

# ECONOMIC CONDITIONS in New Hampshire



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## Foreign workers are a vital part of New Hampshire's economy

Since the late 1990's the number of permanent foreign workers has grown exponentially upward.

**W**hy is New Hampshire Employment Security involved in the process of certifying foreign workers for jobs in New Hampshire? How is the labor market affected by an increase in the supply of foreign labor? Is there a correlation between the unemployment rate and the number of permanent visas?

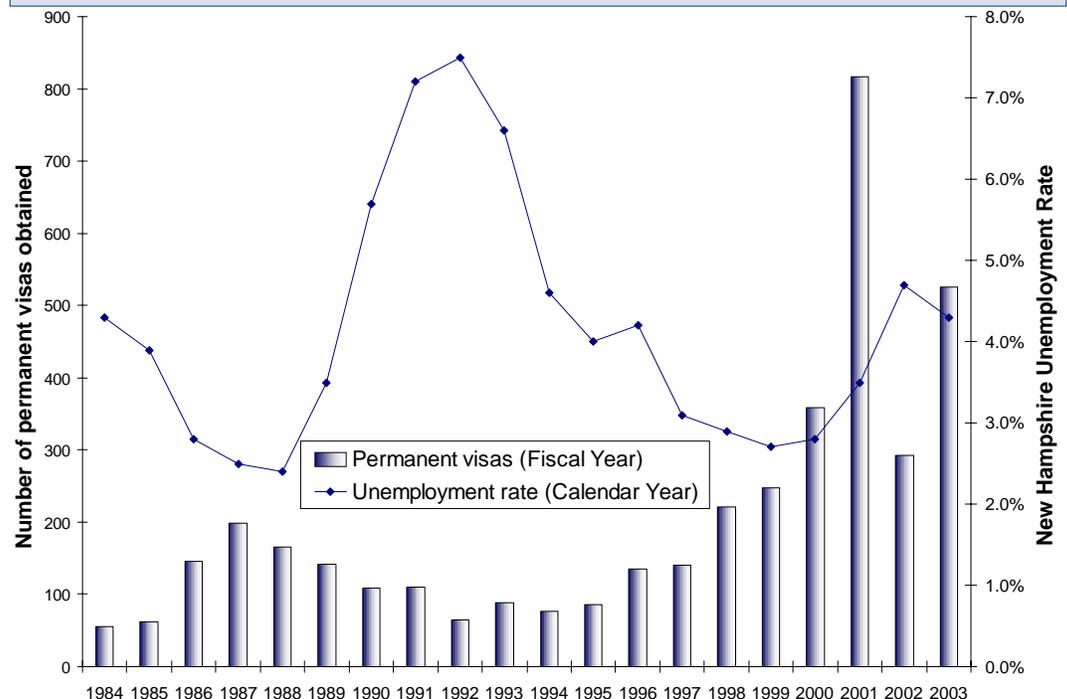
### H-1B Specialty (Professional) Workers

The high tech boom in the late 1990's increased the demand for foreign workers to fill positions in certain specialty

occupations. These positions were filled with holders of H-1B visas. The Immigration Act of 1990 amended the Immigration and Nationality Act to allow the lawful employment of foreign workers in certain specialty occupations and as fashion models. This means that in order to hire a foreign worker on an H-1B visa, the job must be a professional position that requires, at a minimum, a bachelor's degree in the field of specialization (fashion model an exception). An H-1B certification is only valid for the period of

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From 1984 to the turn of the century there has been a correlation between the unemployment rate and the number of foreign workers obtaining a permanent visa.



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time indicated in the application and can initially only be given for up to three years. The H-1B status can, however, be extended for up to three more years.

Nationwide the Immigration Act of 1990 limited the number of H-1B visas to 65,000 per Fiscal Year (October 1st to September 30th). This cap was reached in 1997 and in 1998. Political pressure made the legislature increase the number of H-1B visas to 115,000 in FY 1999 and FY 2000.

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It is the New Hampshire Employment Security's responsibility to make sure that employment of foreign workers will not adversely affect the wages and working conditions of similarly employed American workers.

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As the need for foreign workers in the high tech industries continued to increase, the mandated cap was increased to 195,000 in 2001, 2002 and 2003. In 2001 the number of approved certifications exceeded the cap of 195,000 but in the following two years, the number of approved H-1B visas only reached about 100,000 per year.

#### **New Hampshire Employment Security's role in the H-1B visa process**

From October 1, 2001 to September 30, 2003, more than 2,200 applications were filed by companies for H-1B positions in New Hampshire. Only ten percent of these applications were denied. Most applications get certified as long as the prevailing wage requirements are met. This is where New Hampshire Employment Security has a decisive role. As part of the procedure the Economic and Labor Market Information Bureau (ELMI) of New Hampshire Employment Security determines whether the wage rate offered to the H-1B non-immigrant is comparable to the prevailing wage rate for the specific occupational classification in the area of employment. The prevailing wage rate is primarily determined by data provided by the Occupational Employment Statistics (OES) program. Of the approved H-1B visa applications made by New Hampshire

employers, 896 applications were approved in FY 2001, 552 applications were approved in FY 2002, and 608 applications were approved in FY 2003. Even though the majority of these applications only involved one immigrant, some of the applications are for multiple immigrants.

#### **Permanent Labor Certification**

As the H-1B visas can only be given for a maximum of six years, many companies apply for a visa conversion to a permanent work status for their H-1B workers after four years. If the H-1B worker isn't in the process of getting a permanent labor certification or immigrant visa petition by the end of the six years, the H-1B worker will have to leave the county. About 85 percent of the permanent applications for alien labor certification in New Hampshire are conversions from H-1B visas. The H-1B visa is the predominant gateway to obtaining a permanent work permit in New Hampshire.

