

ECONOMIC CONDITIONS in New Hampshire



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Compared to the nation, New Hampshire residents are more likely to work

Nearly 72 percent of the Granite State's working age population were either working or looking for work in 2003

New Hampshire's labor force participation rate (LFPR) has been consistently higher than the national rate and, for the most part, highest in the region for the last twenty years. During this time, New Hampshire's LFPR remained above 70 percent while the national LFPR hovered around 64 to 66 percent.

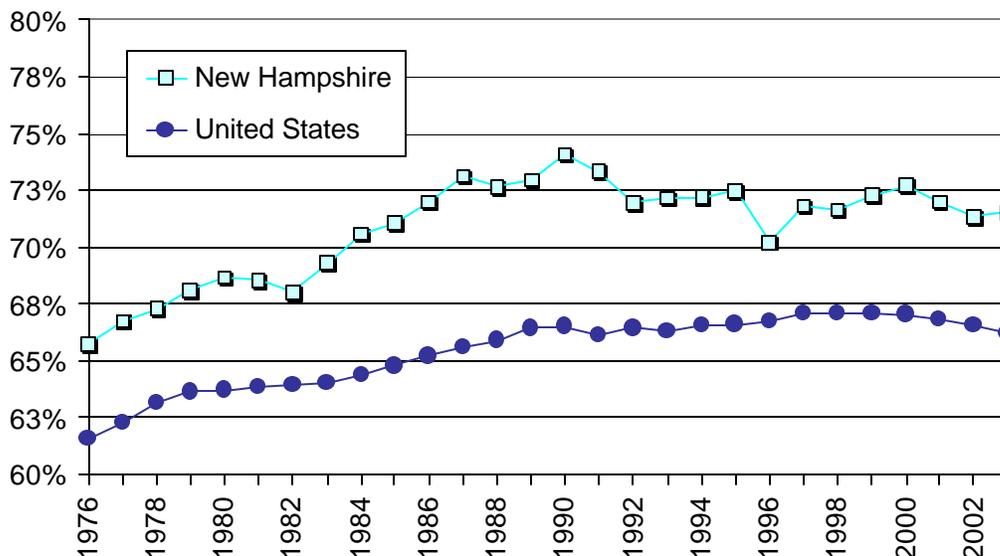
The labor force participation rate (LFPR) is an indicator that shows if people enter or leave the labor force. A high labor force participation rate is generally a sign of a healthy economy because it measures the proportion of people who are working or looking for work. However, a high labor force participation rate combined with a low

unemployment rate could mean a tight labor market. If a state's unemployment rate remains consistently low and its labor force participation rate remains high, employers may have difficulty hiring additional workers without bidding up wages or offering attractive benefit packages. This is to some extent what happened during the expansion of the economy in the late 1990s. Students were not only offered jobs before graduation, but, in some cases, especially in some high tech areas, they were also offered sign-on bonuses.

The labor force participation rate (LFPR) is the relationship between the civilian labor force and the civilian noninstitu-

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New Hampshire's labor force participation rate has been consistently higher than the nation's



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Composition of the Labor Force Participation Rate

tional population (age 16 and above). The LFPR is the share of the working age civilian noninstitutional population either employed or unemployed and actively seeking work. A significant change in either one of these figures will affect the LFPR.

Labor Force

Persons “in the labor force” are those in the civilian noninstitutional population, age sixteen years or older, who are employed or who are unemployed and seeking employment.

Persons are considered employed if they work (either full-time or part-time) for pay or own their own business at any time during the pay period that includes the twelfth day of the month. If they work as unpaid workers for fifteen hours or more in a family-owned business they are also considered employed. Persons who are temporarily absent from their jobs because of vacation, illness, bad weather, or personal reasons are also counted as employed.

Persons are classified as unemployed if they meet all of the following criteria:

- They do not meet the definition of “employed” above
- They are available for work
- They have made specific efforts to find employment some time during the prior four weeks.

Persons laid off from their former jobs and awaiting recall, and those expecting to report to a job within thirty days need not be looking for work to be counted as unemployed.

Persons are considered not in the labor force if they are not working and not actively seeking work. Those persons not in the labor force either have chosen not to work or have become discouraged and given up looking for work. Some examples of people not in the labor force include students who are not employed, stay-at-home caretakers, retirees, and discouraged workers.

Civilian Noninstitutional Population

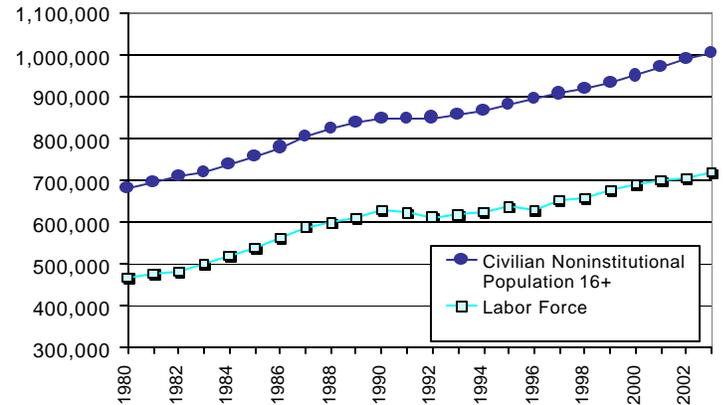
The civilian noninstitutional population is all persons age 16 and over who are not in the military and are not institutionalized (i.e. prison, mental facilities). New Hampshire’s civilian noninstitutional population grew just over 47 percent from 1980 to 2003. Breaking the growth down by decades shows that the population grew twice as fast during the 1980s than the 1990s, 24 percent compared to 12 percent.

