

New Hampshire ECONOMIC CONDITIONS

December 2020

NH Ice Castles - image from nhmagazine.com

Snowmobiling - image from travelchannel.com

Road in Fitzwilliam NH - image from Wikimedia Commons

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How Labor Force Participation in New Hampshire Changed During the Coronavirus Pandemic

In November 2020, New Hampshire had a total labor force of 750,460 workers.¹ The labor force includes New Hampshire resident members of the civilian noninstitutional population 16 years and older who are either employed or are unemployed and actively looking for work. Counting both employed and unemployed residents, 66.3 percent of the civilian noninstitutional population was in the labor force. The remaining 33.7 percent were not employed, and not actively looking for work. There are many reasons why individuals decide not to be in the labor force. They may be retired, in school, caring for family members, or unable to work due to illness or disability. Others would like to work, but aren't actively looking, because they don't believe there is work available for them.

The coronavirus pandemic had a negative impact on labor force participation; in November, the labor force was roughly 40,000 workers smaller than it had been in February. This decline in the labor force is not reflected in the unemployment rate. Unemployment in New Hampshire reached 17.2 percent (seasonally adjusted) in April, before dropping throughout the year, falling to 4.0 percent (seasonally adjusted) in December. However, since the unemployment rate only measures those individuals who are actively looking for work, the smaller labor force actually results in a lower unemployment rate, even though fewer people are employed. In November, 722,310 New Hampshire residents were employed out of a labor force of 750,460 residents. If the labor

force remained the same size it had been in February, 779,530 residents, November's 720,970 employed residents would result in an unemployment rate over seven percent.

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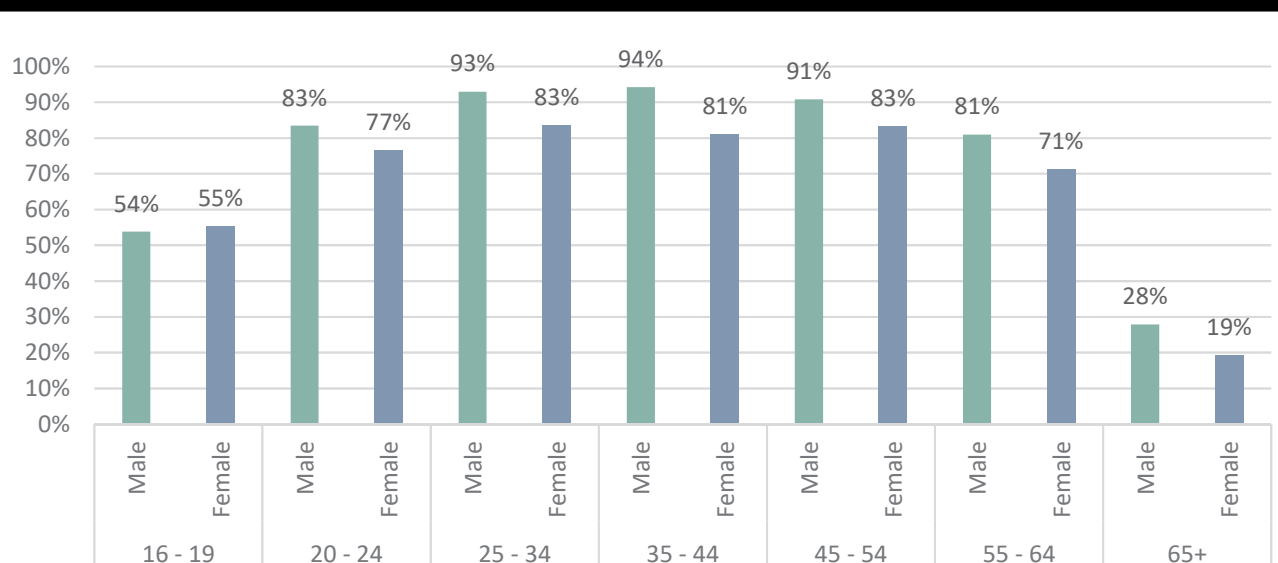
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2019 Average Labor Force Participation Rates



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

¹ Data are seasonally adjusted

Labor Force Participation by Age and Gender

The labor force participation rate shows what percentage of the population is actively engaged in the labor force. Females are less likely to participate in the labor force, as they are more likely to have family care responsibilities that keep them out of the labor force. Labor force participation for males averaged 74.8 percent in 2019, while for women, the average was 63.9 percent.

