

New Hampshire Economic Conditions

April 2010

All Employee Hours and Earnings (Private Sector)

With the release of New Hampshire nonfarm data for January 2010, a new data series of estimates for hours and earnings of all private sector employees was published. The new series from the Current Employment Statistics (CES) program includes average weekly earnings, average weekly hours, and average hourly earnings.

See *All Employee Payroll and Earnings Data* table on page 7 in this month's *Economic Conditions* for the new data series.

Statewide data for New Hampshire are estimated for *total private*, *goods-producing* and *private service-providing* establishments, and five industry supersectors. In addition, data is estimated for *total private* establishments

in New Hampshire's four metropolitan statistical areas: the Manchester Metro NECTA, and the New Hampshire portions of the Nashua NH-MA NECTA Division, the Portsmouth NH-ME Metro NECTA, and the Rochester-Dover NH-ME Metro NECTA.

Data Implications

The all employee hours and earnings data are a useful supplement to CES employment estimates. A reduction in average weekly hours may indicate that employers are reducing hours of full-time workers, that employers are increasing the number of part-time workers instead of adding full-time workers, or that industries that are growing faster primarily employ workers that usually work fewer hours than those employing work-

ers with longer workweeks. Average weekly hours directly impact average earnings. As more employees work fewer hours, total payroll decreases, thus average earnings also decrease. Changes in payroll employment also influence these estimates, affecting both hours worked and total payroll.

Average Weekly Hours - Trends

The average workweek for *total private* has been very stable throughout the period dating back to January 2007. The high point was back in 2007, at 33.5 hours for May, July and August, and the very low point was June 2009 at 32.0 hours, a difference of 1.5 hours. When interpreting these data, keep in mind that *total private* is an average of all supersectors combined, that are published and those that are not pub-

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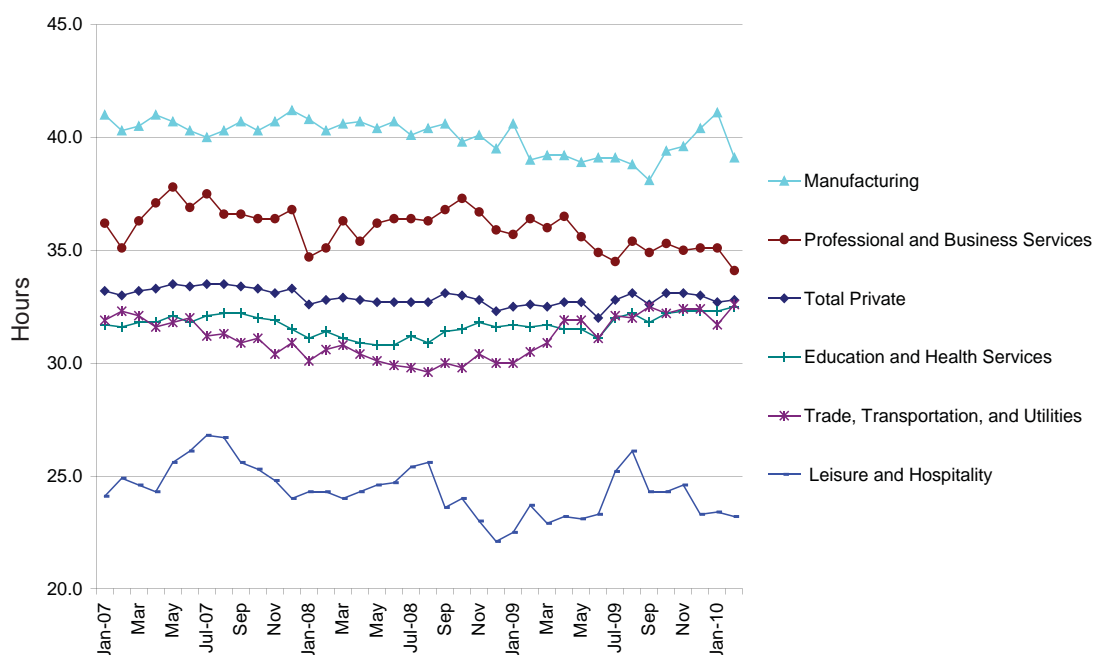
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Average Weekly Hours for All Employees



lished. The average weekly hours in *private goods-producing* industries were consistently at a higher level than the average weekly hours in the *private service-providing* industries. Average weekly hours in *private goods-producing* industries ranged from a high of 40.4 in September 2008 to a low of 37.8 in September 2009. In comparison, the average weekly hours in *private service-providing* industries varied from a high of 32.2 to a low of 30.7. Over the three-year period, the difference in average weekly hours for employees in the two domains spanned from 6.2 hours to 9.0 hours. This variation in average weekly hours does not change the substantial difference in the level of hours in the two domains but rather reflects the cyclical fluctuations in the demand for *goods-producing* labor. As four out of five private nonfarm jobs in New Hampshire are in the *service-providing* domain, the average weekly hours in the *service-providing* industries parallel, and are relatively close to, the weekly average of all employees in private establishments.

Average hours in *manufacturing* swung from a high of 41.2 hours in Decem-

ber 2007 to a low of 38.1 hours in September 2009. In January 2010, average hours in *manufacturing* rebounded to 41.1 hours. Average weekly hours in *goods-producing* industries mimic the average weekly hours in *manufacturing*, not surprising as *manufacturing* employment makes up about three-quarters of all *goods-producing* employment. *Construction* and *mining and logging* are the other components of *goods-producing* industries.