It is the U.S. employer that files for both the permanent and the H-1B Alien Labor Certification and in both cases the employer must pay at least the prevailing wage for the occupation in the area of intended employment. Once the foreign worker has obtained a permanent status, he/she is free to change employers. An H-1B non-immigrant, on the other hand, can only change employers if he/she can find another employer willing to sponsor them. A petition with the change has to be filed by the new employer.

#### **Permanent visas on the rise in New Hampshire**

*(see chart on front page).*

When the unemployment rate was high in the early 1990's, the number of approved permanent visas went down to a low of 65 in 1992. This was one-third the amount approved at the high point in 1987, when the unemployment rate was 2.5 percent. The number of approved permanent visas started to increase in the mid 1990's as the

*Continued on page 3*

unemployment rate dropped from 7.5 percent in 1992 to 4.0 percent by 1995. This increase in permanent visas since the mid 1990's did not seem to slow down even as the unemployment rate increased after the 2001 recession.

In 2001, the number of permanent visas approved in New Hampshire was exceptionally high at 817. This high number was caused by a general amnesty given to all employees who filed for legal permanent status by April 30, 2001. A large portion of these permanent status applications were filled by manufacturing companies for their skilled laborers (without a bachelor's degree). In FY 2002 the number of approved permanent visas was

down even in comparison to FY 2000. The reason for this reduction was partly due to huge influx of foreign workers in FY 2001 (the immigration lawyers were a bit overwhelmed), partly due to FY 2000 numbers being inflated by the fear of Y2K and partly due to the slow down of the economy.

*Continued from page 2*

In 2004 the congressional mandated cap on the number of available H-1B visas was reduced to the original 65,000 new foreign workers. As of February 17<sup>th</sup>, 2004, no new applications were being processed because the number of H-1B petitions had exceeded the mandated cap of 65,000.

Instead, if we look at the trend since the late 1990's, it shows the number of permanent visas has gone exponentially upward. So far in FY 2004, 510 perma-

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**Unemployment Compensation Claims Activity**

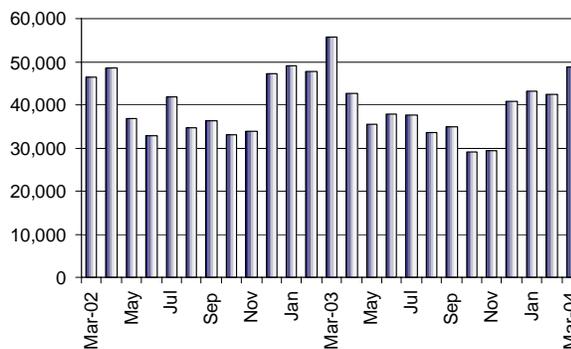
| Total Regular Unemployment Compensation Programs: | Change from Previous |        |        |        |       |         |      |         |
|---|----------------------|--------|--------|--------|-------|---------|------|---------|
|   | Mar-04               |        | Mar-03 |        | Month |         | Year |         |
|   | Mar-04               | Feb-04 | Mar-03 | Mar-03 | Net   | Percent | Net  | Percent |
| Initial Claims                                    | 4,233                | 4,356  | 4,333  | 4,333  | -123  | -2.8%   | -100 | -2.3%   |
| Continued Weeks                                   | 48,737               | 42,349 | 47,862 | 47,862 | 6,388 | 15.1%   | 875  | 1.8%    |

**Claims Activity**

**Unemployment Compensation Fund**

|  |                  |
|--|------------------|
| Unemployment compensation fund balance at the end of March | \$212,905,751.08 |
| Average payment for a week of total unemployment:          | \$247.24         |
| Net benefits paid:   | \$9,428,062.33   |
| Net contributions received during the month:               | \$277,728.77     |
| Interest Received:   | \$3,284,421.70   |
| Reed Act Distribution:                                     | \$0.00           |
| Reed Act Withdrawal for Administrative Costs:              | \$61,915.59      |

**Trust Fund**



**Continued Weeks Claimed**

**Mar. 2002 - Mar. 2004**

Continued weeks claimed jumped nearly 6,400 over-the-month.

| Mar-04 | Feb-04 | Mar-03 | Change from Previous |      |
|--------|--------|--------|----------------------|------|
|        |        |        | Month                | Year |
| 187.4  | 186.2  | 184.2  | 0.6%                 | 1.7% |

United States All Urban Areas (CPI-U) (1982-1984=100)

**Consumer Price Index**

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Occupational Employment  
Statistics  
229-4315

ment visas have already been approved (October 1, 2003 to March 31, 2004), compared to the 526 permanent visas approved for the entire Fiscal Year 2003. One explanation of why the influx of foreign workers has increased dramatically is that the global competition has increased the need for highly skilled workers. Another explanation is that New Hampshire, as one of the smaller states in the Northeast, has a faster processing time and employers chose to apply through their New Hampshire location. Thirdly, since the cap on H-1B visas was dramatically increased in FY 1999, many H-1B immigrants are getting close to the six-year limit for extension on H-1B visas.

In a global economy, employers in the United States need highly professional labor in order to stay competitive. In certain areas of employment this means that foreign labor have to be imported. However, it is essential to make sure that imported labor gets the same wage as their American colleagues in similar employment in order not to undermine the wage structure and working conditions for the American workforce. After several years of working in the United States the H-1B immigrant might become a permanent visa resident. Once the foreign worker has obtained permanent status, he/she has the same rights as the American worker and is thereby part of the American workforce.

*Annette Nielsen*

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