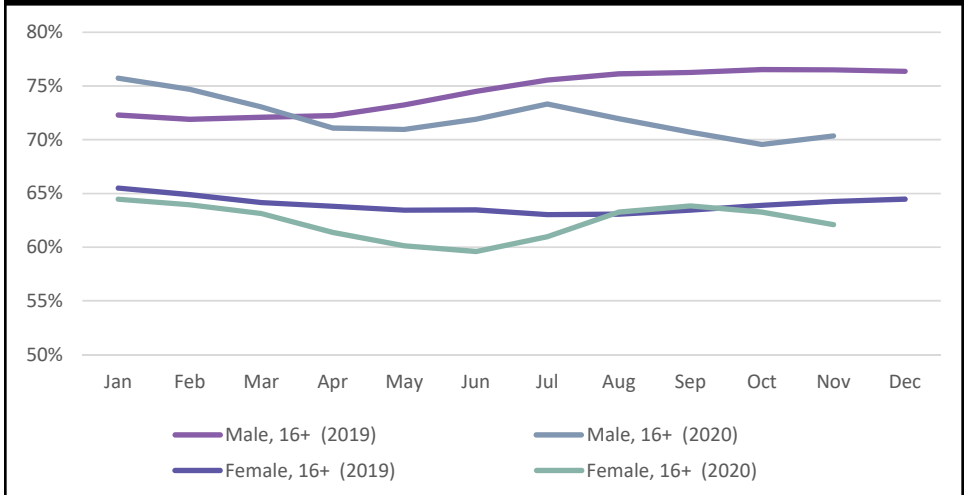
Different age groups also participate in the labor force at different rates; nearly 90 percent of the prime working age population, people between the ages of 25 and 54, was in the labor force, while older and younger individuals had lower levels of participation.

Labor force participation fell for both males and females during the early months of the pandemic, increased slightly during the summer, and fell again during the fall. Labor force participation for males during September, October and November averaged 70.4 percent, six percent lower than the same time period in 2019. For women, labor force participation averaged 62.5 percent, two percent lower the same period one year earlier. When looking at labor force participation rates by age and gender, participation has declined for almost every group, for at least a portion of the pandemic.

Retirement

Part of the decline in labor force participation is the result of workers deciding to retire. Labor force participation fell for workers between ages 55 and 64 - workers who are close to traditional retirement age. According to the CDC, individuals

Labor Force Participation Rates by Gender, 2019-2020 (3 mo. Rolling Average)



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

over age 60 are at particularly high risk of hospitalization or death from the coronavirus, so many older workers may have decided that the benefits of working, or looking for new employment, did not outweigh the health risks.

The Current Population Survey (CPS) showed that the number of individuals who reported that they were retired increased briefly during March and April before falling over the next few months. The number of retired individuals increased again as the pandemic continued, from 201,000 in July to 221,000 in November.

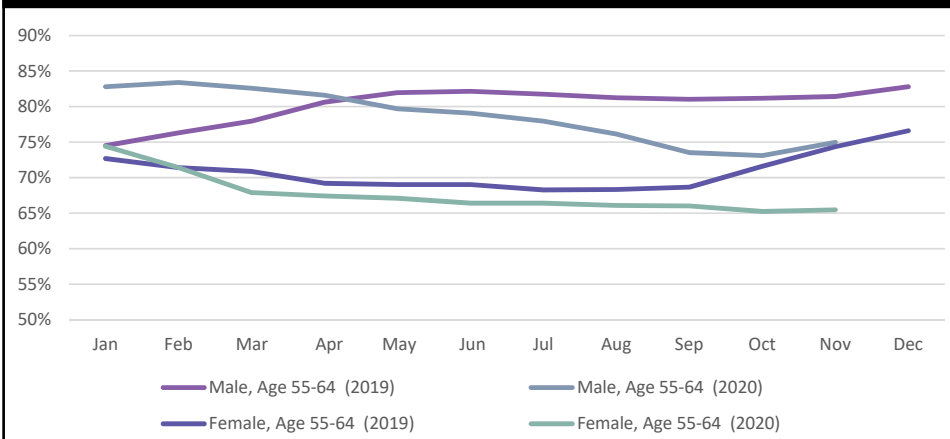
For some workers, pandemic-related layoffs began as temporary, and became permanent over time. Finding a new job can be much more difficult for older workers, particularly during a recession.² Many older workers may have intended to return to their previous job after a temporary layoff but when

