

New Hampshire ECONOMIC CONDITIONS

June 2023

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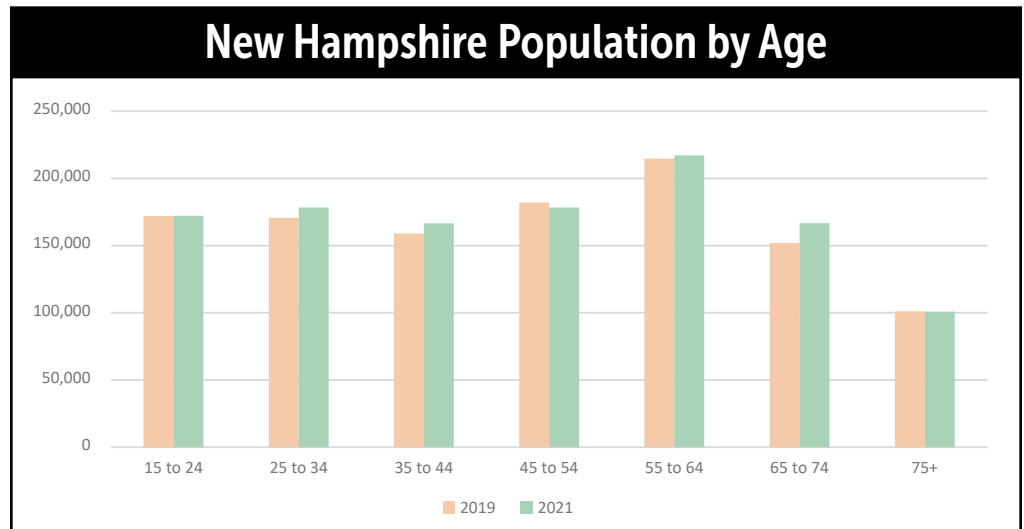
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Changes in New Hampshire's Workforce Since the Pandemic

There were 603,800 workers employed in New Hampshire in the third quarter of 2022, surpassing the 593,800 workers employed in the third quarter of 2019. While the workforce has returned to pre-pandemic size, the composition of New Hampshire's workforce changed over those three years. Workforce changes were the result of New Hampshire's changing demographics, as well as the pandemic's effects on migration and labor force participation. In New Hampshire, in-migration increased during the pandemic, part of a nationwide trend of Americans leaving urban areas for more rural ones. New Hampshire's population increased by 35,500 residents (2.6 percent) between 2019 and 2022, with migration responsible for all population growth.

Domestic migrants tend to be relatively young and have higher levels of educational attainment; the U.S. Census Bureau's 2021 1-Year American Community Survey estimated the median age of those who had moved to New Hampshire within the previous 12 months was 29.1 years and that more than half of domestic migrants age 25 or older held a bachelor's degree or advanced degree. While migration brought younger, educated workers to New Hampshire, a large number of New Hampshire's workers approached retirement age. New Hampshire's largest population cohort is between ages 55 and 64, an age when labor force participation begins to decline.



Source: U.S. Census Bureau, 1-Year American Community Survey

The pandemic encouraged some of these residents to leave the workforce earlier than they may have otherwise. A Federal Reserve study estimated that the retired share of the U.S. population increased by 1.5 percentage points between February 2020 and October 2022. Half of that increase was due to the U.S. population aging, while the other half were considered "excess retirements" that would not have occurred without the pandemic.¹

Excess retirements are part of the third workforce change that occurred during the pandemic, changes to labor force participation. Among New Hampshire residents over age 16, participation in the labor force² declined from 69.3 percent in 2019 to 65.9 percent in 2022. In addition to excess retirements, the pandemic created a number of other barriers to

labor force participation, including reduced availability of childcare and health-related challenges, including individuals dealing with "long COVID,"³ and those who continue to socially distance due to health concerns related to the pandemic.⁴

The pandemic also led to an increase in workers participating in

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1 Joshua Montes, Christopher Smith, and Juliana Dajon, "The Great Retirement Boom: The Pandemic-Era Surge in Retirements and Implications for Future Labor Force Participation," Finance and Economics Discussion Series, Board of Governors of the Federal Reserve System. <https://www.federalreserve.gov/econres/feds/files/2022081pap.pdf>

