 2004, consumer confidence increased by nearly 50 percent over-the-year to an index of 85.8. However, as 2004 continued, oil prices hit record highs and national job growth was lower than most economists expected. Consumers became more cautious. By November, consumer confidence in New England was down to 77.9.

Since 2000, New England consumers have been less optimistic about their present situation



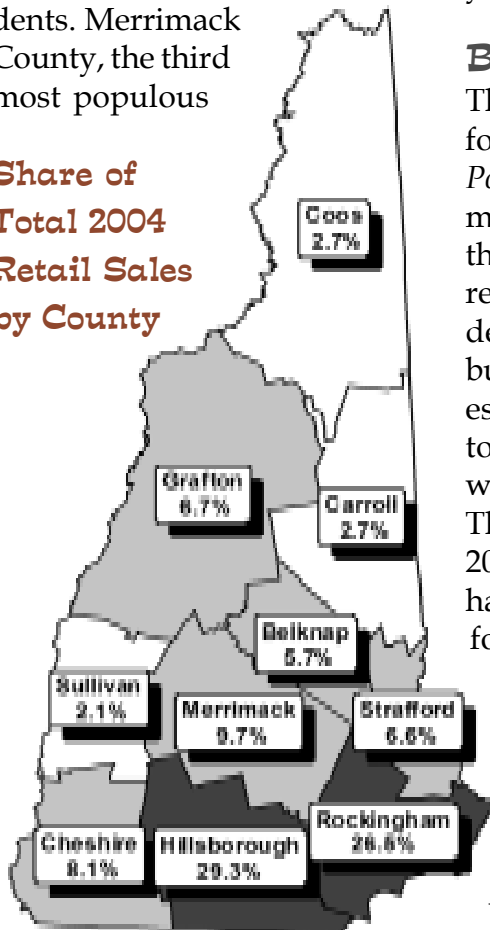
Retail Sales

Despite the fact that New England consumers have been cautiously optimistic about

the economy during the last few years, New Hampshire's total retail sales have been increasing. Retail sales in New Hampshire were estimated at \$27.3 million in 2004, according to Sales and Marketing Management's 2004 Survey of Buying Power. This over-the-year increase of 6.8 percent marks the third consecutive year retail sales in the Granite State have grown faster than sales in New England or the nation.

Hillsborough and Rockingham counties, combined, claimed nearly 56 percent of all retail sales in New Hampshire in 2004. These two counties also claimed about 53 percent of all Granite State residents. Merrimack County, the third most populous

Share of Total 2004 Retail Sales by County



Source: Sales and Marketing Management

county in the state in 2004, claimed just under ten percent of all retail sales.

On the other end of the scale, Coos County, the least populous county in the state, claimed 2.7 percent of all retail sales. This matched the share of sales in Carroll County and was actually slightly larger than Sullivan County's share of total retail sales.

Effective Buying Income

Effective Buying Income (EBI) is a measurement of disposable income used by Sales & Marketing Management. New Hampshire's total EBI increased 4.3 percent over-the-year to \$28.3 billion in 2004.

Buying Power Index

The Buying Power Index (BPI), for which the *Survey of Buying Power* is best known, is a 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 estimates how much of the total retail sales for the nation will occur in a specific area. The state's BPI was 0.5570 in 2004. This means that about a half percent of all retail sales for the nation was in

New Hampshire. In New England, the BPI for the states ranged from a high of 2.4745 in Massachusetts to a low of 0.2110 in Vermont. The region as a whole had a BPI of 5.5011 in 2004.

Economic Impact of Tourism

According to the latest travel barometer from Plymouth State University's Institute for New Hampshire Studies, 2003 was a "mixed year for New Hampshire's travel and tourism industry in comparison with 2002". The fall season had the strongest over-the-year growth of the four seasons. Very cold winter months with very little snow, the war in Iraq during the spring, and a rainy summer in northern New Hampshire reduced travel during those seasons, according to the barometer. Even so, total spending by tourists and travelers reached \$3.9 billion in 2003, an over-the-year increase of 2.3 percent.

New Hampshire's Division of Travel and Tourism Development (DTTD) recorded nearly an eleven percent over-the-year drop in requests for their Guidebooks. However, they had a significant increase in the use of their Web site (www.visitnh.gov). According to DTTD, some travelers are obtaining the information they need over the Internet, rather than by ordering a Guidebook or other travel directories.

Skiing in New Hampshire

According to Ski NH's most recent economic study (based on the 2001-2002 ski season), skiing contributed \$651 million to New Hampshire's economy, with direct sales at

the resorts totaling \$245.4 million. The remaining \$405.6 million was in secondary sales generated at such places as lodging properties, restaurants, convenience stores, service stations, ski and snowboard shops, retail stores, state liquor stores and state tollbooths.

After a slow start, New Hampshire's 2003-04 ski season recorded their third best winter in the past decade, posting 2,044,422 alpine skier and snowboarder visits, according to Ski NH. Although the visitor numbers for the 2003-2004 season were slightly above New Hampshire's ten year average, they were about nine percent behind the 2002-2003 season which was the second best in the state's history (based on total skier and snowboarder visits). The 2000-2001 ski season was the best in the state's history, according to Ski NH.

The 2004-2005 ski season officially began on November 10, 2004, with Bretton Woods opening one trail on packed powder for ski enthusiasts.

With nearly \$25 million spent on capital improvements over the last year, New Hampshire's ski areas are hoping for a great season.

Agritourism — a Special Niche

New Hampshire farmers, known for their Yankee ingenuity, are jumping on the "tourism haywagon" in hopes

of on-farm activity that invites the public to participate," according to Gail McWilliam Jellie, Director, Division of Agriculture Development.

Examples include pick your own apples; on-farm harvest festivals; corn mazes; on-farm hiking, picnicking, skiing, hayrides, or holiday events. All of these activities have become popular among tourists and people seek them out, according to NHDAMF. These activities provide entertainment and, oftentimes, education for tourists and an additional source of income for the farm.

Other examples of farm tourism activities include a farm stay, such as a bed and breakfast situation, or special dinner offerings at the farm. Also the agriculture fairs contribute to tourism and to the state's economy. According to NHDAMF, visitors to the state's eleven agricultural fairs, as well as exhibitors and operators, spent an estimated \$40.1 million at or near the fair grounds while these fairs were underway in 2002.

Elisabeth Picard

...total spending by tourists and travelers reached \$3.9 billion in 2003, an over-the-year increase of 2.3 percent.

of helping to make ends meet. This agricultural tourism, or *agritourism*, seems to be catching on. According to New Hampshire's Department of Agriculture, Markets & Food (NHDAMF), the tourism industry has begun to recognize the marketing value of agriculture. So what exactly is *agritourism*? It is "any type of

Hospitality: Hotel, Restaurant Activity

	2000	2001	2002	2003	Source
Total Meals and Rooms Sales Receipts (millions)	\$1,976.2	\$2,004.1	\$2,031.0	\$2,082.8	RA
Annual percent change	7.3%	1.4%	1.3%	2.6%	RA/NHES
Restaurants	\$1,258.0	\$1,293.7	\$1,279.3	\$1,291.5	RA
Other food service	\$245.6	\$269.3	\$305.7	\$337.0	RA
Rooms	\$282.6	\$281.7	\$289.0	\$302.5	RA
Combination (hotel, restaurant, and lounge)	\$190.0	\$159.5	\$157.1	\$151.8	RA
Motor Vehicle Rentals (millions)	\$7.6	\$6.8	\$6.7	\$7.1	RA

Retail Sales

	2000	2001	2002	2003	Source
New Hampshire, total (millions)	\$22,974	\$24,308	\$24,660	\$25,535	SMM
Annual percent change	n/a	5.8%	1.4%	\$0	SMM/NHES
Food & beverage stores	\$3,189	\$3,338	\$3,468	\$3,330	SMM
Annual percent change	n/a	4.7%	3.9%	(\$0)	SMM/NHES
Food service & drinking establishments	\$1,498	\$1,588	\$1,622	\$1,793	SMM
Annual percent change	n/a	6.0%	2.1%	\$0	SMM/NHES
General merchandise stores	\$2,881	\$2,856	\$2,897	\$3,219	SMM
Annual percent change	n/a	-0.9%	1.4%	\$0	SMM/NHES
Furniture & home furnishings and electronic & appliance stores	\$1,329	\$1,367	\$1,284	\$1,442	SMM
Annual percent change	n/a	2.9%	-6.1%	\$0	SMM/NHES
Motor vehicle & parts dealers	\$6,840	\$7,137	\$7,119	\$6,967	SMM
Annual percent change	n/a	4.3%	-0.3%	(\$0)	SMM/NHES
New England, total (millions)	\$193,430	\$205,177	\$206,774	\$207,465	SMM
Annual percent change	n/a	6.1%	0.8%	\$0	SMM/NHES
United States, total (millions)	\$3,409,490	\$3,658,749	\$3,627,218	\$3,724,992	SMM
Annual percent change	n/a	7.3%	-0.9%	\$0	SMM/NHES

Per Household Retail Sales

New Hampshire	\$50,031	\$51,272	\$50,113	\$51,020	SMM
Connecticut	\$37,912	\$39,190	\$38,550	\$38,274	SMM
Maine	\$37,471	\$38,048	\$35,923	\$36,322	SMM
Massachusetts	\$36,594	\$37,590	\$37,355	\$36,316	SMM
Rhode Island	\$28,677	\$28,780	\$28,640	\$27,570	SMM
Vermont	\$33,643	\$33,997	\$32,338	\$33,804	SMM
New England	\$37,480	\$38,413	\$37,761	\$37,333	SMM
United States	\$33,113	\$34,450	\$33,662	\$34,036	SMM

Liquor Sales (fiscal year)

Retail and Wholesale	\$288.5	\$305.0	\$327.6	\$350.8	LC
Fiscal percent change	8.8%	5.7%	7.4%	7.1%	LC/NHES
Percent retail	71.3%	71.4%	70.9%	70.3%	LC/NHES

^a Reprinted by permission of Sales & Marketing Management, a publication of Bill Communications.

Recreation/Tourism

	2000	2001	2002	2003	Source
Division of Travel & Tourism Development Inquiries	177,492	175,176	186,294	206,358	DTTD
Fish and Game licenses (non-resident)	77,352	73,897	71,330	67,149	F&G
Out-of-State Snowmobile Registrations	15,320	18,835	18,363	20,880	F&G
Skiing, state owned Cannon Mountain (fiscal year)					
Number of skiers	100,601	130,656	116,637	109,562	P&R
Lift sales, including season passes	\$1,589,497	\$2,231,416	\$3,172,226	\$2,096,400	P&R
Racing, pari-mutuel pool (millions)					
Thoroughbred track:					
Simulcast	\$138.1	\$149.8	\$144.2	\$140.5	PM
Live	\$15.2	\$13.7	\$14.8	\$0.0	PM
Greyhound tracks:					
Simulcast	\$48.5	\$65.0	\$58.7	\$81.7	PM
Live	\$25.8	\$26.4	\$25.3	\$21.7	PM

II. Construction & Housing

New Hampshire's construction employment continued to grow. Housing prices still on the rise, if at a slower pace. Rental costs also up.

As the Granite State's housing market grows and its commercial sector expands, so does its Construction employment. Almost 3,900 more people were employed in the Construction sector in 2003 compared to 2000. Within Construction, the *Specialty trade contractors* subsector picked up half of these new employees. The demand for these contractors increased as people had new homes built or renovated their existing homes and new businesses opened or expanded. Right in line with the building of new homes and the expansion of businesses was the addition of 1,235

workers in the *Construction of buildings* subsector from 2000 to 2003.

In addition to the Granite State's robust housing market was the construction or repairing of highways, streets, water/sewer systems, bridges, dams, or other "heavy" construction projects around the state. Firms working on these types of projects are usually found in the *Heavy and civil construction* subsector, which had a net increase of 561 jobs from 2000 to 2003.

Building Permits

Building permits are a measure of a builder's confidence



in the market. The more confident a person is of the economy, the greater the chance they will build. This also leads to increases in retail sales, as these homeowners furnish their new homes.

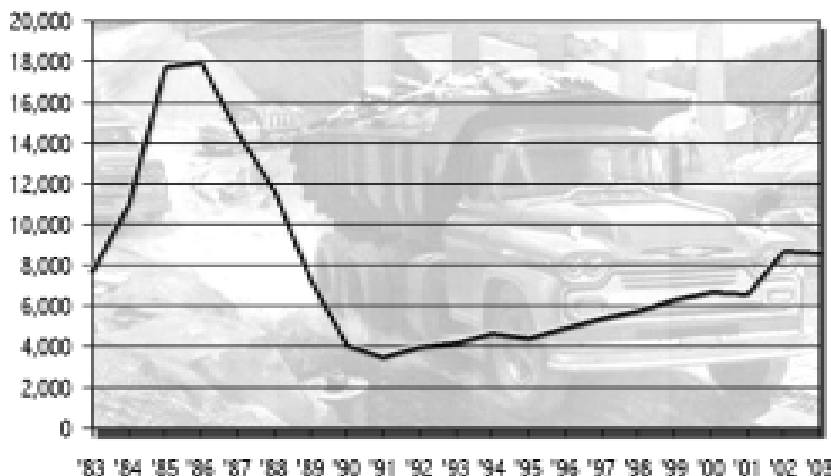
Total building permits authorized in the Granite State increased nearly 32 percent from 2001 to just over 8,700 in 2002. This was the highest level seen since the housing boom of the late 1980s. From 2001 to 2002, building permits in New England increased about 10 percent while those nationwide increased about 7.0 percent.

In 2003, building permits in the Granite State remained at about the same level as the previous year. Total building permits in New England increased by 6.9 percent while those nationwide increased 8.1 percent from 2002 to 2003.

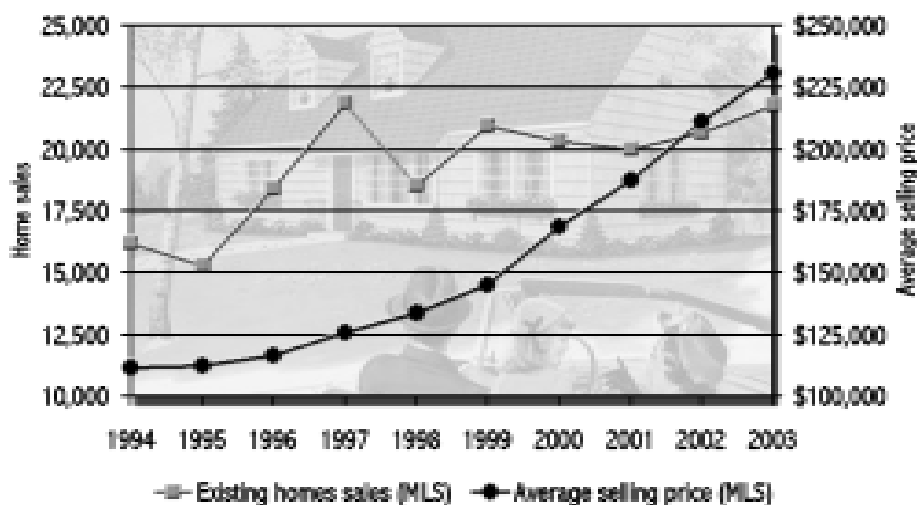
Housing

According to the US Census Bureau's American Community Survey, New Hampshire had just over 569,000 housing units in 2003, an increase of 22,000 from 2000. The Census Bureau defines a housing unit

Total permits authorized in the State in 2003 remained at the 2002 level, the highest level seen in the Granite State in thirteen years



Home sales in 2003 were still on the rise, even though the average selling price for homes in New Hampshire continued to increase



as a house, apartment, mobile home, trailer, or either a group of rooms or a single room used for separate living quarters. A household is an occupied housing unit. The total number of households in the state increased by 22,500 during the same four-year period to a level of 493,000 in 2003.