the layoff become permanent they chose to retire rather than search for a new job. The increase in retirements may also reflect the “second wave” of coronavirus cases in New Hampshire, causing older workers concern that returning to work could increase their exposure to the disease throughout the fall and winter.

Permanent vs. Temporary Job Losses

In the early months of the pandemic, most unemployed workers were on temporary layoff, expecting to return to their job relatively soon. As the pandemic continued, some workers returned to work, but for others, the temporary layoffs became

Age 55 to 64 Labor Force Participation Rates, 2019-2020 (3 mo. Rolling Average)



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

² Jasmine Garsd, “Older workers worry about the prospect of finding a new job,” Marketplace. <https://www.marketplace.org/2020/10/20/older-workers-new-jobs-unemployment-retirement-layoffs-hiring-age-discrimination-health-care-training/>

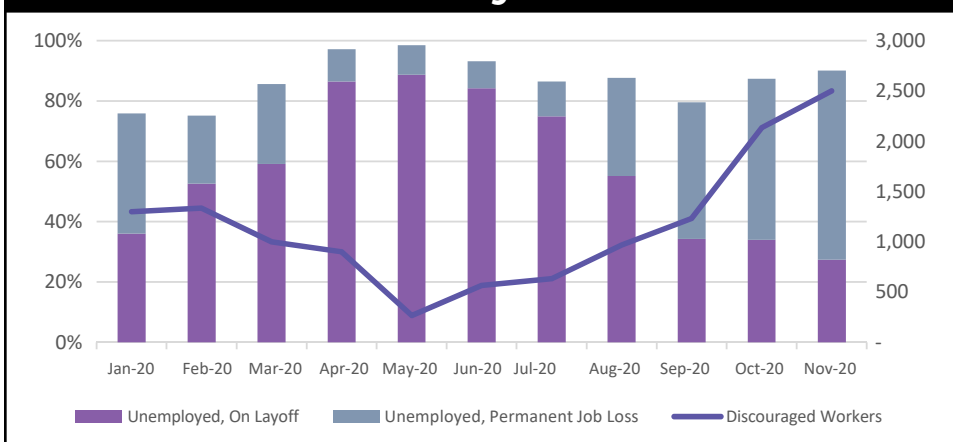
permanent. Workers on temporary layoff accounted for nearly 90 percent of unemployed workers in April, but just 27 percent in November. As the share of workers who permanently lost their jobs increased, some stopped looking for work, believing that they would not be able to find employment. The number of workers who were available to work, but had not looked for work in the last four weeks because they were discouraged over their job prospects actually declined early in the pandemic, suggesting that there were other factors, such as health and safety concerns, keeping workers out of the labor force at that time. However, since May, the number of discouraged workers has increased every month.

Delaying Entry into the Labor Force

Many workers between ages 16 and 24 are employed part-time, as they are also enrolled in either high school or postsecondary education. Roughly half of these workers³ were employed the retail trade or accommodation and food services industries, two industries that have been strongly impacted by the pandemic. In addition, when companies lay off workers, they typically lay off recently hired workers first, which generally impacts younger workers more than other age groups. As a result of these factors, younger workers appear to be delaying entry, or re-entry, into the labor force.