2 Labor force participation includes individuals who are employed as well as those actively looking for work.

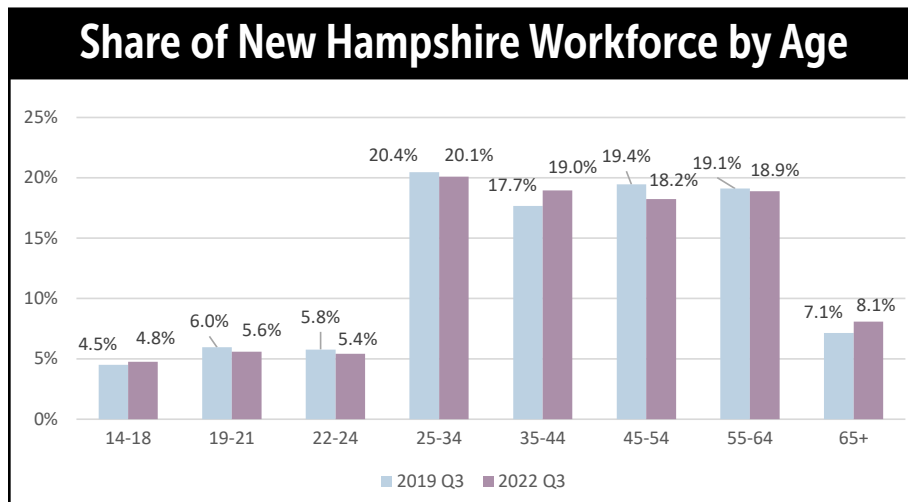
3 Jerome H. Powell, "Inflation and the Labor Market," Transcript of Speech Delivered at Hutchins Center on Fiscal and Monetary Policy, Washington, DC, November 30, 2022. <https://www.federalreserve.gov/newsevents/speech/powell20221130a.htm>

4 Jose Maria Barrero, Nicholas Bloom, and Steven J. Davis, "Long Social Distancing," National Bureau of Economic Research. <https://www.nber.org/papers/w30568>

the “gig economy.” Although independent contractors (gig workers) work and earn an income, they are self-employed, and are not included in the labor force. Consulting firm McKinsey & Company estimated the share of American workers who worked as independent contractors, either full-time or as a supplemental source of income, increased from 27 percent in 2016 to 36 percent in 2022.⁵

Age of New Hampshire’s Workforce

Between the third quarter of 2019 and the third quarter of 2022, the share of workers in three age cohorts increased, while other cohorts declined. The share of workers age 35 to 44 saw the largest increase, from 17.7 percent to 19.0 percent, followed the share of workers age 65 or older, which increased from 7.1 percent to 8.1 percent. The share of workers age 14 to 18 increased from 4.5 percent to 4.8 percent.



Source: U.S. Census Bureau, Quarterly Workforce Indicators

Despite the increase in workers age 35 to 44, the percentage of prime working age workers (between ages 25 and 54) declined slightly, from 57.5 percent to 57.3 percent. The share of workers age 45 to 54 experienced the largest decline, from 19.4 percent to 18.2 percent. The share of workers age 19 to 24 declined from 11.7 percent to 11.0 percent.

The number of New Hampshire residents age 65 or older increased by nearly 15,000 between 2019 and 2021 (2022 estimates are not available), driving up the share of workers in this age group. While the population age 25 to 34 increased by 7,600 residents over that time, this population growth did not

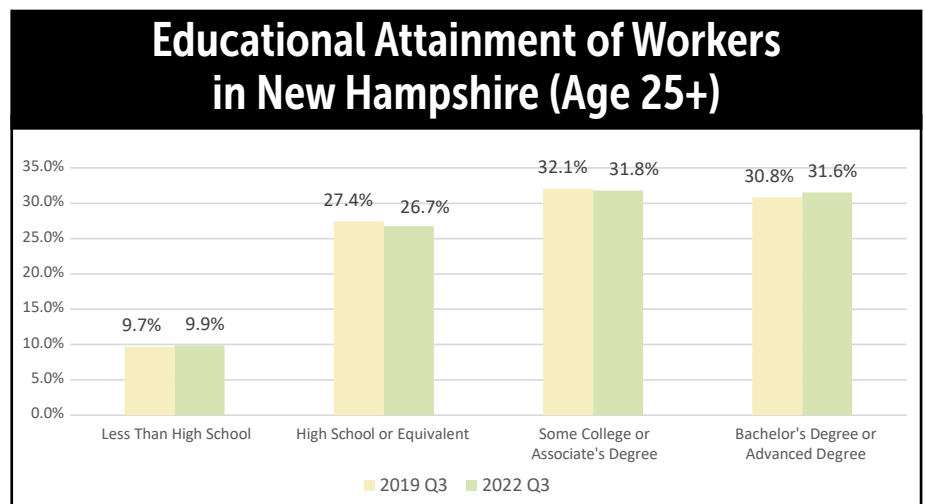
result in an increased share of workers. The labor force participation rate for residents in this age cohort declined by four percentage points between 2019 and 2022, resulting in a smaller share of the workforce. Decreased labor force participation in this age group, as well as for workers age 19 to 24, was likely partially attributable to individuals participating in the gig economy instead of traditional employment.