The homeowner vacancy rate, the percent of the total homeowner housing units that are

for sale, dropped from 1.6 percent in 2000 to 0.8 percent in 2003. The rental vacancy rate, on the other hand, increased from 3.0 percent in 2000 to 5.3 percent in 2003. One possible explanation is that many renters took advantage of the low interest rates and bought homes, thus decreasing the supply of houses for sale on the market and increasing the supply of apartments or houses for rent. Others who wanted to rent may not have

been able to do so because of the rising rental costs in the state.

Rental Costs

According to the New Hampshire Housing Finance Authority, rental costs continue to increase around the state. For a 2-bedroom unit the median gross rent, which includes average monthly utility costs, was \$978 in 2004. Because rental costs are subject to the law of supply and demand, those in the most populous counties tend to be higher. Hillsborough and Rockingham Counties topped the list with median gross rents of about \$1,040 in 2004. Coos County had the lowest median rental costs, \$500 a month.

House Prices

In 2003, home prices continued to increase in the Granite State, although they didn't increase at a double-digit rate like they had during the previous three years. The annual average selling price for residential homes (both new and existing) was just under \$231,000 in 2003. This was an increase of 9.2 percent over-the-year. To put this in perspective, the Northeast Urban CPI-U (usually considered a gauge of inflation in the region) increased 2.8 percent from 2002 to 2003. The average selling price for a home in the Granite State increased more than three times the rate of inflation.

Median gross rental costs for 2 bedroom apartment

Area	2000	2001	2002	2003	2004
Belknap	\$619	\$628	\$704	\$737	\$786
Carroll	\$615	\$703	\$693	\$729	\$811
Cheshire	\$684	\$712	\$740	\$789	\$813
Coos	\$464	\$453	\$459	\$477	\$500
Grafton	\$634	\$693	\$694	\$733	\$786
Hillsborough	\$834	\$940	\$990	\$1,007	\$1,036
Merrimack	\$814	\$832	\$868	\$919	\$935
Rockingham	\$842	\$938	\$1,009	\$1,009	\$1,046
Strafford	\$717	\$782	\$830	\$857	\$902
Sullivan	\$629	\$693	\$651	\$689	\$734
New Hampshire	\$774	\$818	\$884	\$932	\$978

Source: New Hampshire Housing Finance Authority

Mortgage Rates

Mortgage rates continued to fall in 2003. According to Freddie Mac, the annual average fixed mortgage rate on a 30-year loan was 5.83 percent in 2003. This was seven tenths of a point drop over-the-year and nearly two and one quarter points less than the 2000 average. Rates in the first three months of 2004 were lower than in the same months of the previous year. However, from April to July, the rates were higher in 2004; June's rate was more than a percentage point higher than June 2003 was. The rates dropped again as summer turned into fall and the last four months of 2004 saw rates lower than the same months in 2003.

Construction 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 (from the base year) in the value of construction contracts rather than the actual value itself. Because of this, the

index from 1999 to 2000. During that time, the natural gas pipelines were being built, as were two new energy plants. The following year, this index dropped by nearly 500 points, an indication that these projects were completed.

The annual average selling price for residential homes (both new and existing) was just under \$231,000 in 2003.

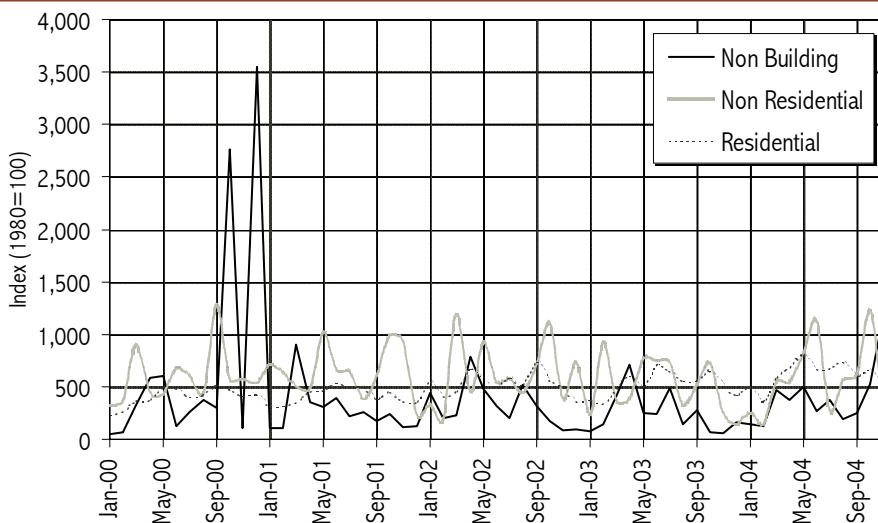
indexes can show large increases as large projects begin and large decreases as these projects are completed. An example would be the jump of more than 500 points in the non-building construction

Overall, New Hampshire's value of total construction contracts increased more than 14 percent from 2001 to 2002. This was nearly five times the rate of increase for New England and eleven times that of the nation. However, in 2003,

New Hampshire's index for the value of total construction contracts decreased nearly 10 percent to 464.5 in 2003. This index for New England declined just 5.7 percent to 348.3 in 2003, while the nation saw an increase of 5.3 percent, bringing its index to 357.5 in 2003. The total construction index reports the change in dollar value of contracts for new construction, additions, and major alterations.

Nonresidential building construction includes commercial buildings, manufacturing plants, hospitals, schools, and colleges. With steady over-the-year increases since 1994, this index for New Hampshire peaked at 649.6 in 2001. After a small over-the-year decline in 2002, this index plunged another 19 percent to a level of 508.9 in 2003. In New England

Construction Contract Indexes show volatility as construction projects begin and end



the index for the value of nonresidential contracts declined each of the last three years, bringing it to 388.4 in 2003. Nationally, the index stabilized at 295.0 in 2003, following two consecutive years of declines.

Nonbuilding construction refers to such projects as highways, bridges, dams, utility systems, and airports. After an over-the-year increase of 17 percent in 2002, this index declined by more than 20 percent bringing it down to 253.3 in 2003. Even with this decline, New Hampshire's value of nonbuilding construction projects in 2003 was still

above its 1999 level. In New England, this index declined nearly 36 percent over-the-year to 204.6 in 2003 while the national index declined just eight percent bringing it down to 285.3 in 2003.

Residential construction includes one and two family houses, apartment buildings, hotels, motels, and dormitories. The value of such contracts in New Hampshire increased by nearly 30 percent over-the-year to a level of 535.0 in 2002. In 2003, this index stabilized at the 2002 level. When looking at the two year span from 2001 to 2003, the value of residential con-

struction contracts in New Hampshire increased by 28 percent. The increase in the index for New England was slightly less (26 percent) and the index for the nation was slightly higher (29 percent).

Without a doubt, the strength of the Construction sector helped New Hampshire during the recession and the current recovery. There doesn't seem to be any sign of a major slowdown, either, as New Hampshire's population continues to increase. This, in turn, increases the demand for housing, schools, and goods and services.

Elisabeth Picard

Contract Value Indices (base = 1980)

	2000	2001	2002	2003	Source
Total construction:					
New Hampshire	536.4	450.5	515.6	464.5	FR
New England	403.1	352.0	369.2	348.3	FR
United States	319.4	335.1	339.6	357.5	FR
Non-building construction					
New Hampshire	759.1 ^a	274.5	321.4	253.3	FR
New England	417.0	287.7	317.5	204.6	FR
United States	284.5	335.6	310.8	285.3	FR
Nonresidential construction					
New Hampshire	594.4	649.6	630.2	508.9	FR
New England	526.0	442.6	418.0	388.4	FR
United States	330.6	321.9	294.8	295.0	FR
Residential construction					
New Hampshire	407.8	414.7	535.0	531.0	FR
New England	291.3	310.4	355.5	390.4	FR
United States	328.2	345.8	391.4	445.6	FR
Residential construction (seasonally adjusted)					
New Hampshire	392.1	411.4	538.8	524.8	FR
New England	284.5	307.3	350.9	383.4	FR
United States	322.6	341.3	387.6	441.4	FR

^aThe 2000 index was elevated due to the construction of a gas pipeline and energy plants

Changes to the New Hampshire Housing Stock

	2000	2001	2002	2003	Source
From residential building permit data					
Net change in units (permitted units less demolitions)	7,561	7,095	8,766	n/a	OEP
Total Hillsborough and Rockingham Counties	3,929	3,354	3,912	n/a	OEP
Total multifamily	949	832	1,884	n/a	OEP

Housing Permits Authorized (not seasonally adjusted)

	2000	2001	2002	2003	Source
Total New Hampshire	6,680	6,624	8,708	8,641	CB
Annual percent change:					
New Hampshire	5.6%	-0.8%	31.5%	-0.8%	CB/NHES
New England	-4.8%	-1.6%	9.9%	6.9%	CB/NHES
United States	-4.3%	2.8%	6.8%	8.1%	CB/NHES
Single units	6,097	5,910	6,754	6,583	CB
Annual percent change:					
New Hampshire	7.0%	-3.1%	14.3%	-2.5%	CB
New England	-4.9%	-3.7%	7.2%	-1.1%	CB
United States	-3.9%	3.1%	7.9%	9.6%	CB

Homes Financed by NH Housing Finance Authority

	2000	2001	2002	2003	Source
Total	1,512	1,141	1,169	1,493	HFA
Percent new	4.2%	3.5%	6.4%	5.4%	HFA
Percent condo	20.7%	26.0%	26.1%	30.7%	HFA
NHHFA Bond Issues (\$ millions)	\$124	\$80	\$172	\$219	HFA

Assisted Rental Housing Funded

	2000	2001	2002	2003	Source
Total units (NHHFA only)	328	385	206	377	HFA
For elderly tenants	180	199	88	67	HFA

Home Sales

	2000	2001	2002	2003	Source
Repeat-Sales Home Price Index, NSA (1987=100)					
New Hampshire	127.6	143.5	159.2	174.0	FR/FM
New England	146.2	163.3	180.8	198.6	FR/FM
United States	176.0	190.3	202.2	216.4	FR/FM

New Hampshire Multiple Listing Service data on Sales of Existing Homes

Total Sales Volume (millions)	3,420.1	3,748.5	4,381.3	5,036.5	NNEREN
Annual percent change	20.8%	9.6%	16.9%	15.0%	NNEREN/NHES
Average sale price	\$168,717	\$187,353	\$211,569	\$230,947	NNEREN
Annual percent change	16.1%	11.0%	12.9%	9.2%	NNEREN/NHES
Total existing home sales seasonally adjusted- single family, apt. condos. and coops	20,348	20,008	20,709	21,808	NHAR
Annual percent change	-3.1%	-1.7%	3.5%	5.3%	NHAR/NHES

Mortgage Rates and Housing Rentals

	2000	2001	2002	2003	Source
30-Year Fixed Mortgage Rates (Annual average)	8.1%	7.0%	6.5%	5.8%	MBA/FHLMC
Housing Unit Rentals					
Median monthly rent (including utilities)	\$697	\$738	\$810	\$854	HFA
Annual percent change	4.8%	5.9%	9.8%	5.4%	HFA/NHES

12. Finance & Banking

New Hampshire's commercial banks weathered the 2001 recession fairly well, but 2003 saw a record high number of bankruptcy filings.

In June 2003 the federal funds rate¹, a monetary policy target of the Federal Reserve, reached 1.0 percent, the lowest since 1958. There was even a fear of what would happen if the rate went any lower. However, from the beginning of 2004 the expectation was that the federal funds rate would be raised - the question was just when. That finally happened in June 2004 with a quarter of a percentage point. Subsequently, during the rest of 2004 the Fed raised the federal funds rate target four more times reaching 2.25 percent by the end of the year. This was the highest rate in more than three years, but still low historically. These gradual rate-increases come in response to the improving economy, and exhibit the Federal Reserve's attempt to forestall inflation and still promote long-term economic growth.

Interest rates are set at a national level and affect everybody in the nation. But at the state level, how did New Hampshire's financial institutions fare in the aftermath of the recession? It is

difficult to assess the performance of banks in New Hampshire because the state has few commercial banks and among them are large credit card institutions with a nationwide customer base. To accurately assess how the banks in New Hampshire are serving residents, businesses and communities, *performance* and *condition ratios* for New Hampshire banks should only include those institutions primarily serving the State's citizens.

Bank Profitability Versus Security

Return on assets (ROA) is a basic measure of profitability that indicates how much profit is earned per dollar of assets. ROA is calculated by dividing a bank's net (after tax) income by its assets (consisting primarily of interest earning loans). Return on equity (ROE) is another measure of profitability, indicating profit per dollar of equity. ROE is calculated by dividing net income by equity capital. Equity capital or net worth is calculated by taking total assets and subtracting total liabilities. Both of these measures are utilized to gauge performance.



Non-current loans to loans (NCL/L) is simply loans that are at least 90 days past due and accruing interest plus loans in non-accrual status as a percentage of all loans. It is an indication of the potential for losses due to loan defaults. The ratio of equity capital to assets (EK/A) determines how much equity capital is on hand relative to assets to absorb losses (i.e. loan defaults). The higher the ratio, the greater the losses that can occur while still maintaining solvency. These measures are considered condition ratios assessing how safe the financial institution is.

Broadly speaking, performance ratios measure the profitability of banking institutions while condition ratios indicate how secure or safe banks are. There is a trade-off between return on equity (ROE) and equity capital to asset (EK/A), or in common terms, between profitability and safety/security.

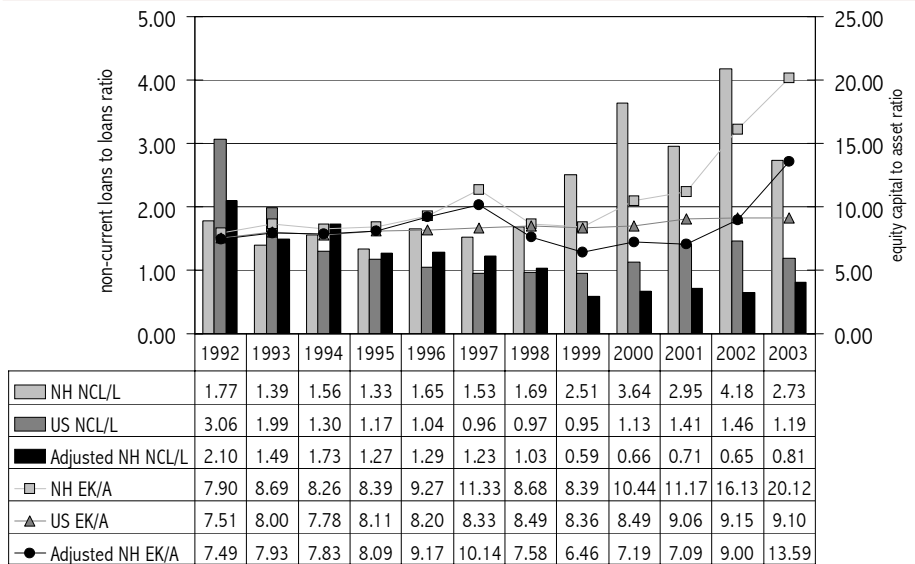
Performance and Condition Ratios

When credit card operations are included in New Hampshire data, both the return on

assets (ROA) and the return on equity (ROE) are significantly higher than for the United States through the year 2000. This is not surprising since credit card operations are quite profitable, due to the high interest rates. The non-current loans to loans ratio (NCL/L) and equity capital to assets ratio (EK/A) are generally higher than the US over the same time period. Again, not surprising as loan defaults are much more common in credit card operations; consequently, equity capital to asset ratios must be higher to absorb greater losses.