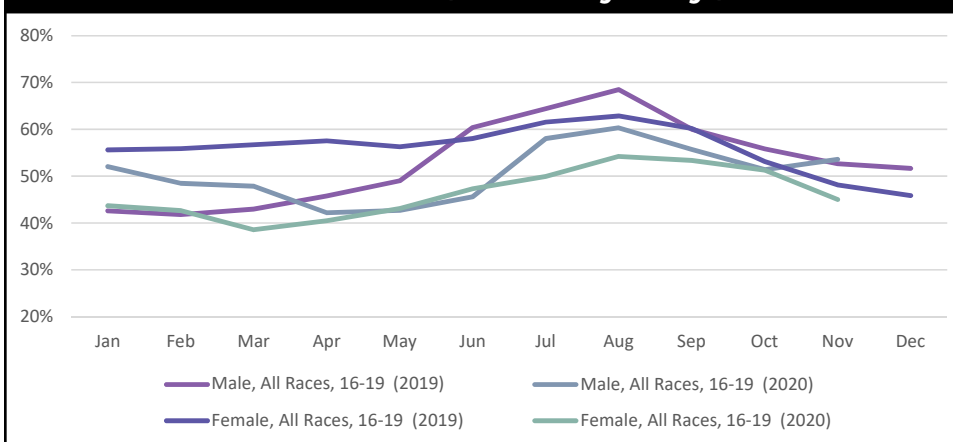
Traditionally, individuals between ages 16 and 19 have one of the lowest rates of labor force participation, as many of them are enrolled in either secondary or postsecondary education. Labor force participation for this age cohort averaged just over 50 percent in 2019, with an increase during the summer, between school years. During the coronavirus pandemic, labor force participation for individuals between ages 16 and 19 was consistently lower than it had been in 2019. Labor force participation increased in the summer, the usual seasonal employment pattern, but was still roughly eight percentage points lower than the previous year for both males and females.

Percent of Temporary and Permanent Job Losses, and Discouraged Workers



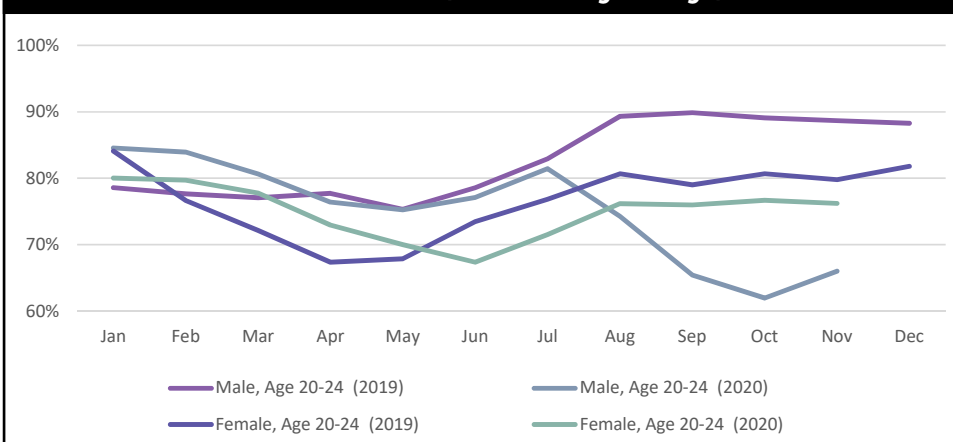
Source: U.S. Bureau of Labor Statistics, Current Population Survey

Age 16 to 19 Labor Force Participation Rates, 2019-2020 (3 mo. Rolling Average)



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

Age 20 to 24 Labor Force Participation Rates, 2019-2020 (3 mo. Rolling Average)



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

³ Quarterly Workforce Indicators (QWI), 2019 annual average, US Census Bureau, Local Employment Dynamics Program. Includes workers age 14-24.

Labor force participation for individuals between ages 20 and 24 remained similar to 2019 levels during the first half of 2020, with 78 percent of males and 74 percent of females in the labor force. In 2019, labor force participation for this age cohort increased during the second half of the year, in part attributable to college graduates completing their degrees and looking for full-time employment. In 2020, labor force participation for males between ages 20 and 24, fell dramatically during the second half of the year, dropping to 62 percent in October, more than 20 percentage points lower than the previous year. Labor force participation for females between ages 20 and 24 also fell, although not as much; in the second half of the year, the difference between 2019 and 2020 rates ranged between three and six percent.