Other Demographic Shifts

New Hampshire’s workforce experienced other demographic shifts between the third quarter of 2019 and the third quarter of 2022. The percentage of workers age 25 or older with a bachelor’s degree or advanced degree increased from 30.8 percent to 31.6 percent.⁶ The share of workers with a bachelor’s degree has increased steadily for years, but accelerated during the pandemic.

The influx of domestic migrants with high levels of educational attainment contributed to this increase. In addition, older workers have lower levels of educational attainment than younger workers; as older workers leave the workforce and young workers enter, the share of workers with a bachelor’s degree increases.

New Hampshire’s workforce also became more diverse. New Hampshire’s workforce (and population) is still largely Non-Hispanic, Non-Latino White, but the share of the workforce that identified Non-Hispanic, Non-Latino White declined from 89.0 percent in the third quarter of 2019 to 87.8 percent in the third quarter of 2022. The share of Hispanic or Latino workers



Source: U.S. Census Bureau, Quarterly Workforce Indicators

5 André Dua et al., “Freelance, Side Hustles, and Gigs: Many More Americans Have Become Independent Workers,” McKinsey & Company, August 23, 2022. <https://www.mckinsey.com/featured-insights/sustainable-inclusive-growth/future-of-america/freelance-side-hustles-and-gigs-many-more-americans-have-become-independent-workers>
 6 Educational attainment data excludes workers under age 25, as many of them have not yet attained their desired level of education.

(of any race), the second largest racial or ethnic group in New Hampshire’s workforce, increased from 4.6 percent to 5.1 percent over that time. The share of workers who identified as Asian (0.3 percentage points), Black or African American (0.2 percentage points) and Two or More Race Groups (0.2 percentage points) increased slightly as well. Increased diversity in New Hampshire’s workforce reflects a younger, more diverse younger generation entering the workforce while an older, less diverse one exits.

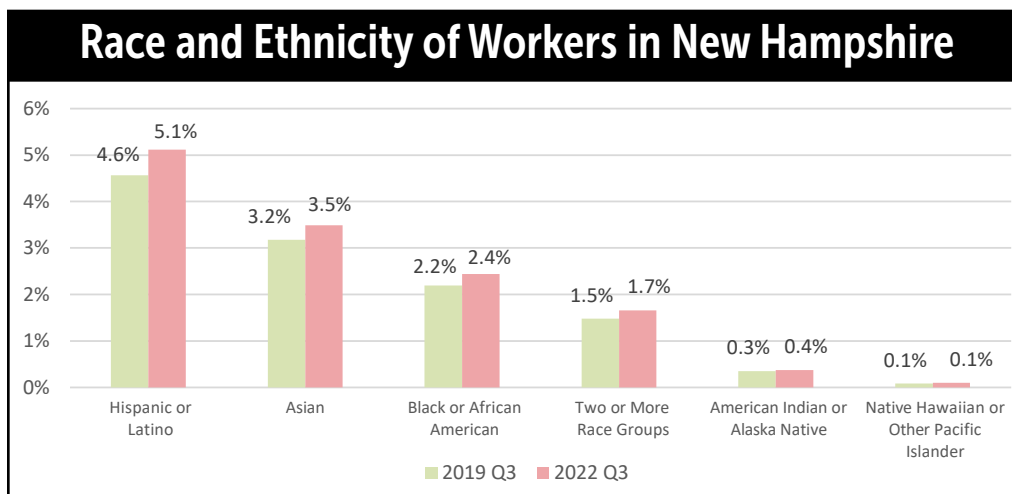
Prior to the pandemic, New Hampshire’s workforce was evenly split between male and female workers. In the early months of the pandemic, female employment declined more than male employment, as women were more likely to provide family care, and were employed in industries more affected by the pandemic, such as accommodation and food services and health care and social services.

The share of female workers in New Hampshire’s workforce fell from 49.8 percent in the third quarter of 2019 to 48.8 percent in the third quarter of 2020. In the third quarter of 2022, women accounted for 49.4 percent of New Hampshire’s workforce, 0.4 percentage points lower than pre-pandemic. This percentage was unchanged from the third quarter of 2021, suggesting that female New Hampshire residents face continued to face more barriers to labor force participation than male residents.

Labor force participation rates vary by age and gender, with men participating at a higher rate than women, and participation for both genders peaking between ages 25 and 54. In most age groups, labor force participation rate changes between 2019 and 2022 were similar for men and women, although rate changes diverged among residents age 55 and older. Labor force participation rates increased nearly two percentage points for males age 55 and older, while participation declined 3.3 percentage points among women age 55 to 64, and increased just 0.2 percentage points among women age 65 or older. This appears to be one of the largest factors accounting for the decline in the female share of the workforce.