The impact of credit card operations on New Hampshire commercial banks was especially apparent from the late 1990's to 2003. The economic boom of the late nineties encouraged many credit card companies to seek additional profits by entering the

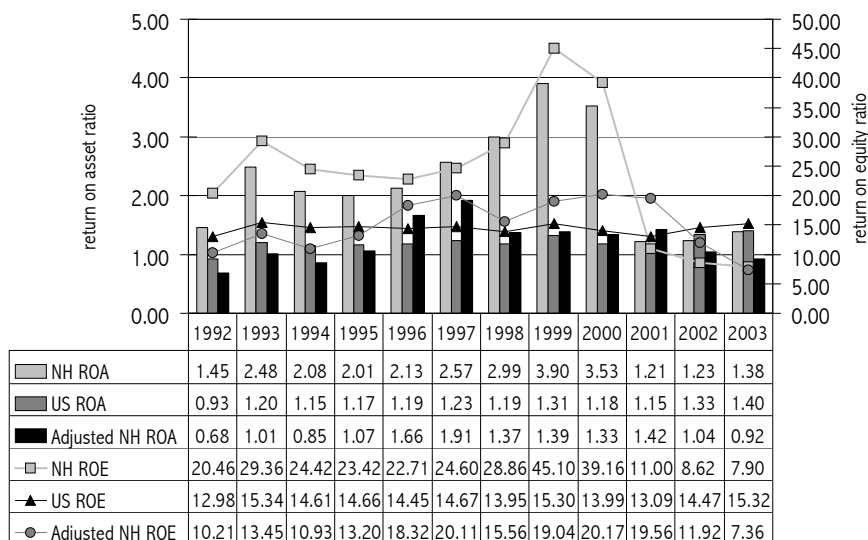
Equity capital to assets ratio started to increase for New Hampshire in 2000 as the banks had to absorb greater losses from loan defaults



“subprime” market. The “subprime” market refers to the practice of issuing credit cards to individuals with less than stellar credit histories or no histories at all (usually low income people) and charging higher fees and interest rates to offset the greater risk of default.

As a consequence of many credit card operations entering the subprime market, commercial bank performance ratios, both ROA's and ROE's, increased dramatically from 1998 to 2000. The risk of “subprime” lending became apparent when non-current loans to loans ratios began to increase in 1999 and then sped up due to the economic downturn. The bust of the economy combined with a large “subprime” market, led to a record high of credit card loan defaults.¹ As a result the New Hampshire ROE's were substantially lower than the ROE for the nation in 2002 and 2003. The equity capital to asset (EK/A) ratio in New Hampshire were much higher than those for the nation, as the credit card operations in the Granite State had to increase capital to remain solvent.

Both bank performance ratios for New Hampshire peaked in 1999 and declined sharply in 2001



New Hampshire performance without credit card operations

When comparing New Hampshire adjusted data (i.e. credit card operations removed) to US data from 1992 to 2002, we find that all four ratios are fairly comparable. However, in the late nineties and the first two years of the new millenium the New Hampshire ROE's were higher than the national ROE's and the equity capital to asset (EK/A) ratio for New Hampshire was lower than that for the nation. New Hampshire's superior economic performance during this time period enabled Granite State commercial banks to focus more on profitability rather than security.

In 2003 adjusted bank data indicated that New Hampshire's ROE was significantly lower than the ROE for the nation and the Granite State's equity capital to asset (EK/A) ratio was significantly higher. This was due entirely to the impending acquisition of Granite Bank by Chittenden Corporation in May 2004. Federal Deposit Insurance Corporation (FDIC) accounting procedures require that all parties to a merger increase their equity capital (i.e. increase security) prior to a merger. Consequently, Granite Bank's equity capital to assets (EK/A) ratio rose with a corresponding decrease in its ROE at the end of 2003. Because Granite Bank

was the second largest non-credit card commercial bank in New Hampshire, its actions had a pronounced impact on the Granite State's adjusted performance and condition ratios.

Financial Institutions in New Hampshire

The number of commercial banks based in New Hampshire fell from 15 in 2002 to 14 in 2003 as First & Ocean National Bank, located in



While the financial situation of Granite State savings institutions is currently healthy, interest rate risk is a concern.

Seabrook, was acquired by BankNorth National Association based in Portland, Maine. And as mentioned above in 2004 Granite Bank of Keene was purchased by Chittenden Corporation, a bank holding company based in Burlington, Vermont.

The number of savings institutions based in New Hampshire remained unchanged from 2002 to 2003. When credit card operations are subtracted from commercial bank data, savings institutions account for 66.2 percent of all bank

assets in the Granite State. According to the FDIC, as of March 31, 2004, nearly 52 percent of New Hampshire savings institution's average loan portfolio was comprised of residential real estate loans.² While the financial situation of Granite State savings institutions is currently healthy, interest rate risk is a concern. Interest rate risk refers to the potential for reduced interest income when the growth in interest rates paid on liabilities (i.e. interest paid to depositors) grows faster than the interest rates earned on assets (i.e. interest received by the bank). With much of their loan portfolios locked into long-term, fixed rate and low-interest mortgages, New Hampshire savings institutions could be vulnerable to interest rate risk if and when interest rates in general increase³.

The number of credit unions headquartered in the Granite State decreased from 31 in 2002 to 30 in 2003 as the New Hampshire Food Industry Credit Union of Manchester was acquired by St. Mary's Credit Union, also located in Manchester. Furthermore, in 2004, Acorn Credit Union, based in Nashua, merged with Granite State Credit Union of Manchester and Greater Nashua Credit Union merged with Telephone Credit Union of New Hampshire located in Manchester, dropping the number of credit unions to 28.

Bankruptcies

For the third consecutive year bankruptcy filings in New Hampshire increased to a record high of 4,357, an increase of 8.4 percent from 2002 to 2003. Nationally, bankruptcy filings reached a record high as well of 1,660,245 in 2003, up 5.2 percent from the prior year. In 2003 consumer (non-business) filings accounted for 95.98 percent of all filings in the state, while consumers accounted for 97.89 percent of all filings in the US As of March 31, 2004,

New Hampshire ranked 8th best in the nation when measuring the highest number of households per bankruptcy filing.⁴

Loan Delinquencies

The Federal Reserve Bank defines a delinquent loan as any loan past due 30 days or more and accruing interest plus loans in nonaccrual status. A delinquency rate is calculated by taking the percentage of delinquent loans to total loans in a particular category. New Hampshire's

mortgage delinquency rates, for both commercial banks and savings institutions, have been substantially lower than for the US from 2000 to 2003.

Because of the presence of large credit card operations, both consumer loan and credit card delinquency rates in the Granite State are much higher than for the nation. However, both rates decreased significantly from 2002 to 2003, perhaps signaling that the "subprime" hangover may be subsiding.

*Kevin Coyne
Annette Nielsen*

Banking Data - FDIC Insured Banks

	2000	2001	2002	2003	Source
Bank Assets - Total All Banks (millions)	\$31,646	\$35,450	\$29,393	\$29,691	FDIC
Commercial Banks and Trust Companies	\$22,352	\$25,064	\$18,005	\$17,146	FDIC
Savings Institutions	\$9,294	\$10,386	\$11,387	\$12,546	FDIC

Annual percent change:

Total	3.3%	12.0%	-17.1%	1.0%	FDIC/NHES
Commercial Banks and Trust Companies	1.4%	12.1%	-28.2%	-4.8%	FDIC/NHES
Savings Institutions	8.3%	11.7%	9.6%	10.2%	FDIC/NHES

Bank Deposits - Total All Banks (millions)	\$23,394	\$26,757	\$22,300	\$22,005	FDIC
Commercial Banks and Trust Companies	\$16,431	\$19,153	\$13,804	\$12,806	FDIC
Savings Institutions	\$6,964	\$7,604	\$8,496	\$9,199	FDIC

Annual percent change:

Total	8.3%	14.4%	-16.7%	-1.3%	FDIC/NHES
Commercial Banks and Trust Companies	6.3%	16.6%	-27.9%	-7.2%	FDIC/NHES
Savings Institutions	13.4%	9.2%	11.7%	8.3%	FDIC/NHES

Equity Capital (millions)

Total	\$3,271	\$3,813	\$3,992	\$4,577	FDIC
Commercial Banks and Trust Companies	\$2,333	\$2,800	\$2,904	\$3,450	FDIC
Savings Institutions	\$937	\$1,013	\$1,088	\$1,126	FDIC

Equity Capital to Asset Ratio

Total	10.34%	10.76%	13.58%	15.41%	FDIC
Commercial Banks and Trusts	10.44%	11.17%	16.13%	20.12%	FDIC
Savings Institutions	10.09%	9.75%	9.55%	8.98%	FDIC

Number of Banking Institutions	35	34	32	31	FDIC
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Number of Banking Offices (Incl. branches)	404	411	420	424	FDIC
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1 Charge-Off Rates. Federal Reserve Bank. Accessed August 31, 2004. <www.federalreserve.gov/releases/chargeoff/chg_all_sa.txt>

Federal funds rate is a short-term objective set by the Federal Open Market Committee (FOMC) for a desired or targeted price at which depository institutions lend balances at the Federal Reserve to other depository institutions overnight. FOMC consist of the Federal Reserve chairman and eleven other policy makers.

2 State Profile: New Hampshire. Summer 2004. Federal Deposit Insurance Company. Accessed August 20, 2004. <www.fdic.gov/bank/analytical/stateprofile/NewYork/NH/pdf>

3 Ibid.

4 Households per Filing Rank. American Bankruptcy Institute. Accessed August 30, 2004. <www.abiworld.org/statcharts/HouseRank.htm>

Credit Unions

	2000	2001	2002	2003	Source
Assets (millions)	\$2,275	\$2,591	\$2,810	\$0	NCUA
Annual percent change	7.6%	13.9%	8.5%	0.0%	NCUA/NHES
Shares and Deposits (millions)	\$1,918	\$2,193	\$2,349	\$0	NCUA
Annual percent change	7.7%	14.3%	7.1%	0.0%	NCUA/NHES
Number of Credit Unions	32	32	31	0	NCUA

Industrial Financing

	2000	2001	2002	2003	Source
Total bond issues (millions)	\$29.5	\$325.2	\$31.5	\$0.0	BFA
Industrial revenue bonds, initial issues (millions)	\$28.7	\$19.2	\$31.5	\$0.0	BFA

Non-Current Loans and Leases

	2000	2001	2002	2003	Source
FDIC commercial banks, Dec. 31st totals (millions)	\$624.8	\$486.3	\$337.7	\$0.0	FDIC
Percent change from previous year	52.3%	-22.2%	-30.6%	0.0%	FDIC
Rank by non-current/total (from smallest) ^a	51	51	51	0	FDIC

^a 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

	2000	2001	2002	2003	Source
Total New Hampshire Filings	3,561	3,887	4,018	0	BKRNH
Percent change from previous year					
New Hampshire	-11.9%	9.2%	3.4%	0.0%	BKRNH
Connecticut	-10.3%	9.1%	1.2%	0.0%	ABI
Maine	-3.2%	12.5%	-2.8%	0.0%	ABI
Massachusetts	-16.1%	13.2%	-1.4%	0.0%	ABI
Rhode Island	-11.9%	9.6%	0.5%	0.0%	ABI
Vermont	-15.1%	17.2%	4.5%	0.0%	ABI
New England	-12.5%	11.4%	0.0%	0.0%	ABI
United States	-5.0%	19.0%	5.7%	0.0%	ABI

Delinquency Rates (FDIC Insured Institutions)

	2000	2001	2002	2003	Source
Mortgage delinquency rate (1-4 family residential)	1.31%	1.10%	1.19%	0.00%	FDIC
Consumer loan delinquency rate ^a	8.88%	7.46%	8.67%	0.00%	FDIC
Credit card delinquency rate ^a	9.80%	8.31%	10.33%	0.00%	FDIC

^a Rates for NH are inflated by the presence of large credit card operations.

13. Government Revenues & Expenditures



New Hampshire's general and education fund preliminary total receipts for 2004 were \$1,953.7 million, excluding Medicaid enhancement funds.

The State general and education fund has been the focus of a lot of attention in recent years with the school funding issues in the forefront. New Hampshire's general fund preliminary total receipts for fiscal year 2004 were \$1,953.7 million, excluding Medicaid enhancement funds. This total exceeded the 2003 actual receipts by \$38.3 million.

Major contributors to this total were business taxes with \$408.0 million, the meals and rooms tax with \$184.5 million, and the state education property tax retained locally contributing \$443.4 million. The estate and legacy tax receipts exceeded its planned budget level. Projected revenues from this source may have been reduced because of changes in the law that will gradually eliminate this tax. However, these revenues came in \$15.6 million above the budgeted level.

Business taxes, of which almost 40 percent is allotted to education, totaled \$408.0 million for the 2004 fiscal year, according to the preliminary receipts. This was \$4.2 million

ahead of expectations. Contributions from the two components of the business taxes were quite different. The business profits taxes showed some signs of struggling as it is based on a company's income. It came in \$57.1 million

below the budget plan level. However revenues from the business enterprise tax, which is based on the enterprise value tax of the company and the total compensation paid, were \$61.3 million more than the estimated budget level.

General and Education Funds (Cash Basis)

	June FY 2004 - Year-to-Date				Comparison to FY '03	
	FY 2004 Actual	Education Actual	FY 2004 Plan	FY 2004 Actual vs. Plan	FY 2003 Actual	FY 2004 - FY 2003 Actual
Business Profits Tax	171.5	41.0	228.6	(57.1)	174.8	(3.3)
Business Enterprise Tax	236.5	116.9	175.2	61.3	218.0	18.5
Subtotal	408.0	157.9	403.8	4.2	392.8	15.2
Meals & Rooms Tax	184.5	7.0	183.5	1.0	175.4	9.1
Tobacco Tax	99.1	28.6	94.9	4.2	94.1	5.0
Liquor Sales and Distribution	108.8		108.1	0.7	99.0	9.8
Interest & Dividends Tax	53.7		61.0	(7.3)	55.1	(1.4)
Insurance Tax	86.2		82.9	3.3	82.2	4.0
Communications Tax	65.6		66.5	(0.9)	62.4	3.2
Real Estate Transfer Tax	137.0	45.6	120.5	16.5	118.2	18.8
Estate & Legacy Tax	35.0		19.4	15.6	59.1	(24.1)
Court Fines & Fees	27.0		25.9	1.1	22.1	4.9
Security Revenue	26.3		26.7	(0.4)	25.8	0.5
Utility Tax	6.2		6.1	0.1	7.1	(0.9)
Board & Care Revenue	11.8		10.8	1.0	11.2	0.6
Beer Tax	12.4		12.9	(0.5)	12.3	0.1
Racing Revenue	4.0		3.5	0.5	4.0	-
Flexible Grant	25.0		50.0	(25.0)	25.0	-
Other	55.9		52.9	3.0	52.6	3.3
Transfer from Sweepstakes	72.1	72.1	69.0	3.1	66.6	5.5
Tobacco Settlement	41.8	40.0	39.6	2.2	45.9	(4.1)
Utility Property Tax	20.1	20.1	19.0	1.1	18.8	1.3
Property Tax Not Retained Locally	29.8	29.8	29.9	(0.1)	32.7	(2.9)
Property Tax Retained Locally	443.4	443.4	443.4	-	453.0	(9.6)
Subtotal	1,953.7	844.5	1,930.3	23.4	1,915.4	38.3
Net Medicaid Enhancement Rev	152.6		140.9	11.7	117.0	35.6
Recoveries	16.8		13.3	3.5	-	16.8
Subtotal	2,123.1	844.5	2,084.5	38.6	2,032.4	90.7
Other Medicaid Enhancement Rev to Fund Net Appropriations	35.1		29.3	5.8	16.6	18.5
Total	2,158.2	844.5	2,113.8	44.4	2,049.0	109.2

Source: State of New Hampshire Monthly Revenue Focus, Cash Basis Unaudited, Department of Administrative Services, June FY 2004

Low interest rates and a busy real estate market contributed to elevate real estate transfer tax figures. Real estate transfers receipts totaled \$137.0 million for FY 2004. This tax provided \$5.4 million more toward the education fund for the year than the original budget had estimated.