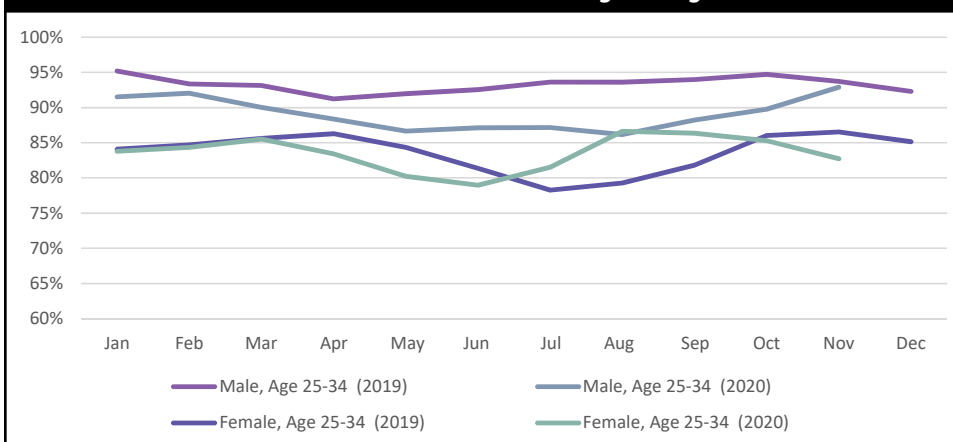
Child Care and Remote Schooling

Overall, labor force participation is lower for women than for men, largely because the responsibility of running a household and caring for children falls disproportionately on women. With schools operating remotely for the last three months of the 2019-2020 school year, many schools operating remotely or using a hybrid model during the 2020-2021 school year, and many day care facilities operating at reduced capacity, children have been more likely to stay home during the day, which has impacted labor force participation for women between ages 25 and 44, those most likely to have young children.

Labor force participation for females ages 25 and 34 fell in April and May 2020, but actually increased above 2019 levels during the summer. Participation fell again in the fall, when the new school year started. Females ages 35 to 44 also decreased their participation in the labor force during the spring and summer, but returned to the labor force during the fall. On average, women age 35 to 44 with children have older children than women age 25 – 34, and may be less likely to need to stay home while their children attend school remotely. In contrast to the participation rates for females, labor force participation for males age 35-44 remained almost entirely unchanged throughout the pandemic.

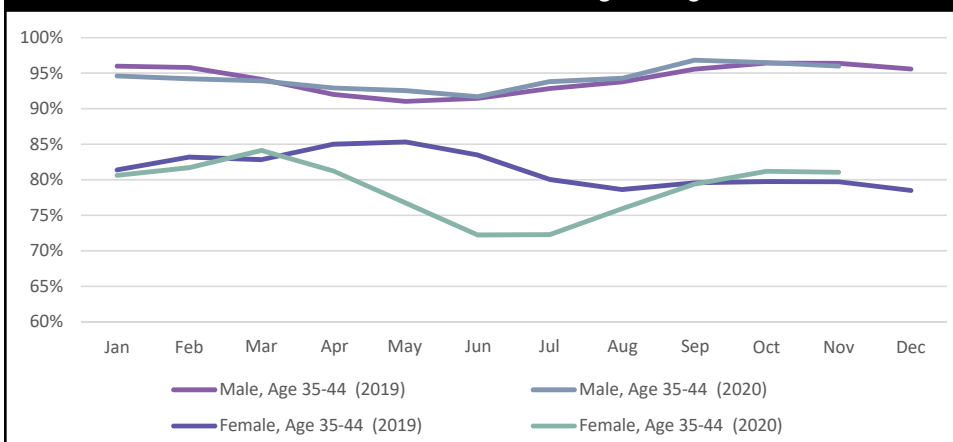
– Greg David, Economist

Age 25 to 34 Labor Force Participation Rates, 2019-2020 (3 mo. Rolling Average)



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

Age 35 to 44 Labor Force Participation Rates, 2019-2020 (3 mo. Rolling Average)



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