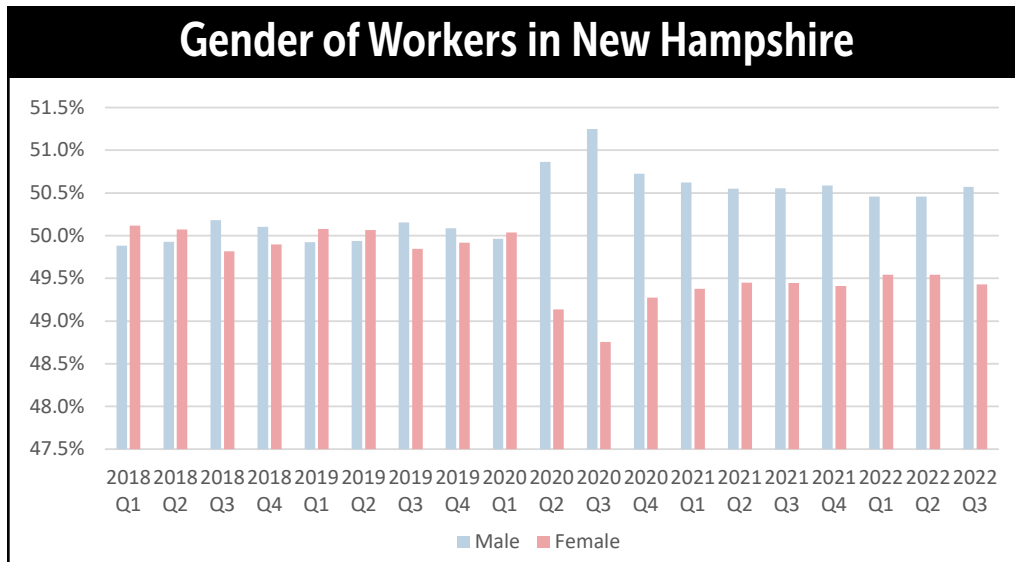
A study by the U.S. Department of Labor identified women’s greater share of family caregiving responsibilities and disproportionate health risks faced by older women during the pandemic as challenges keeping older women out of the labor force.⁷ The study also noted that women were more likely than men to retire during the pandemic, but that some pandemic-era retirements were involuntary, caused by health issues and the challenge older workers face finding employment.

– Greg David, Economist

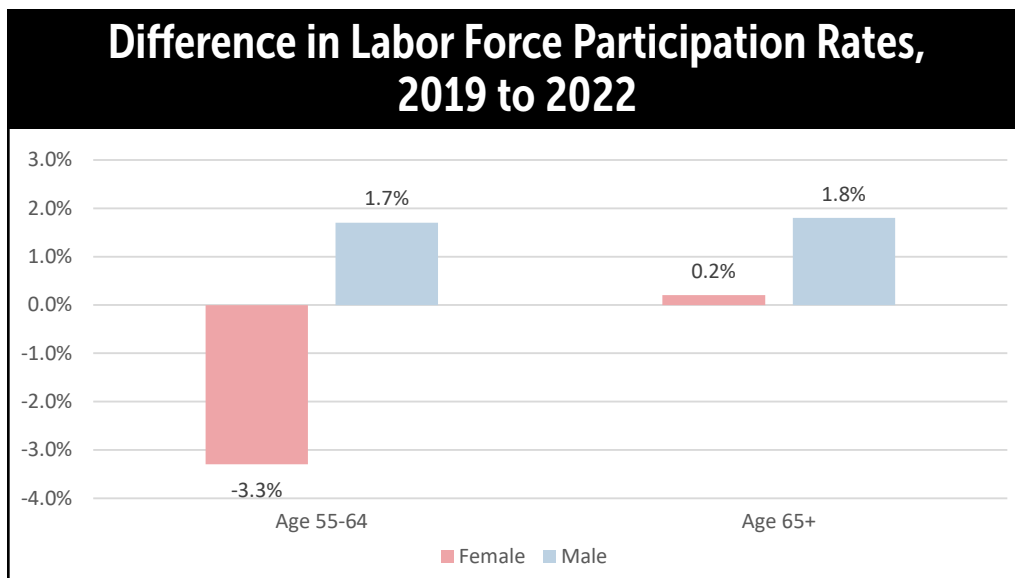


Source: U.S. Census Bureau, Quarterly Workforce Indicators

⁷ Catherine Hill and Gretchen Livingston, “Two Years into the Pandemic, Women Ages 65 and Older Had Yet to Recover Their COVID-Related Employment Losses,” [https://www.dol.gov/sites/dolgov/files/WB/media/Two %20Years%20into%20the%20Pandemic_Women%20Ages%2065.pdf](https://www.dol.gov/sites/dolgov/files/WB/media/Two%20Years%20into%20the%20Pandemic_Women%20Ages%2065.pdf)



Source: U.S. Census Bureau, Quarterly Workforce Indicators



Source: U.S. Bureau of Labor Statistics, unpublished Current Population Survey data