The meals and rooms tax surpassed budgeted expectations by \$1.0 million. That resulted in an extra \$200,000 being directed to the education fund. Tobacco tax revenues also exceeded budgeted levels.

Contributors to the Education Fund

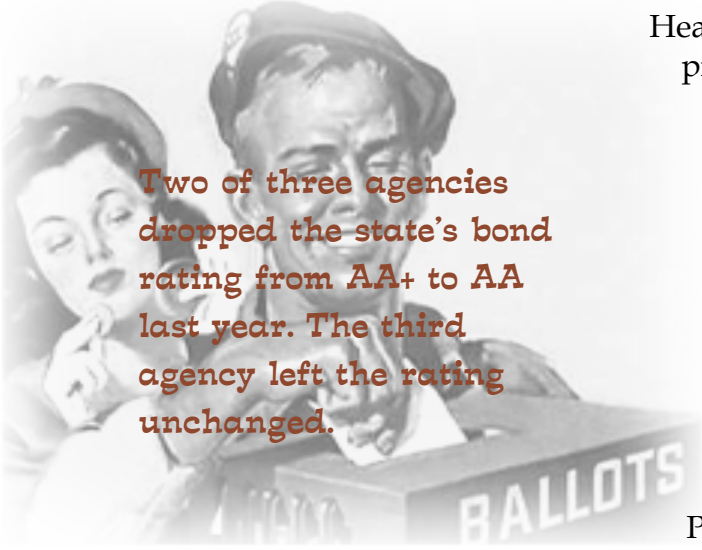
Among the line items whose revenues are designated specifically for the education fund, only the state property tax not retained locally finished the fiscal year below the budgeted goal, by only \$100,000. In spite of that shortfall, education funds from these combined sources totaled \$605.4 million, coming in \$4.5 million ahead of projections.

Transfers from sweepstakes produced \$72.1 million for the education fund, \$3.1 million above expectations. Additional resources received from the tobacco settlement added \$40.0 million, and the utility property tax \$20.1 million.

Property taxes for state education, both the amounts not retained locally and retained locally, contributed the remaining \$473.2 million.

General Fund Expenditures

Education is not the biggest general fund expense in the state. According to the revised executive budget summary for



Two of three agencies dropped the state's bond rating from AA+ to AA last year. The third agency left the rating unchanged.

fiscal years 2004-2005 (February 2003) Health and social services is the largest expense, accounting for over 40 percent of the adjusted 2003 expenditures of the general fund. Education was second largest with just over 20 percent, followed by general government expenses with almost 19 percent. These levels are expected to remain generally the same with the projected expenses for the fiscal year through the 2005 budget.

Health and social services is the largest portion of the budget. The Medicaid program made up 69 percent of the Department of Health and Human Services budget in fiscal year 2003 and projected increases in this area are demanding more funds. The huge influence that the Medicaid program has on total expenses as well as projected increases in this area is the reason why the Department of Health and Human Services proposed changes to transform Medicaid in New Hampshire.

Bond Rating

New Hampshire's budget concerns have had an effect on the way the finance community views the state. Two of three agencies, Standard and Poor, and Fitch, dropped the state's ranking from AA+ to AA last year. Although this rating still means "very strong" it does denote changes in the state's financial security. The third agency, Moody's, left the state's rating unchanged. The significance of the bond rating is the better the rating the less expensive it is for the state to borrow money. State general obligation bonds are used to finance legislatively approved construction of state facilities, correctional and office space, and to make municipal grants for drinking and waste water facilities upgrades as well as historic preservation projects.

The state is working to avoid another reduction in the bond rating in 2004. Decreases in the state's "rainy day" and other reserve funds since 1999 initi-

ated guarded concern from Wall Street. The projected budget shortfall for FY 2005 and mandated education funding in the state are other

items the financial community continues to monitor to determine if any additional rating changes are warranted.

Anita Josten

Unrestricted Revenue to State General Fund (Fiscal Year)

	2000	2001	2002	2003	Source
Total unrestricted revenue (millions)	\$1,775.6	\$1,826.4	\$1,957.2	\$2,040.5	AS
Selected unrestricted general fund revenues					
Business profits tax	\$168.8	\$195.4	\$161.2	\$178.2	AS
<i>Education Fund Portion</i>	\$22.4	\$15.8	\$32.6	\$37.1	AS
Business enterprise tax	\$148.5	\$158.9	\$222.2	\$215.3	AS
<i>Education Fund Portion</i>	\$54.1	\$36.7	\$101.2	\$121.4	AS
Meals/rooms & rental tax	\$156.2	\$164.0	\$170.6	\$175.2	AS
<i>Education Fund Portion</i>	\$6.4	\$6.8	\$6.6	\$6.7	AS
Liquor sales and distribution tax	\$86.0	\$89.3	\$96.2	\$99.0	AS
Sweepstakes transfers	\$61.5	\$59.4	\$66.1	\$66.0	AS
<i>Education Fund Portion</i>	\$61.5	\$59.4	\$66.1	\$66.0	AS
Insurance tax	\$59.3	\$66.5	\$76.1	\$82.2	AS
Securities revenue	\$25.5	n/a	\$26.1	\$25.8	AS
Tobacco tax	\$95.0	\$86.4	\$84.3	\$94.1	AS
<i>Education Fund Portion</i>	\$26.6	\$25.4	\$24.0	\$27.0	AS
Tobacco settlement	\$54.2	\$38.7	\$45.7	\$45.9	AS
<i>Education Fund Portion</i>	\$53.8	\$38.7	\$40.0	\$40.0	AS
Interest and dividends tax	\$65.5	\$76.7	\$70.3	\$56.1	AS
Board and care revenue	\$12.0	\$13.3	\$10.7	\$11.2	AS
Estate and legacy tax	\$56.4	\$59.3	\$57.0	\$55.5	AS
Telephone/communication tax	\$47.8	\$49.0	\$64.7	\$63.2	AS
Real estate transfer tax	\$85.0	\$89.2	\$99.5	\$118.2	AS
<i>Education Fund Portion</i>	\$28.2	\$29.7	\$33.1	\$39.4	AS
Utilities tax	\$10.0	\$9.7	\$5.6	\$5.6	AS
Utilities property tax	\$31.2	\$15.6	\$18.2	\$18.8	AS
<i>Education Fund Portion</i>	\$31.2	\$15.6	\$18.2	\$18.8	AS
Statewide property tax (not retained locally)	\$24.2	\$24.2	\$29.0	\$32.7	AS
<i>Education Fund Portion</i>	\$24.2	\$24.2	\$29.0	\$32.7	AS
Statewide property tax (retained locally)	\$418.0	\$418.0	\$454.1	\$453.0	AS
<i>Education Fund Portion</i>	\$418.0	\$418.0	\$454.1	\$453.0	AS
Uncompensated care pool	\$12.9	\$13.0	\$16.3	\$16.6	AS

Source: State of New Hampshire Monthly Revenue Focus, Preliminary Accrual, Department of Administrative Services, June FY 2003

Unemployment Insurance Tax

	2000	2001	2002	2003	Source
Average tax per worker (federal & state) in covered employment	\$107	\$109	\$111	\$114	NHES

State Government General Revenue

	2000	2001	2002	2003	Source
As reported by Administrative Services (millions)	\$3,129.6	\$3,230.2	\$3,473.2	\$3,732.8	AS
From Federal Government (millions)	\$957.7	\$983.3	\$1,072.0	\$1,198.7	AS
As reported by Census Bureau	\$3,875.9	\$3,999.5	\$4,390.7	n/a	CB
From Taxes	\$1,696.1	\$1,775.6	\$1,897.0	n/a	CB
General Revenue per \$1,000 Personal Income:					
New Hampshire	\$93.56	\$93.65	\$101.00	n/a	CB/BEA
United States	\$149.71	\$120.37	\$119.79	n/a	CB/BEA
United States rank	46	49	n/a	n/a	CB/BEA
Rank in General revenue from taxes	50	50	n/a	n/a	CB/BEA
Rank in General revenue from Federal Gov't	n/a	n/a	n/a	n/a	CB/BEA
General Revenue per Capita					
New Hampshire	\$3,136	\$3,177	\$3,639	n/a	CB
United States	\$3,509	\$3,685	\$3,820	n/a	CB
United States rank	38	42	34	n/a	CB/NHES

State Government General Expenditures

	2000	2001	2002	2003	Source
As reported by Administrative Services (millions)	\$3,228.2	\$3,345.3	\$3,640.4	\$3,909.1	AS
As reported by Census Bureau (millions)	\$3,884.5	\$3,890.5	n/a	n/a	CB
General Expenditures per \$1,000 Personal Income:					
New Hampshire	\$93.76	\$91.10	\$101.01	n/a	CB/BEA
United States	\$114.55	\$119.79	\$125.08	n/a	CB/BEA
United States rank	43	50	n/a	n/a	CB/BEA
For Education	43	48	n/a	n/a	CB/BEA
For Public welfare	28	37	n/a	n/a	CB/BEA
For Highways	28	38	n/a	n/a	CB/BEA
General Expenditures per Capita					
New Hampshire	\$3,143	\$3,090	\$3,278	n/a	CB
United States	\$3,437	\$3,664	n/a	n/a	CB
United States rank	37	42	n/a	n/a	CB/NHES

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

	2000	2001	2002	2003	Source
Total general revenue	\$139.92	n/a	n/a	n/a	CB/BEA
United States rank	n/a	n/a	n/a	n/a	CB/BEA
Total taxes	\$79.72	n/a	n/a	n/a	CB/BEA
United States rank	n/a	n/a	n/a	n/a	CB/BEA
Property tax	\$49.31	n/a	n/a	n/a	CB/BEA
United States rank	n/a	n/a	n/a	n/a	CB/BEA
Percent of total taxes	61.9%	n/a	n/a	n/a	CB/BEA
Percent of general revenue	35.2%	n/a	n/a	n/a	CB/BEA
United States rank	n/a	n/a	n/a	n/a	CB/BEA

Property Valuations, Equalized

	2000	2001	2002	2003	Source
State total equalized valuation (millions)	\$86,704	\$99,074	\$114,813	\$127,989	RA
Annual percent change	13.9%	14.3%	15.9%	11.5%	RA/NHES
Percent in Hillsborough & Rockingham Counties	54.9%	56.1%	55.3%	54.3%	RA
Property tax assessment ratio	0.88	0.83	0.79	0.79	RA
Full value tax rate per \$1,000	\$25.45	\$19.21	\$17.76	\$16.83	RA

14. Education

The state's test scores showed New Hampshire students performed better in math. The first charter school in the state opened in fall 2004.



Since the *No Child Left Behind* Act of 2001 was signed into law, accountability provisions have been the major goal for the educational system, nationwide as well as in New Hampshire.

In addition, the New Hampshire Department of Education launched a new Comprehensive Education Reform with a conference in May 2004, called *Real World Learning: Thinking*

Outside the Book". Issues discussed were accountability systems, how to incorporate *Real World Learning*, and the local effects of the federal *No Child Left Behind* legislation.

One of the outputs of the conference was the need to create personalized learning plans for each of the students in order to assure quality education for every child. As part of this effort a database of students has been estab-

lished to track each individual student over time.

Test Scores

From May 2001 to May 2004 the test scores from the New Hampshire Educational Improvement and Assessment Program (NHEIAP) showed an increase for students across all grades performing at the "basic" level or better in math. Students who scored at the basic ability level or above are by New Hampshire Department of Education's standard making progress toward obtaining an adequate education. Students in third, sixth and tenth grades are tested. The share of students at the "basic" level or higher increased four to six percentage points, varying by grade. The NHEIAP assessment results are grouped into four different proficiency levels: novice, basic, proficient, and advanced.

The NHEIAP also measures reading performance. The percentage of third grade students reading at the "basic" level or better improved one percentage point since 2001, whereas the share of sixth and ten graders reading at the

2004 New Hampshire Educational Improvement and Assessment Program Test Results

Grade Three - 15,478 Students

Subject	Advanced	Proficient	Basic	Novice
Reading	12%	31%	30%	27%
Mathematics	15%	35%	34%	16%

Grade Six - 16,990 Students

Subject	Advanced	Proficient	Basic	Novice
Reading	9%	31%	34%	26%
Mathematics	7%	26%	40%	27%
Science	Budget cuts eliminated testing in this subject			
Social Studies	Budget cuts eliminated testing in this subject			

Grade Ten - 15,980 Students

Subject	Advanced	Proficient	Basic	Novice
Reading	9%	34%	35%	21%
Mathematics	9%	24%	32%	33%
Science	Budget cuts eliminated testing in this subject			
Social Studies	Budget cuts eliminated testing in this subject			

“basic” level or above improved five and eight percentage points, respectively.

More recently, from 2003 to 2004, there were divergent trends among third graders reading scores. The percentage of third graders reading at the novice level increased four percentage points, but the share of third graders reading at the advanced level increased six percentage points. Education officials were not sure whether this in reality was statistically significant because the reading test was changed due to budget cuts.¹

In addition, the state’s test scores show that boys didn’t do as well in reading as girls. The gender gap in reading is not a New Hampshire specific phenomenon, nor is it a new phenomenon. Test score results for the nation, as well as international studies, show that girls read better than boys. Literacy experts acknowledge that the gender gap isn’t new, but the *No Child Left Behind* Act focuses on closing achievement gaps and requires states to report test scores by gender. The New Hampshire Department of Education is planning to hold a conference on the issue in spring 2005.²

Adequate Yearly Progress

For the second year, the NHEIAP test results were used to determine whether

schools made Adequate Yearly Progress (AYP). AYP is an accountability measurement implemented last year as part of the federal *No Child Left Behind* initiative. Based on the initial NHEIAP results for 2004, approximately 130 schools (out of 476 schools) in New Hampshire did not make

Based on the initial NHEIAP results for 2004, approximately 130 schools (out of 476 schools) in New Hampshire did not make Adequate Yearly Progress (AYP)...

AYP, meaning they didn’t meet the state and federal targets of students performing at the “basic” level or better in math and reading. A school can fail to meet this target for the school as a whole or for a specific subgroup of students (based on ethnicity, socioeconomic status, or special needs). It can also fail if the participation rate in the test is not 95 percent. If a school does not meet the AYP two years in a row, the school will be designated a “School in Need of Improvement” and must develop a school improvement plan for the specific area not meeting the target. By 2012 the target is to have all students performing at the basic level or above in both reading and math.

The New Hampshire Department of Education set up two web sites in order to improve access to school data. These web sites provide data on schools’ test results so parents and students can be better informed on how individual schools compare to one another.

Free School Choice

Franklin Academy, the first charter school in New Hampshire, opened fall 2004. The emphasis of this charter school with only 40 students is individualized curriculum and Real World Learning.

Many agree that charter schools are a good supplement to the public school system because they offer a choice of learning method. However, the New Hampshire School Administrators Association is worried that the funding for charter schools will take resources from the Special Education program. The concern is that charter schools may duplicate efforts already done by the public school system. As the special education efforts are obligatory for the public school system, a charter school might cost the local educational board more money.³

Under state law, charter schools are paid the same amount of state funds per pupil as the public schools are, but any additional state funds are channeled to the

school districts. The complete funding of charter schools is therefore still to be resolved.