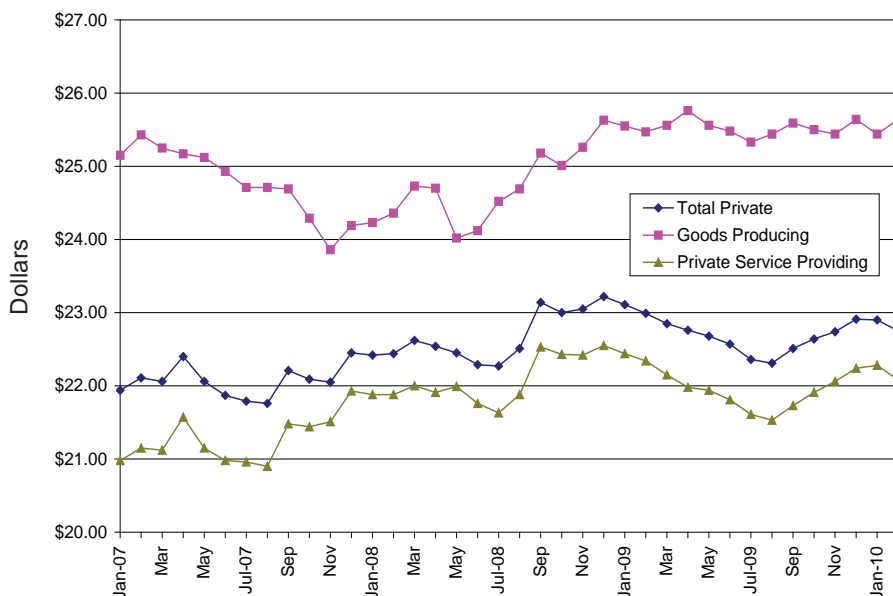
Among *service-providing* industries, *professional and business services* average weekly hours reached their highest point in May 2007 at 37.8 hours and hit a very low point in February 2010 (preliminary) of 34.1 hours, a range of 3.7 hours.

Average weekly hours in *leisure and hospitality* follow a seasonal pattern of higher average hours in the summer months and lower average hours in winter. This supersector experienced a high of 26.8 hours in July 2007 and reached a low point of 22.1 hours in December 2009, a difference of 4.7 hours.

Despite the fact that the average weekly hours have trended downward slightly since January 2007, the overall structural differences in average weekly hours among the supersectors have not changed. The average workweek for employees in *manufacturing* and *goods-producing* establishments is close to 40 hours but displays vulnerability to cyclical fluctuations in demand. The average workweek for employees in *professional and business services* is at or above 35 hours, also susceptible to cyclical demand. *Education and health services* display stability in weekly hours, averaging just below 32 hours. Hours in *trade, transportation and utilities* averaged 31 hours per week over the three-year period. The average workweek for employees in *leisure and hospitality* was much lower, around 25 hours, and is subject to a seasonal swing.

Keep in mind that nonfarm data is based on payroll jobs and not people. One person can hold multiple jobs. When a person works limited hours each week in one job, it is more likely that the person will hold more than one payroll job. Others may prefer

Average Hourly Earnings



fewer hours due to obligations such as child and elder care, or attending school.

Average Hourly and Weekly Earnings - Trends

Average hourly earnings is gross payroll divided by total hours. Average hourly earnings in *private goods-producing* industries have over the period been two to four dollars above the average hourly earnings in *private service-providing* industries, replicating the gap between the two domains in the levels of average weekly hours worked. *Professional and business services* is the highest paying supersector, averaging about \$30 an hour. Next in the ranking of supersectors in hourly earnings from highest to lowest is *manufacturing, education and health services, trade, transportation, and utilities*, and finally *leisure and hospitality* at the bottom. The average hourly earnings in *leisure and hospitality* are about half of average hourly earnings in *manufacturing*.

From 2007 to 2009, *leisure and hospitality* and *trade, transportation and utilities* experienced large increases in average hourly earnings, increasing

by 17.2 percent and 14.3 percent, respectively. Over the same time frame, average hourly earnings in *professional and business services* decreased by 3.6 percent. One could argue that this trend is helping closing the wage gap. But overall average hourly earnings for private industries only grew by 2.9 percent over a two-year period, less than the rate of inflation. (The Consumer Price Index increased by 3.5 percent over the same time frame.)

Average weekly earnings are determined by hourly earnings and average weekly hours. As both the average hourly earnings and the average weekly hours in *professional and business services* have trended downward over the last two years, average weekly earnings in this supersector have been surpassed by average weekly earnings in *manufacturing*. Average weekly earnings in most of the remaining supersectors stayed relatively flat, with the exception of *trade, transportation and utilities*. Between 2007 and 2009 average weekly earnings in this supersector increased by 18 percent, reflecting both an increase in average hourly earnings and an increase in average weekly hours in 2009.

Additional Background

In 2007, the states, in partnership with Bureau of Labor Statistics, began collecting hours earnings and statistics for all employees. The all employee hours and earnings series are more comprehensive in coverage and are used to construct other major economic indicators, including nonfarm productivity and personal income. The new data series on all employee hours and earnings are not seasonally adjusted. Estimates for January 2007 forward are now available.

Previously, the Current Employment Statistics (CES) program estimated average hours and earnings series for production workers in *goods-producing* industries and for non-supervisory workers in *service-providing* industries nationally. Production workers and non-supervisory workers account for 80 percent of *total private nonfarm* employment in the US. In New Hampshire, just hours and earnings for production workers in Manufacturing had been published.

Annette Nielsen

Average Weekly Earnings for All Employees