For some parents charter schools are an alternative to home-schooling. Other proponents believe that charter schools would be able to accommodate students not fitting into the public school system and are at the risk of dropping out.

Home-schooling

Data on home-schooled enrollment from New Hampshire Department of Education shows that home-schooled enrollments increased from 1,642 in 1994-1995 to 4,343 in 2003-2004. Data on public schools as the participating agents showed that this increase of home-schooled enrollments happened across all grades. But while enrollment in grades 1-8 nearly

doubled, enrollment in grades 9-12 quadrupled.

Overall, the drop out rate in New Hampshire has been on the decline. The state average annual high school drop-out rate fell from 5.3 percent in 2000-2001 to 3.8 percent in 2002-2003. Except for a few, all the state's high schools seemed to have improved their student retention rates.

The University System

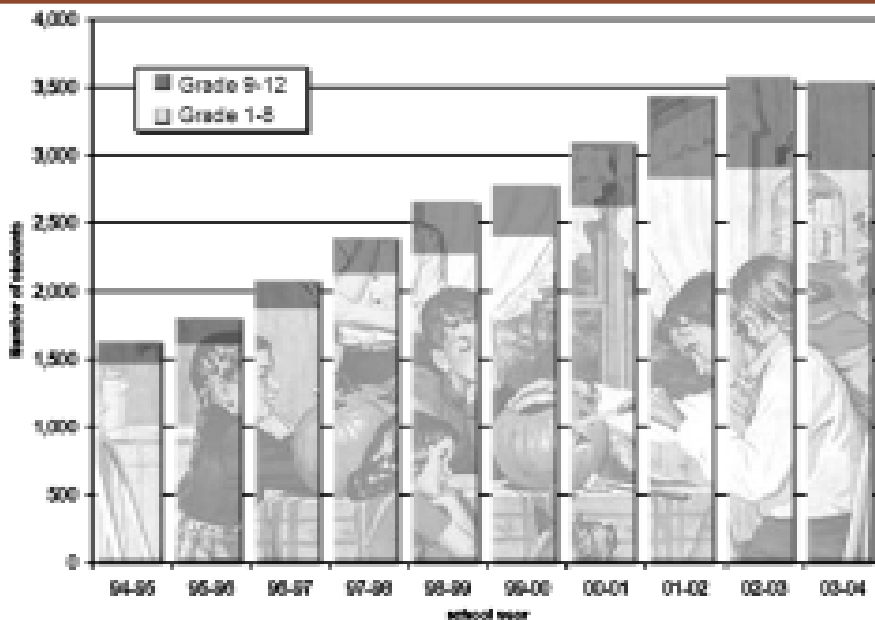
In the spring of 2004 the New Hampshire University System Board of Trustees started a survey to determine whether the College for Lifelong Learning (CLL) should be merged into Plymouth State University. To the relief of many CLL alumni and staff, the Board of Trustees decided not to merge CLL and Plymouth State. The opponents of

the merger advocated that the two schools' cultures would clash as Plymouth State primarily serves full-time younger students and CLL serves working adult students enrolled in evening and weekend classes. In addition the Board of Trustees agreed to improve community-based adult education.⁴

In the summer of 2002, CLL conducted an extensive study to determine a name for the college. The results favored to change the name to Granite State College. Now that the board of trustees has committed themselves to strengthen CLL as an independent institution, but part of the University System of New Hampshire, CLL intends to place the name change on the legislative agenda in the spring of 2005.⁵

Annette Nielsen

The number of students home-schooled in '03/'04 dropped for the first time in 10 years



¹ Fahey, Tom. "Test scores show progress in NH." *Union Leader* August 13, 2004.

² Wangsness, Lisa. "Boys trail girls in reading State test scores show gender gap at all levels." *Concord Monitor* August 29, 2004.

³ Interview with Mark Joyce (New Hampshire School Administrators Association), "New Hampshire Outlook." *New Hampshire Public Television* September 20, 2004. Accessed December 22, 2004 <www.nhptv.org/outlook/scripts/09202004.htm>

⁴ Wangsness, Lisa. "Adult college won't merge with Plymouth State University. Trustees vote to improve community-based offerings" *Concord Monitor* June 25, 2004.

⁵ *College Name Change*. College for Lifelong Learning. Accessed December 8, 2004

Elementary and Secondary Education

	2000	2001	2002	2003	Source
Enrollment, fall, public & private (includes preschool)	230,316	232,906	234,442	235,120	DE
Growth Rates: Total	1.2%	1.1%	0.7%	0.3%	DE/NHES
First grade	-3.5%	-1.1%	-2.8%	-1.7%	DE/NHES
Twelfth grade	3.9%	1.9%	2.5%	6.7%	DE/NHES
Career Technology Education Enrollment	10,515	11,034	11,950	11,699	DE
Percent of 9th & 10th grade	6.2%	20.9%	23.9%	19.2%	DE
Percent of 11th & 12th grade	25.9%	75.3%	72.5%	78.3%	DE
High School Career Tech. Education Completers	2,676	2,201	2,542	2,887	DE
Average Salary of Instructional Staff (public schools)	\$37,734	\$38,301	\$39,915	\$40,519	UED
United States rank	26	27	28	29	UED/NHES
Total number of graduates (public)	11,711	11,942	12,285	13,315	DE
Enrolled in four-year college	54.0%	53.7%	53.6%	51.8%	DE
Enrolled in less-than four year college	15.7%	17.5%	17.9%	19.5%	DE
Total Non-College	30.3%	28.8%	28.5%	28.7%	DE
Scholastic Assessment Test (SAT)	1,039	1,036	1,038	1,043	DE
National average	1,019	1,020	1,020	1,026	DE
Percent of high school graduates taking test	72.0%	72.0%	73.0%	75.0%	DE

Expenditures Per Pupil (average)

	2000	2001	2002	2003	Source
Total, Net, all purposes (school year)	\$6,357	\$6,738	\$7,233	\$7,809	DE
Annual percent change	5.8%	6.0%	7.4%	8.0%	DE/NHES
Current expenditures per pupil in average daily attendance	7,082	7,656	n/a	n/a	UED
Expenditures as % per capita income:					
New Hampshire	21.3%	22.7%	n/a	n/a	UED/NHES
United States	24.8%	26.1%	n/a	n/a	UED/NHES
Revenue sources, percent of total school revenues:					
State funds	55.8%	51.6%	n/a	n/a	UED
National average	49.5%	49.7%	n/a	n/a	UED
United States rank (District of Columbia not included)	21	24	n/a	n/a	UED
Local and other ^a funds	37.5%	41.5%	n/a	n/a	UED
National average	40.9%	40.8%	n/a	n/a	UED
United States rank (District of Columbia not included)	28	22	n/a	n/a	UED
Federal funds	4.4%	4.5%	n/a	n/a	UED
National average	7.3%	7.3%	n/a	n/a	UED
United States rank (District of Columbia not included)	48	48	n/a	n/a	UED

^aIncludes gifts, tuition, and fees from patrons

Postsecondary Education

	2000	2001	2002	2003	Source
Community Technical College Graduates	1,612	1,319	1,490	1,577	CTC
Percent working full-time	87.0%	70.1%	68.1%	69.0%	CTC
Percent of those working in New Hampshire	70.0%	83.2%	78.4%	79.3%	CTC
Percent continuing education	27.0%	28.5%	33.2%	35.8%	CTC
Enrollment, fall total, 2 & 4 year institutions	61,741	64,032	67,923	69,848	PEC
Degrees Granted by NH Colleges	13,287	14,246	13,149	13,780	PEC
Associate degrees	2,941	2,841	2,951	3,192	PEC
Bachelor degrees	7,653	7,903	7,596	7,922	PEC
Postgraduate degrees inc. first professional degrees	2,693	3,502	2,602	2,666	PEC
By Selected Concentration:					
Business management and administration	3,391	n/a	3,384	3,473	PEC
Health sciences including M.D.	1,263	917	844	1,100	PEC
Engineering	472	362	242	272	PEC
Computer and information sciences	564	528	677	678	PEC
Education	n/a	525	683	1,000	PEC
Social Science and History	n/a	1,035	1,151	1,225	PEC

15. Health

Number of uninsured in New Hampshire was not affected by increases in health insurance premiums. Flu vaccine shortage caused concern.



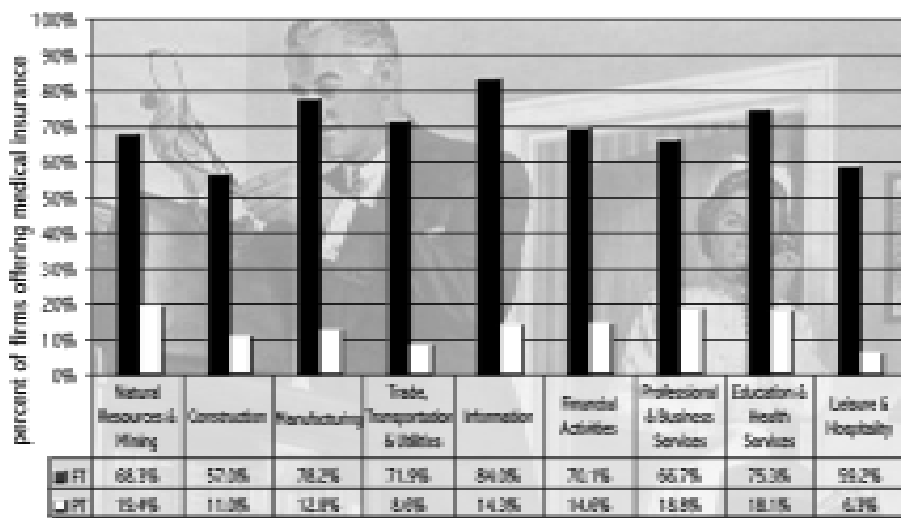
One of the major concerns in fall 2004 was the flu. In early October, it was announced that a major English manufacturer of the flu vaccine, Chiron, was not able to deliver the expected 48 million doses of flu vaccine to the United States. Because of the flu vaccine shortage, the governor issued an executive order, requesting all purchased flu vaccines be distributed through the Department of Health and Human Services. This agency was instructed to “re-allocate this vaccine supply to those areas

within the state, and to those institutions facing the greatest need”.¹ State and federal guidelines were determined on how to prioritize the use of the limited doses of vaccine (Children 6-23 months, people 65 years or older, health care workers and other individuals at risk). Despite the initial concern, by December 16, 2004, New Hampshire had obtained so much flu vaccine that the criteria for getting a flu shot were rolled back to the pre-shortage recommendations.²

Eastern Equine Encephalitis – Triple E

Fears of the outbreak of SARS (Severe Acute Respiratory Syndrome) have quieted down and the West Nile virus seems to be in control this year. But in September 2004 the state encountered two horse deaths caused by Eastern Equine Encephalitis. This was the first year, since 1984, that the state had seen a death-related case of this mosquito-transmitted disease. The best way to prevent the disease in horses is vaccination. This mosquito-transmitted disease can also affect humans, where the fatality rate is about 35 percent. There is no drug treatment or vaccine available for humans but treatment in an early detection phase is important.

2004 New Hampshire Benefits showed that medical insurance availability varied by industry



Health Insurance Availability

The 2004 Kaiser Family Foundation’s annual survey showed that the health care premiums for the fourth consecutive year had a double-digit increase. Despite the increase in health care premiums, the rate of uninsured people in New Hampshire did

not increase significantly from 2002 to 2003. The US Census Bureau estimated that about 131,000 persons in New Hampshire were uninsured in 2003 compared to 125,000 in 2002.³ Data from the US Census Bureau does not estimate the number of under-insured. Under-insured people can't afford the co-payment or the deductible of their health insurance plan. As costs go up, employers are paying less to the plan and are offering plans with higher deductibles and co-payments. This means that some insured persons might not have sufficient funds to obtain treatment.


2004 New Hampshire Benefits

This statewide survey, published by the Economic and Labor Market Information Bureau (ELMIB), provides detailed information about benefits provided by employers by size and industry. The *2004 New Hampshire Benefits* showed that bigger firms were more likely to offer medical insurance and that these larger firms were more likely to pay at least half of the insurance premium than smaller firms were. By industry, firms in the Information, Manufacturing, and Education and health services supersectors were most likely to offer medical insurance. In general, eight of ten firms in any sector paid at least half of

the insurance premium for the single coverage plan. Additional benefits information can be accessed on New Hampshire Employment Security's ELMIB Web site at www.nhes.state.nh.us/elmi/benisurv.htm.

Lifestyle Diseases

In the United Health Foundation's 2004 state health ranking, New Hampshire dropped to second healthiest state after Minnesota. Vermont



A study done by New Hampshire Department of Health Management and Policy ... found that "New Hampshire's third graders are significantly heavier than their peers across the country."

followed in third place. Overall the reason for New Hampshire's fall to second place was an increase in the Prevalence of Obesity and an increase in Occupational Fatalities as well as an increase in Limited Activity Days (average number of days out of work due to physical or mental illness). And even though the state improved on other measurements, other states improved more.

As in prior years the state's strength is high access to adequate prenatal care and

low infant mortality rate. One challenge for the state is a higher than average rate of cancer deaths which could correlate with the fact that the state in 1990 had a higher than average rate of the Prevalence of Smoking (30.7 percent of the population). The Prevalence of Smoking did fall from 23.2 percent of New Hampshire's population in 2003 to 21.2 percent in 2004.

Obesity is a growing problem in the nation as a whole and New Hampshire is not excluded. In 1990 the Prevalence of Obesity in New Hampshire was 11.1 percent compared to 17.9 in 2003 and 20.2 in 2004. However, New Hampshire is still below the national average of 22.8 percent. One of the major concerns with obesity is the risk of diabetes. New Hampshire Department of Health and Human Services' (DHHS) third annual report on diabetes shows the prevalence of this disease in New Hampshire has increased from 4.5 percent of the adult population in 1990 to 6.2 percent in 2002. The prevalence of the disease dropped to 3.9 percent of the adult population in 1997 and 1998 but took a sharp increase from 2000 to 2002. The report from DHHS concludes that the following factors are likely to contribute to an increasing prevalence of diabetes: more adults are overweight, fewer are physically active, and the

population is getting older.⁴ More recent data (2003) from the Centers for Disease Control and Prevention (CDC) show that the prevalence of diabetes as a percent of the adult population has continued to increase.⁵

Even though the CDC is not tracking the number of children with diabetes, there is no doubt that it is predominant to nurture healthy lifestyles in schools. Some are questioning what vending machines with junk food and advertisements for junk food are doing in public schools. Healthy Youth Incorporated's "Take 10!" is a new project promoting regular physical activity and healthy eating habits among elementary school-aged children and their parents. Advocates incorporated "Take 10!" into the Jonathan Daniels Elementary School in Keene. Keene Parks and Recreation has followed suit by offering an after-school program involving physical activity and nutritional programs.

A study done by the New Hampshire Department of Health Management and Policy as part of the New Hampshire Assessment Project found that "New Hampshire's third graders are significantly heavier than their peers across the country."⁶ The study also found that the schools with the highest rates of overweight children had the lowest scores

in the state's assessment tests in English and Math proficiency. These findings are interesting in a time where Physical Education has become a low priority while test scores in reading and math are the most important performance indicators.

Medicaid

New Hampshire was ranked 6th highest in the nation by Forbes.com for "Best places to die". This was an overall ranking, where quality of health care, legal protection and cancer deaths in hospitals, nursing homes, and at home were the factors evaluated. New Hampshire was rated first in regard to quality of health care. But with a growing share of the population getting older and with increased costs of health care services, concerns are being raised about how the state is going to manage Medicaid in the future.

In November 2004 the New Hampshire Department of Health and Human Services released a proposal called GraniteCare, which attempts to re-organize Medicaid in New Hampshire. The release of the GraniteCare plan was an attempt to open the debate to everybody. Although the change in Medicaid was a centerpiece in the political arena, monetary consequences will not take effect before the next budget cycle (Fiscal Year 2006).

Prescription Drugs

The increasing cost of prescription drugs is a concern to many citizens in New Hampshire as well as in the nation. In spring 2004, several Canadian mail order pharmacies could be accessed directly from the New Hampshire State government's web site. The reason for this initiative is that prescription drug costs in the United States have increased by double digits over the last couple of years and the same drugs are sold by Canadian pharmacies at a significantly reduced price. The high costs of domestic drugs are driven by R&D expenses as well as high marketing expenses. While some feel free international trade would force the pharmaceutical companies to lower the cost, others feel the high standards set by the US Food and Drug Administration (FDA) for drugs on the domestic market is in jeopardy by free trade. In November 2004, FDA was questioned by members of Congress about the flu vaccine shortage and the withdrawal of the painkiller Vioxx.

Annette Nielsen

¹ State of New Hampshire, October 28, 2004. Accessed December 10, 2004 <www.state.nh.us/governor/pr_10_28_04execorder8.html>.

² New Hampshire Department of Health and Human Services, Public Information Office, December 16, 2004. Accessed on December 21, 2004 <www.dhhs.nh.gov/DHHS/PIO/LIBRARY/Press+Release/dphs-flu-update>

³ Current Population Survey, Annual Demographic Survey. Accessed on November 19, 2004 <http://ferret.bls.census.gov/macro/032004/health/h06_000.htm>

⁵ Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion. Accessed December 8, 2004 <www.cdc.gov/diabetes/statistics/prev/state/tPrevalenceTotal.htm>

⁶ New Hampshire Department of Education, News release, April 6, 2004. Accessed November 5, 2004, <www.ed.state.nh.us/FoodandNutrition/obesity.htm>

⁴ New Hampshire Department of Health and Human Services, Public Information Office, June 16, 2004. Accessed December 10, 2004 <www.dhhs.nh.gov/DHHS/PIO/LIBRARY/Press+Release/dphs-diabetes-2003.htm>

Hospital Insurance

	2000	2001	2002	2003	Source
Medicare: (thousands)					
Aged	147	148	150	n/a	SSA
Disabled	23	24	26	n/a	SSA
Average covered charge per day of care					
Short-stay hospitals					
New Hampshire	\$2,480	\$2,696	\$3,027	n/a	SSA
New England	\$2,436	\$2,610	\$2,862	n/a	SSA
United States	\$2,787	\$3,108	\$3,608	n/a	SSA
Skilled nursing facilities					
New Hampshire	\$392	\$439	\$472	n/a	SSA
New England	\$391	\$440	\$461	n/a	SSA
United States	\$413	\$463	\$476	n/a	SSA
Medicaid:					
Average payments per recipient					
New Hampshire	\$6,712	\$7,121	n/a	n/a	SSA
United States	\$3,936	n/a	n/a	n/a	SSA

Workers' Compensation Payments

	2000	2001	2002	2003	Source
Reported injuries & compensable disabilities (fiscal year)					
Injuries per 100 in employment	9.4	9.1	8.5	8.5	LD
Compensable injuries per 100 in employment	2.0	2.0	2.1	1.6	LD
Benefits paid by insurance companies and self insurers					
(Calendar year, millions)	\$157.8	\$171.9	\$173.6	\$181.3	LD
Annual percent change	1.3%	8.9%	1.0%	4.4%	LD/NHES

Total Expense Per Capita

	2000	2001	2002	2003	Source
New Hampshire	\$1,182	\$1,285	\$1,436	\$1,549	HA
Annual percent change	10.2%	8.7%	11.8%	7.9%	HA/NHES
New England	\$1,500	\$1,612	\$1,752	\$1,886	HA
Annual percent change	2.5%	7.5%	8.7%	7.6%	HA/NHES
United States	\$1,264	\$1,346	\$1,447	\$1,548	HA
Annual percent change	2.8%	6.5%	7.5%	7.0%	HA/NHES

Health Services

	2000	2001	2002	2003	Source
General hospitals, acute care only (excludes nursing home beds)					
Total admissions	111,227	116,071	117,996	117,814	HA
Percent change	1.9%	4.4%	1.7%	-0.2%	HA
Gross revenue in millions	\$2,509	\$2,875	\$3,362	\$3,825	HA
Uncompensated Care (millions)					
Bad Debt plus Charity Care	\$118	\$140	\$168	\$195	HA
Admissions per 1,000 population					
New Hampshire	90	92	93	92	HA
New England	109	112	112	113	HA
United States	117	119	120	120	HA
Total number of inpatient days	611,919	637,239	646,838	637,803	HA
Percent change	2.0%	4.1%	1.5%	-1.4%	HA
Inpatient days per 1,000 population:					
New Hampshire	493	506	508	495	HA
New England	639	651	645	623	HA
United States	682	681	683	676	HA
Average length of stay (in days):					
New Hampshire	5.5	5.5	5.5	5.4	HA
New England	5.9	5.8	5.8	5.5	HA
United States	5.8	5.7	5.7	5.7	HA
Emergency Room Visits	526,103	537,367	550,390	547,870	HA
Inpatient Surgeries	33,595	33,702	33,553	33,535	HA
Outpatient Surgeries	68,807	75,467	85,056	87,795	HA

16. Social Assistance

Recent TANF reauthorization extends program through March 2005. Healthy Kids program helped nearly 60,000 in New Hampshire.

Although poverty is on the rise in the US, New Hampshire's 2003 rate of 5.8 percent was basically unchanged from 2002 and remained the lowest in the nation. This made the fourth consecutive year that New Hampshire has had the lowest rate

TANF Update

The New Hampshire Department of Health and Human Services (DHHS), Division of Family Assistance (DFA) provides eligible New Hampshire residents with a wide range of assistance ranging

from financial and medical assistance to food and nutritional services.

Temporary Assistance for Needy Families (TANF) is a cash assistance program created under "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996" (PRWORA). This law changed the nation's welfare system into a program requiring participation in work and work-related activities for able-bodied individuals in exchange for financial assistance.

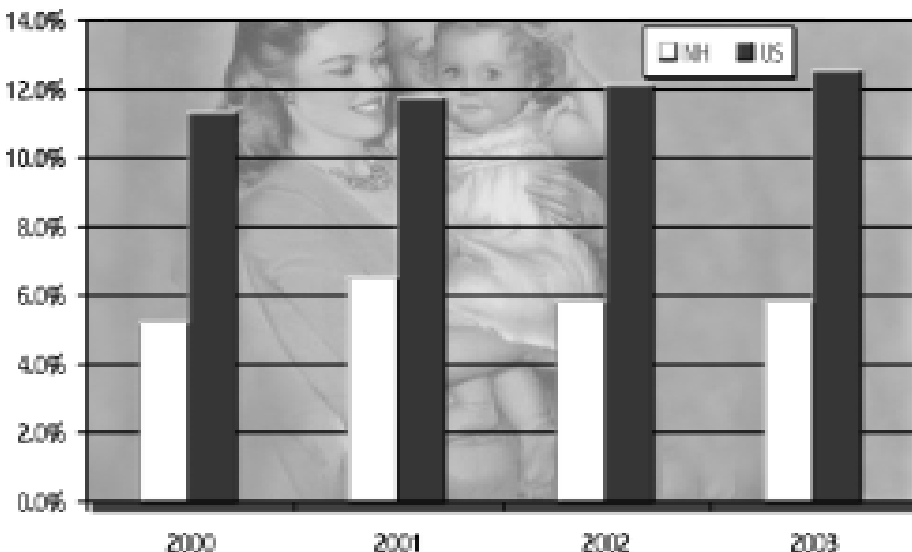


In New Hampshire, TANF is administered by the Division of Family Assistance. The work program under TANF is called the New Hampshire Employment Program (NHEP). This work program is provided by a statewide collaborative effort between DFA, New Hampshire Employment Security (NHES) and the Community Action Agencies. Staff from all three agencies work as a team to administer the program.

NHEP requires each recipient to participate in an approved work activity for 30 hours per week. Work activities can be any combination of employment, on-the-job training, volunteer work, community service, education and vocational training. The program's aim is to assist needy families in finding and keeping employment, and to work towards self-sufficiency.

A TANF recipient is limited to 60 months of financial assistance during his or her lifetime. According to New Hampshire's Department of Health and Human Services, as of August 2004, 771 people had reached this limit since

Since 2000 New Hampshire's poverty rate has been about half that of the nation's



September 2001 (the 61st month after PRWORA was enacted).

Under certain specific circumstances, individuals may exceed the 60-month lifetime limit through a process developed by DHHS for families that may be experiencing a hardship situation. A committee composed of community and DHHS professionals considers the requests and makes decisions based on verified documentation. As of August 2004, 83 participants of the 771 people who had reached this limit remained open due to a hardship.

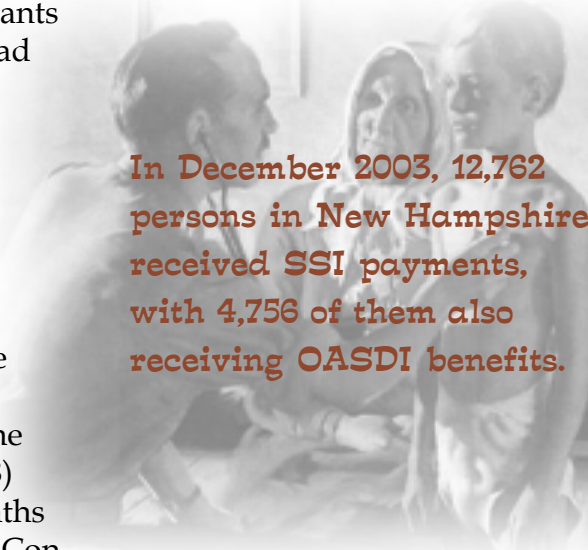
The 1996 welfare law (P.L. 108-7) expired on September 30, 2002, but has continued to operate under a series of short-term reauthorizations, the most recent (P.L. 108-308) extended TANF six-months through March 31, 2005. Congress will reintroduce welfare reform legislation and start consideration anew at the opening of the 109th Congress, beginning in 2006.

Healthy Kids Program

The Healthy Kids program is a publicly subsidized health insurance program for children under the age of 19. It is jointly administered by the nonprofit New Hampshire Healthy Kids Corporation and the State of New Hampshire's Department of Health and Human Services.

The Healthy Kids program has various levels of eligibility. Healthy Kids Gold is the children's version of Medicaid, with no cost to the child/family. As of June 2004, 59,898 children were receiving assistance from Healthy Kids Gold, an increase of 5.3 percent from the previous year.

Another insurance plan called Healthy Kids Silver requires the payment of premiums, the amounts of which are deter-



In December 2003, 12,762 persons in New Hampshire received SSI payments, with 4,756 of them also receiving OASDI benefits.

mined by family income. As of June 2004, 6,321 children were receiving assistance from Healthy Kids Silver, an increase of 12.2 percent from the previous year.

In late 2003, a study was commissioned by the New Hampshire Healthy Kids Corporation to evaluate the program, with the results released in June 2004.¹ Called the *2003 New Hampshire Healthy Kids Quality Evaluation*, it contains findings that are mostly positive but also highlights some barriers to participation. The

major findings: the program is effectively administered, the children enjoy greater access to health care than those without, and that customers rate the program high for information received, communications and processes.

Barriers to participation include the costs to participate (for Healthy Kids Silver) and inability to produce the required documentation, such as pay stubs.

Elder Care

As the population ages, concerns about elder care become more prevalent. The Bureau of Elderly and Adult Services (BEAS) in New Hampshire's DHHS addresses issues specific to this segment of the population.

Among the growing concerns for seniors are the challenges facing these individuals to be able to maintain their dignity and independence while continuing to handle the task of everyday life. Many avenues of assistance are available, from financial help with ever rising fuel costs to information about adult abuse protection programs. BEAS has a quarterly informational publication that provides this information, as well as AARP updates and proposed legislative highlights that could affect seniors.

Another cooperative group with BEAS is New Hampshire ServiceLink. This network is comprised of ten community-based ServiceLink programs that provide information and supportive referral resources for older adults, adults with disabilities and their families and caregivers. The staff provides both self-directed and supported referral services. The supported referral services make up over 60 percent of the total services provided. The volume of these services grew significantly from 13,566 total services in 2002 to 21,295 total services in 2003.²

Social Security

Nationwide, nearly 47 million Americans receive benefits under Social Security. It is the nation's largest anti-poverty program, lifting millions above the poverty line each year.

The most common form of Social Security is Old Age Survivors and Disability Insurance (OASDI), which provides monthly benefits to qualified retired and disabled workers. Over 211,000 persons in New Hampshire received benefits in December

2003, with benefits for that month totaling \$184 million. About 16.4 percent of New Hampshire's population receive this type of Social Security.

Supplemental Security Income (SSI) provides monthly cash assistance to low income aged, blind and otherwise disabled persons. In December 2003, 12,762 persons in New Hampshire received SSI payments, with 4,756 of them also receiving OASDI benefits.

What can the 25 or 35-year old expect at retirement age? The Social Security Administration Web site says that if you are now 25 and nothing is done to change Social Security, when you reach age 63 in 2042, benefits for all retirees could be cut by 27 percent and could continue to be reduced every year thereafter. If you are now 35 and nothing is done to improve Social Security, at age 73 your scheduled benefits could be reduced by 27 percent and could continue to be reduced every year thereafter from presently scheduled levels.³

There are no plans, however, to cut benefits for current retirees, and benefits will continue to be increased each year, linked to the Consumer Price Index. But, according to observers, Social Security is not sustainable over the long term at present benefit and tax rates without large infusions of additional revenue. Without changes, there will be a massive and growing shortfall over the coming 75-year period.

Don Kelley

¹ RKM Research and Communications, Inc. "2003 New Hampshire Healthy Kids Evaluation." June 28, 2004. [New Hampshire Healthy Kids](http://www.nhhealthykids.com). Accessed September 20, 2004. <www.nhhealthykids.com>

² ServiceLink Annual Report, State Fiscal Year 2003, prepared by the Division of Elderly and Adult Services with the ServiceLink Network, December 2003

³ [Social Security's Future - FAQs](http://www.ssa.gov/qa.htm). Information derived from 2003 OASDI Trustees Report, updated March 24, 2004. Social Security Administration. Accessed September 20, 2004. <www.ssa.gov/qa.htm>

Poverty

	2000	2001	2002	2003	Source
Persons below poverty (percent of population) - Caution: relatively large standard errors					
New Hampshire	5.2%	6.5%	5.8%	5.8%	CB
Connecticut	6.6%	7.3%	8.3%	8.1%	CB
Maine	8.4%	10.3%	13.4%	11.6%	CB
Massachusetts	10.1%	8.9%	10.0%	10.3%	CB
Rhode Island	9.1%	9.6%	11.0%	11.5%	CB
Vermont	11.3%	9.7%	9.9%	8.5%	CB
United States	11.3%	11.7%	12.1%	12.5%	CB

Temporary Assistance for Needy Families (TANF) - annual averages

	2000	2001	2002	2003	Source
Total cases (average open on last day of December)	5,285	5,653	5,946	5,889	DHHS
Percent annual change	-5.3%	7.0%	5.2%	0.8%	DHHS
Average case size	2.4	2.4	2.4	2.3	DHHS
Percent with earned income	35.0%	35.0%	38.0%	41.0%	DHHS
Number with non-parent relative in case	1,638	1,696	1,796	1,848	DHHS
Annual percent change	1.8%	3.5%	5.9%	2.9%	DHHS
Individuals meeting 60 month benefit limit (as of Sept. 30)	n/a	149	129	126	DHHS

Social Security Recipients (December data)

	2000	2001	2002	2003	Source
Total OASDI including spouses and children	200,490	204,140	207,860	213,520	SSA
Annual percent change	2.9%	1.8%	1.8%	2.7%	SSA
Retirement (Retired workers) ^a	134,170	135,720	137,330	140,160	SSA
Survivor ^b	18,730	18,520	18,220	17,950	SSA
Disability (Disabled workers) ^a	22,210	23,600	25,450	28,010	SSA
Age 65 and over	146,190	147,120	148,790	151,530	SSA
Percent of total OASDI recipients	72.9%	72.1%	71.6%	71.0%	SSA/NHES
Age 65-69 years	39,740	39,530	39,780	40,880	SSA
Age 70-74 years	38,090	37,880	37,520	37,240	SSA
Age 75 years and older	68,360	69,710	71,490	73,810	SSA
Percent women	57.8%	57.4%	57.3%	57.2%	SSA/NHES
Children aged 17 and under	11,950	12,980	13,810	14,540	SSA
Monthly OASDI benefit amount total (thousands)	\$122,990	\$128,324	\$132,981	\$136,964	SSA
Retired workers (median)	\$863.00	\$896.00	\$919.70	\$947.60	SSA
Non-disabled widows and widowers (median)	\$857.00	\$895.50	\$916.00	\$941.60	SSA
Disabled workers (median)	\$743.00	\$767.00	\$781.70	\$798.00	SSA

^a Excludes spouses and children

^b Excludes children

17. Crime & Crashes

Number of fatalities on New Hampshire highways hit historic high. Internet crimes against minors major concern.

There were 151 highway fatalities in New Hampshire as of November 22, 2004. This was nearly 20 percent more fatalities than occurred in all of 2003. The major problems facing the New Hampshire highways are alcohol related driving and speed. Distracted drivers (eating, reading and talking on cell-phones while driving) are to a larger extent also a problem on the roadways these days.

New Hampshire Highway Safety Agency has recently purchased Preliminary Breath Tests (PBTs)* for about half a million dollars and dispersed them to state troopers throughout New Hampshire. This portable device makes drunk-driving enforcement more efficient, as the state trooper can test the driver instantly in the field. State troopers can also use the PBT when suspecting underage drinking.

* Preliminary Breath Test (PBT) - According to expertlaw.com, a PBT device is portable in nature, and is often carried by police in the field. PBT devices provide an estimate of blood alcohol concentration. However, due to the nature of the devices and the circumstances under which they are used, PBT results are not ordinarily admissible in court except under unusual circumstances.

Furthermore, state troopers have heightened efforts to control speed and to enforce the under 18 seat-belt law.

Another major concern is that 29 of the highway fatalities happened in motorcycle accidents, three times as many than in the previous year. Part of the reason for this increase is a steep increase in the number of bikers, especially among the babyboomer generation. The Highway Safety Agency has a strong feeling that there would be fewer motorcycle accidents if more bikers participated in the

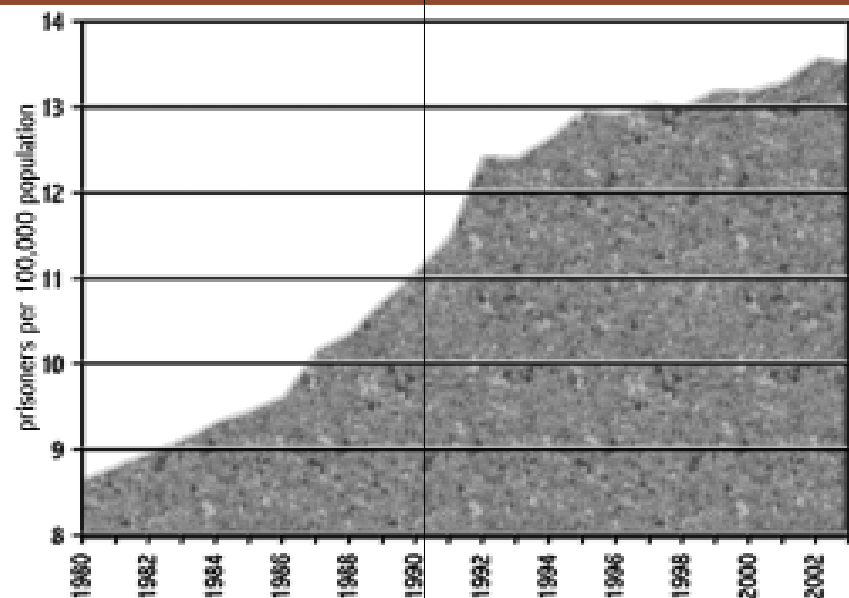


existing three-day motorcycle safety course. Right now this course is not a requirement.¹

Prison Population

New Hampshire Department of Corrections (DOC) is facing an aging prison population causing steep increases in health care costs. "With the increasing age of the inmate as well as poor health practices prior to incarceration, many serious medical conditions are apt to develop".² Another huge budget concern for DOC is that some of the its prison facilities are in serious disrepair.³

Number of prisoners increased drastically from mid-80s to mid-90s



Since 1980 the number of prison inmates has been on the rise. Part of this increase is due to the increase in population but the incarceration rate (prison population divided by total population) also went up drastically in the mid-eighties. Over the last couple of years the rate has been increasing more slowly and the prison population in New Hampshire has reached a steady threshold of 2,500 inmates.

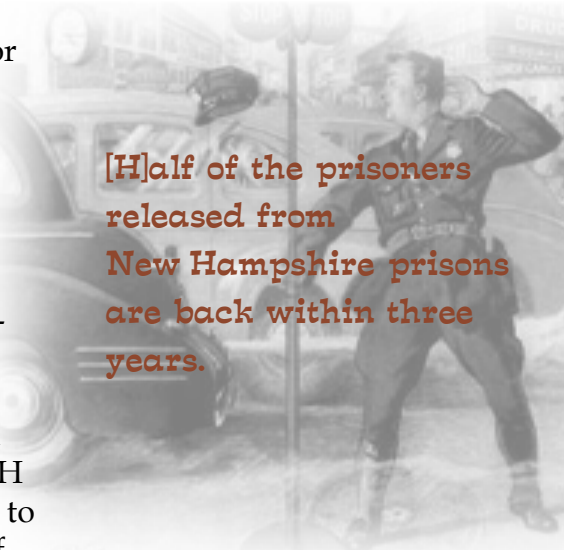
In February 2004, New Hampshire Center for Public Policy Studies released a report explaining the growth in New Hampshire's prison population as largely driven by two phenomena: "[I]n 1982, the legislature increased the length of time offenders must serve for their crimes, and the department and the NH Parole Board have chosen to re-incarcerate hundreds of probation and parole violators in the state prison each year."⁴

Among the suggestions made in this report, the New Hampshire Department of Corrections (DOC) has looked into alternative sentencing for low-risk inmates (i.e. electronic monitoring at home) and started a federal funded "re-entry" program to reduce recidivism (relapse into criminal behavior). The report also suggested more prisons be converted into half-way houses. This might have influenced the decision to convert

the Laconia prison to a "transitional facility" for low-risk inmates.

More Prisoners on Parole

Although a report from the U.S Justice Department rated New Hampshire as the state with the lowest number of people on probation or parole per 100,000 inhabitants, New Hampshire saw a double digit increase in its parole and probation population in 2003.



[H]alf of the prisoners released from New Hampshire prisons are back within three years.

A new Law on Medical Parole⁵ (SB 382 - Amend RSA 651-A) is another attempt by DOC to lower expenditures. This new law allows the Adult Parole Board to release a prisoner earlier than normally permitted, if a severe medical condition is present. A woman from Gilford was the first person to be released early on medical parole. The woman was released shortly before she had been scheduled for breast cancer surgery. As the woman had private insurance, the state saved approximately \$40,000.

In 2004, a proposal of sending up to 1,000 prisoners out of state to private prisons was looked into. Cost savings by sending prisoners out-of-state were not as high as expected. Proponents criticized the proposal for using cost as the only parameter. Some of the problems with sending prisoners out of state would be prisoners' separation from their families and that the distance from the local community could potentially jeopardize rehabilitation.⁶⁷

The Department of Corrections (DOC) has realized that more will be saved if released inmates don't return to prison. Until recently, the Departments of Corrections in New Hampshire did not track which ex-convicts served time repeatedly and the individual reason why they returned to prison. The lack of a tracking system meant that the DOC didn't know which programs failed or succeeded in the attempt to rehabilitate inmates. With the strengthened emphasis on community corrections programs, DOC is in the initial phase of creating such a tracking system. Right now unofficial recidivism figures trend that half of the prisoners released from New Hampshire prisons are back within three years.⁷

Internet Crime

Many young people spend large amounts of time on the

Internet, both as a tool for studying as well as a tool for communication. The intensified use of the Internet has increased the concern of the crimes committed against children that were initiated through the Internet. The Crimes against Children Research Center at the University of New Hampshire has been studying the phenomena of on-line victimization for the past couple of years.

Some of the main highlights from their research are the following:

From a survey done among young Internet users (aged 10-17), it was found that almost one in five surveyed received an unwanted sexual solicitation in the past year. "Seventy percent of these unwanted solicitations happened when the youth was using a computer at home, and most of the remaining 30 percent happened at someone else's home."⁸ Two-thirds of these took place in chat rooms. The same survey found that twenty-five percent of the surveyed youth also reported unwanted exposures to sexual material.

Another national survey found that in most cases of sexual offenses against juvenile victims that originated with on-line encounters, "[m]ost offenders did not deceive victims about the fact that they were adults who were interested in sexual relationships."⁹

The amount of resources that exist to guide teachers, parents, and children on how to use the Internet in a safe manner are plentiful. In February 2004, a cooperative effort between the Attorney General's office, the Department of Education and the Governor's office brought the 'NetSmartz Workshop' to New Hampshire. 'NetSmartz' contains several age-appropriate computer programs and educator's material to help children stay safer on the Internet.

Annette Nielsen

- ¹ Phone-interview with Peter M. Thomson, Coordinator, State of New Hampshire Highway Safety Agency, Monday November 29, 2004.
- ² Department of Correction, Annual report for FY ending June 2003, p. 20.
- ³ Koziol, John. "Prison to become 'transitional facility'." Citizen Online, Thursdays 25, 2004.

- ⁴ Minard, Richard A. Locked up: Corrections Policy in New Hampshire - Options for reducing the prison population and the cost of incarceration. New Hampshire Center for Public Policy. p.5.
- ⁵ SB 382 - Amend RSA 651-A was passed on June 11, 2004. Accessed December 23, 2004 <www.gencourt.state.nh.us/legislation/2004/sb0382.html>
- ⁶ Timmins, Annmarie. "Group: Prison plan isn't cost-effective." Concord Monitor. October 29, 2004
- ⁷ Gerth, Ulrika G. "Former inmates lost to the system: NH. Maine don't know if prison programs work." Foster's Online. September 6, 2004. Accessed December 7, 2004
- ⁸ Finkelhor et al, Highlights of the Youth Internet Safety Survey, Office of Juvenile Justice and Delinquency Prevention. March 2001. Accessed November 19, 2004 <www.netsmartz.org/safety/statistics.htm>
- ⁹ Wolak et al., Internet-initiated Sex crimes against Minors: Implications or Prevention based on findings from a national survey. Journal of adolescent health. Accessed December 3, 2004 <www.unh.edu/ccrc/NJOV_info_page.htm>

Crime Offenses

	2000	2001	2002	2003	Source
Total crime offenses	30,068	29,233	28,306	n/a	FBI
Annual percent change	n/a	-2.8%	-3.2%	n/a	FBI
Violent crime offenses	2,167	2,144	2,056	1,916	FBI
Annual percent change	n/a	-1.1%	-4.1%	-6.8%	FBI
Property crime offenses	27,901	27,089	26,250	26,448	FBI
Annual percent change	n/a	-2.9%	-3.1%	0.8%	FBI

Total Crime Index (Rate per 100,000 population)

	2000	2001	2002	2003a	Source
United States	4,124.0	4,162.6	4,118.8	n/a	FBI
New Hampshire	2,433.1	2,321.3	2,220.0	n/a	FBI
Connecticut	3,232.7	3,109.3	2,997.2	n/a	FBI
Maine	2,619.8	2,692.9	2,656.0	n/a	FBI
Massachusetts	3,026.1	3,087.9	3,094.2	n/a	FBI
Rhode Island	3,476.4	3,682.3	3,589.1	n/a	FBI
Vermont	2,986.9	2,769.8	2,530.0	n/a	FBI

Violent Crime Index (Rate per 100,000 population)

	2000	2001	2002	2003a	Source
United States	506.1	504.5	494.4	475.0	FBI
New Hampshire	175.4	170.2	161.3	148.8	FBI
Connecticut	324.7	334.6	312.5	308.2	FBI
Maine	109.6	111.7	107.8	108.9	FBI
Massachusetts	476.1	477.8	484.9	469.4	FBI
Rhode Island	297.7	309.3	285.6	285.6	FBI
Vermont	113.5	105.1	106.7	110.2	FBI

Property Crime Index (Rate per 100,000 population)

	2000	2001	2002	2003a	Source
United States	3,617.9	3,658.1	3,630.6	3,588.4	FBI
New Hampshire	2,257.8	2,151.0	2,059.8	2,053.9	FBI
Connecticut	2,908.0	2,774.7	2,701.3	2,606.7	FBI
Maine	2,510.2	2,581.1	2,547.3	2,456.7	FBI
Massachusetts	2,550.0	2,610.1	2,612.2	2,549.5	FBI
Rhode Island	3,178.7	3,373.0	3,308.2	2,995.0	FBI
Vermont	2,873.4	2,664.7	2,424.0	2,200.1	FBI

Auto Insurance Claims Loss - Personal and Commercial

	2000	2001	2002	2003	Source
Total Claims (\$ millions)	\$407.9	\$437.0	\$459.4	\$471.5	ID
Annual percent change	14.4%	7.1%	5.1%	2.6%	ID/NHES
Personal Claims (\$ millions)	\$346.9	\$372.0	\$398.5	\$404.1	ID
Annual percent change	13.6%	7.2%	7.1%	1.4%	ID/NHES
Percent Personal	85.0%	85.1%	86.8%	85.7%	ID/NHES
Commercial Claims (\$ millions)	\$61.0	\$65.0	\$60.9	\$67.4	ID
Annual percent change	19.1%	6.6%	-6.3%	10.7%	ID/NHES

Criminal Arrests

	2000	2001	2002a	2003	Source
Total	35,592	38,816	36,432	n/a	UCRU/NHES
Annual percent change	2.2%	9.1%	-6.1%	n/a	UCRU/NHES
Total Drug Offenses	2,815	2,993	2,463	n/a	UCRU/NHES
Annual percent change	3.0%	6.3%	-17.7%	n/a	UCRU/NHES
Total DWI Offenses	4,563	5,019	4,990	n/a	UCRU/NHES
Annual percent change	-4.9%	10.0%	-0.6%	n/a	UCRU/NHES
Adult Total	28,094	31,056	29,282	n/a	UCRU/NHES
Annual percent change	1.1%	10.5%	-5.7%	n/a	UCRU/NHES
Total Drug Offenses	2,174	2,266	1,876	n/a	UCRU/NHES
Annual percent change	4.5%	4.2%	-17.2%	n/a	UCRU/NHES
Total DWI Offenses	4,453	4,896	4,891	n/a	UCRU/NHES
Annual percent change	-5.0%	9.9%	-0.1%	n/a	UCRU/NHES
Juvenile Total	7,498	7,659	7,150	n/a	UCRU/NHES
Annual percent change	6.1%	2.1%	-6.6%	n/a	UCRU/NHES
Total Drug Offenses	641	730	587	n/a	UCRU/NHES
Annual percent change	-1.5%	13.9%	-19.6%	n/a	UCRU/NHES
Total DWI Offenses	110	123	99	n/a	UCRU/NHES
Annual percent change	0.9%	11.8%	-19.5%	n/a	UCRU/NHES

a: Preliminary totals, data is not all in yet

State Prison Population

	2000	2001	2002	2003	Source
Number of prisoners in state prisons ^a (fiscal year)	2,259	2,336	2,482	2,486	DC
New Hampshire's incarceration rate (fiscal year)	182	185	195	193	DC/NHES
Probation and parole caseload	4,920	4,547	4,808	5,203	DC
U.S. incarceration rate (federal and state jurisdiction) ^b	478	470	476	480	USDJ
State jurisdiction incarceration rate	432	422	427	51	USDJ
Federal jurisdiction incarceration rate	45	48	49	429	USDJ

^a Number of inmates on June 30th, sentenced for more than one year.

^b Sentenced prisoners with more than 1 year per 100,000 residents.

Traffic Crashes

	2000	2001	2002	2003	Source
Total crashes reported	38,156	34,357	40,190	41,843	DMV
Annual percent change	7.3%	-10.0%	17.0%	4.1%	DMV/NHES
Total injuries reported	15,033	11,221	15,835	16,486	DMV
Annual percent change	7.3%	-25.4%	41.1%	4.1%	DMV/NHES
Fatal motor vehicle crashes	117	124	117	116	DMV
Percent alcohol involved, crashes ^a	34.2%	40.3%	41.9%	28.4%	DMV
Number of fatalities	126	142	127	127	DMV
Percent alcohol involved, victims ^a	32.5%	39.4%	34.6%	37.0%	DMV
Fatalities per 100 million vehicle miles	0.95	1.05	0.92	0.87	RTDS

^aBased on a Blood Alcohol Content of 0.04 percent or above.

18. Environment

Roughly seven of every ten communities in the state recycle. New Hampshire added one site to the national Superfund list.

Recycling is not only good for New Hampshire's environment, but also good for New Hampshire's economy. Nearly 17,600 people were employed by more than 1,500 New Hampshire firms in recycling-related industries, as defined by the Northeast Recycling Council (NERC). These firms generated more than \$820 million in payroll in 2003. These recycling-related businesses can be involved with anything from the collection of recyclable items such as paper and glass to the actual manufacturing of other products made from these recycled items.

According to the New Hampshire Department of Environmental Services (NHDES), recycling conserves natural resources, saves disposal capacity and makes sense economically. In 2003, about 70 percent of the state's communities recycled, resulting in 112,685 tons of solid waste recycled by Granite State residents.

Air Quality

Warm weather, along with strong sunshine, causes air pollutants from motor vehicles and industry to undergo chemical changes in the atmosphere. These reactions lead to the formation of ground-level

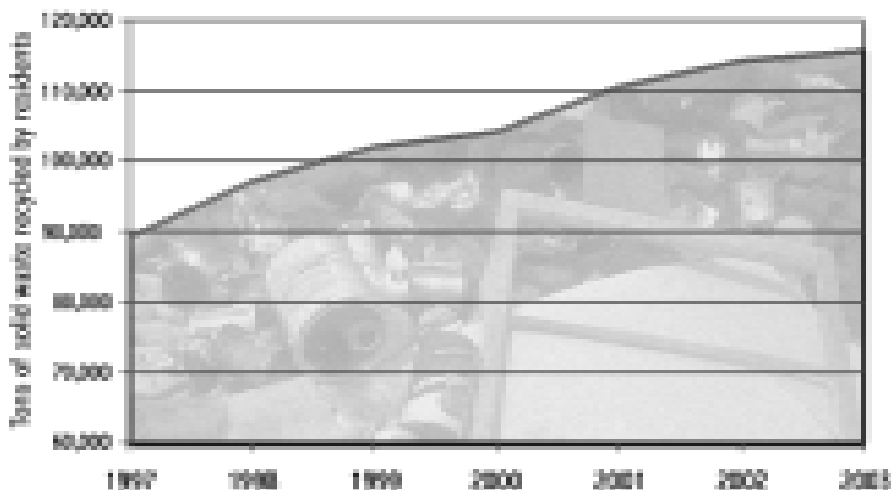


ozone, commonly referred to as *Smog*. This ozone (or smog) at ground level, although the same chemically, should not be confused with the protective layer of ozone in the upper atmosphere, which screens out harmful ultraviolet rays.¹

In the spring of 2004, NHDES published a study on "Air Pollution Transport and How it Affects New Hampshire." The study stated that direct health related costs to New Hampshire from transported air pollution due to out-of-state sources are estimated to exceed \$1.0 billion per year. Elevated levels of ground-level ozone can cause coughing, chest pain, headaches and irritation of the nose, throat and lungs, and are suspected to cause cancer and reproductive problems.

According to the study, New Hampshire experiences an average of ten days a year when the air quality is officially categorized as unhealthy. On these unhealthy days, nearly all of the pollution is transported into the state with the wind, sometimes over great distances. Because

Granite state residents recycled more than 112,000 tons of solid waste in 2003



of this, unhealthy days are not just a problem for the more populated areas of the state. According to NHDES, the summit of Mt. Washington often records ozone levels just as bad as those of south central New Hampshire and the Boston metropolitan area.

The study concluded that, since pollution knows no boundaries, the steps New Hampshire has taken to reduce air pollution emissions within the state are not enough. Emission reductions need to be taken in upwind states to improve the quality of the air in the Granite State.


Toxic Release Inventory (TRI)

The Toxic Release Inventory (TRI), maintained by the US Environmental Protection Agency (EPA), is a program for reporting releases and transfers of toxic chemicals to the environment. The TRI is a database of information about releases of more than 650 toxic chemicals from manufacturing facilities throughout the nation. TRI data from New Hampshire facilities that use, manufacture, treat, or release any of the listed toxic chemicals are reported to the EPA on an annual basis. Although the TRI database represents only a subset of total toxic emissions, the information can be used to identify trends in the release of air toxics emissions on an

annual basis. According to the EPA, New Hampshire has reduced its air toxics emissions over 85 percent since 1987 when the New Hampshire Air Toxics Control Act was first implemented, and leads the nation in overall TRI reductions.

Superfund

In the past people were not aware of how dumping chemical wastes would affect public health or the environment. According to the US Environmental Protection Agency (US



[According to NHDES] direct health related costs to New Hampshire from transported air pollution due to out-of-state sources are estimated to exceed \$1 billion per year.

EPA), thousands of properties where such practices were intensive or continuous, the result was uncontrolled or abandoned hazardous waste sites, such as abandoned warehouses and landfills.

To clean up these sites, states usually need financial assistance. To get this help, the site must qualify as a Superfund site. The term Superfund is derived from the trust fund that was established to pay for cleanup and enforcement

activities at sites where the release or possible release of a hazardous substance may endanger public health, welfare or the environment. Some sites are 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. In 2003 New Hampshire had nineteen hazardous waste sites on the National Priorities List (NPL).

In 2003, the Superfund program spent \$434 million nationwide to construct remedies and conduct emergency response actions according to the US EPA. Of the roughly 1,250 national 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. As of

October 2004, none of the Granite State’s Superfund sites had been removed from the NPL, according to the US EPA.

Fifteen of the nineteen New Hampshire sites are now in the third stage, the *remedial action* phase, according to NHDES. Three of the remaining four are in the second stage, the *cleanup design phase* and the newest to the list, the Troy Mills landfill, is in the first stage, the *development of cleanup alternatives* phase. According to NHDES, all

nineteen sites in the state will be in the final stage, *ongoing or completed cleanup*, in 2006.

New Hampshire's Bodies of Water

July 2004 was "Lakes Appreciation Month in New Hampshire," recognizing the importance of the state's hundreds of lakes and ponds to its quality of life and economic well-being.²

New Hampshire's 1,000 lakes and roughly 10,000 miles of rivers and streams serve as not only a wildlife habitat, but also provide a variety of recreational uses that, in turn, impact the state's economy. Keeping these bodies of water clean is not only important to the environment, but also to the economy. A study done recently for the New Hampshire Lakes Association³ found that about 15 million visitor days were spent on recreational activities such as boating, swimming, and fishing in 2002. Total sales generated by these visitors ranged from \$840 million to \$1.2 billion, according to the study.

In February 2004, NHDES received \$1.0 million in federal funding to:

- 👉 Identify how milfoil grows under various lake conditions
- 👉 Test newly developed herbicides as a short-term solution
- 👉 Examine if native plant species can affect milfoil's growth
- 👉 Develop educational material designed to increase awareness of the dangers of milfoil.

NHDES has been battling exotic aquatic plant infestations in the state for about 40 years. The first infestation was in Lake Winnepesaukee in 1965. In 2001, 58 infestations were found in 53 water bodies (including rivers) across the state. The number of the water bodies infested in the Granite State increased to 61 in 2004.

The New Hampshire Lakes Association received \$90,000 in federal funding to expand its "lake host" program from 38 to 55 sites across the Granite State. The program encourages boaters to take steps to prevent the spread of milfoil. In 2004, the Lake Host program was responsible for preventing the spread of exotic plants twelve times. Each time the plant was either spotted before it entered or left the water.⁴

Why are these exotic aquatic plants such a problem? According to NHDES, most of the exotic aquatic plants they are seeing in New Hampshire's lakes and rivers are native to Europe and Asia. However, variable milfoil, the most problematic of these plants, is actually native to the Southern part of the United States, where it doesn't grow out of control. Because these plants are not native to New Hampshire, they have no established relationships with native fauna that would keep their growth under control. When these exotic plants grow without natural controls they encroach into and replace the habitats of native plants, disrupting the food chain, stunting fish growth and degrading wildlife habitat. Some exotic aquatic plants can grow up to an inch a day.

Elisabeth Picard

¹ The Air Quality Information Hotline. New Hampshire Department of Environmental Services, Air Resources Division. Accessed December 7, 2004. <www.des.state.nh.us/factsheets/ard/ard-16.htm>

² *Governor Benson Proclaims July 2004 "Lakes Appreciation Month" In NH*, Accessed October 8, 2004. <www.des.state.nh.us/press/press070104_CleanLakes.htm>

³ Estimates of Select Economic Values of New Hampshire Lakes, Rivers, Streams, and Ponds, Phase II Report. NH Lakes Association. By Dr. Lisa Shapiro. Gallagher, Callahan & Gartrell, PA. June 2003

⁴ *Senator Gregg Announces \$1.09 million to Fight Milfoil Statewide*, February 2, 2004. News Release. NHDES Pressroom. Accessed October 8, 2004 <www.des.state.nh.us/press.asp>

Ozone Levels

	2000	2001	2002	2003	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	0.094	0.119	0.111	0.094	EPA
Nashua	0.099	0.125	0.135	0.101	EPA
Portsmouth	0.097	0.082	0.145	0.097	EPA
Rye	0.102	0.149	0.137	0.105	EPA
Estimated Days above NAAQS standard (0.125 ppm)	0	3	0	0	EPA
Unhealthy Days (days above 0.08 ppm/8 hours, state)	1	10	13	1	DES-ARD

Water Quality - Lakes and ponds

	2000	2001	2002	2003	Source
Aquatic Life:					
Total acres assessed	n/a	79,182	n/a	88,251	DES-WD
Acres Fully Supporting	n/a	0	n/a	7,808	DES-WD
Acres Not Supporting	n/a	79,182	n/a	78,004	DES-WD
Acres Not Assessed	n/a	86,622	n/a	2,438	DES-WD
Fish Consumption:					
Acres Fully Supporting	n/a	165,804	n/a	0 ^a	DES-WD
Swimming:					
Total acres assessed	n/a	95,608	n/a	95,573	DES-WD
Acres Fully Supporting	n/a	95,523	n/a	90,501	DES-WD
Acres Not Supporting	n/a	85	n/a	1,406	DES-WD
Acres Not Assessed	n/a	70,196	n/a	3,667	DES-WD

^a All surface waters are impaired for fish consumption and shellfishing due to mercury

Water Quality - Rivers and streams

	2000	2001	2002	2003	Source
Aquatic Life:					
Total miles assessed	n/a	729	n/a	8,551	DES-WD
Miles Fully Supporting	n/a	0	n/a	163	DES-WD
Miles Not Supporting	n/a	729	n/a	1,091	DES-WD
Miles Not Assessed	n/a	8,896	n/a	7,298	DES-WD
Fish Consumption:					
Total miles assessed	n/a	9,625	n/a	9,612	DES-WD
Miles Fully Supporting	n/a	9,431	n/a	0 ^a	DES-WD
Miles Not Supporting	n/a	194	n/a	9,612	DES-WD
Miles Not Assessed	n/a	0	n/a	0 ^a	DES-WD
Swimming:					
Total miles assessed	n/a	1,225	n/a	9,359	DES-WD
Miles Fully Supporting	n/a	810	n/a	891	DES-WD
Miles Not Supporting	n/a	415	n/a	441	DES-WD
Miles Not Assessed	n/a	8,400	n/a	8,024	DES-WD

^a All surface waters are impaired for fish consumption and shellfishing due to mercury

Carbon Monoxide

Highest maximum eight-hour concentration

Manchester	4.2	3.1	2.8	5.4	EPA
Nashua	4.6	4.0	3.9	4.0	EPA

Toxic Release Inventory

	2000	2001	2002	2003	Source
On-site and Off-site Releases in Pounds					
New Hampshire	6,160,861	4,758,653	4,477,620	n/a	EPA
Percent Change	4.3%	-22.8%	-5.9%	n/a	NHES/EPA
New England	40,178,999	37,773,462	36,954,982	n/a	EPA
Percent Change	5.7%	-6.0%	-2.2%	n/a	NHES/EPA
U.S. (millions)	7,100,816	6,157,997	4,792,510	n/a	EPA
Percent Change	-7.1%	-13.3%	-22.2%	n/a	NHES/EPA

Solid Waste

	2000	2001	2002	2003	Source
SOLID WASTE Residential and Commercial (tons per year-thousands)					
Generated	1,383	1,368	1,328	n/a	DES-WMD
Diversion (recycling + composting)	278	304	325	n/a	DES-WMD
Disposed of	1,068	991	927	n/a	DES-WMD
Pounds per person per day	6.4	6.0	5.7	n/a	DES-WMD
Exported	57	73	77	n/a	DES-WMD
Imported (for incineration and landfill)	255	346	721	n/a	DES-WMD

Sources

ABI	American Bankruptcy Institute
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
BKRNH	United States Bankruptcy Courts, Administrative Office of United States Courts
BLS	Bureau of Labor Statistics, United States Department of Labor
CB	Bureau of the Census, United States Department of Commerce
CTC	New Hampshire Department of Community Technical Colleges
DOC	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
DHHS	New Hampshire Department of Health and Human Services
DMV	Division of Motor Vehicle, New Hampshire Department of Safety
DOL	Department of Labor
DOT	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
 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
 MA Manchester Airport
 MBA Mortgage Bankers Association of America
 NHAR New Hampshire Association of Realtors
 NCUA National Credit Union Administration
 NHES New Hampshire Employment Security
 NNEREN Northern New England Real Estate Network
 OEP New Hampshire Office of Energy & Planning
 PEC New Hampshire Postsecondary Education Commission
 PM New Hampshire Pari-mutuel Commission
 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
 UCRU Uniform Crime Reporting Subsystem, New Hampshire Department of Safety
 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
 USPS United States Postal Service, Manchester Field Division
 WISER World Institute for Strategic Economic Research

Glossary & Index

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 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)*

Defense Contracts:

Military awards for supplies, services, and construction made during a specified fiscal year. *(Section 9)*

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)*

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.

(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)

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 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 unexpired 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)

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)

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)