New Hampshire’s labor force, on the other hand, grew by more than 53 percent since 1980. Again, most of the growth occurred during the 1980s. The labor force grew more than three times as fast during the 1980s than the 1990s. Because the labor force number is derived from a resident-based survey, it is known that this increase wasn’t from workers commuting into the state. This increase was most likely the result of more women, discour-



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New Hampshire's labor force grew much faster during the 1980s than it did in the 1990s



aged workers, retirees, and maybe even students entering the labor force during the 1980s. These topics will be further examined later in the article.

Labor Force Participation Rate and the Unemployment Rate

The labor force participation rate is an alternative tool to evaluate the climate of the labor market. It is not unusual for the labor force participation rate to decline as the unemployment rate increases. For example, the unemployment rate is sometimes criticized for not counting discouraged workers. Those are people who get discouraged because they can't find a job, and leave the labor force. In addition, still others may decide to go to

school or enter other training programs while the economy is not doing well, hoping their additional training will help them secure a job later on. In either case – discouraged worker or individual dropping out of the labor force to be further trained – an individual would not be formally counted as unemployed.

In 1990, New Hampshire's LFPR hit a high of 74.1 percent, more than seven percentage points above the national rate. New Hampshire's economy had been doing well and its unemployment rate was relatively low. However, as the nation entered the recession during the last half of 1990 and into 1991, and the

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Unemployment Compensation Claims Activity

Total Regular Unemployment Compensation Programs:	Change from Previous							
				Month		Year		
	Apr-04	Mar-04	Apr-03	Net	Percent	Net	Percent	
Initial Claims	4,013	4,233	4,258	-220	-5.2%	-245	-5.8%	
Continued Weeks	33,471	48,737	42,627	-15,266	-31.3%	-9,156	-21.5%	

Claims Activity

Unemployment Compensation Fund

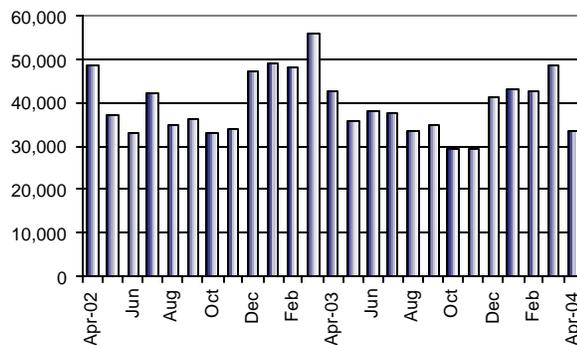
Unemployment compensation fund balance at the end of April	\$217,656,597.42
Average payment for a week of total unemployment:	\$245.15
Net benefits paid:	\$8,933,767.56
Net contributions received during the month:	\$13,687,790.41
Interest Received:	\$0.00
Reed Act Distribution:	\$0.00
Reed Act Withdrawal for Administrative Costs:	\$3,176.51

Trust Fund

Continued Weeks Claimed

Apr. 2002 - Apr. 2004

Continued weeks claimed in New Hampshire dropped over 15,000 over-the-month.



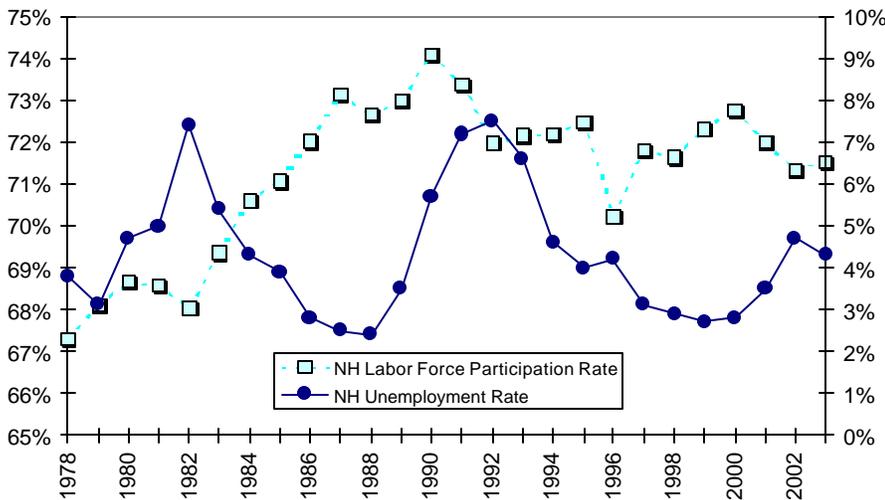
Apr-04	Mar-04	Apr-03	Change from Previous	
			Month	Year
188.0	187.4	183.8	0.3%	2.3%

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

Consumer Price Index

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The labor force participation rate and the unemployment rate have an inverse relationship; as one goes up, the other goes down



unemployment rate increased, the Granite State's LFPR declined slightly but still remained above the national rate.

The same scenario played out during the 2001 recession. For the few years leading up to the 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 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.

Labor Force Participation by Age

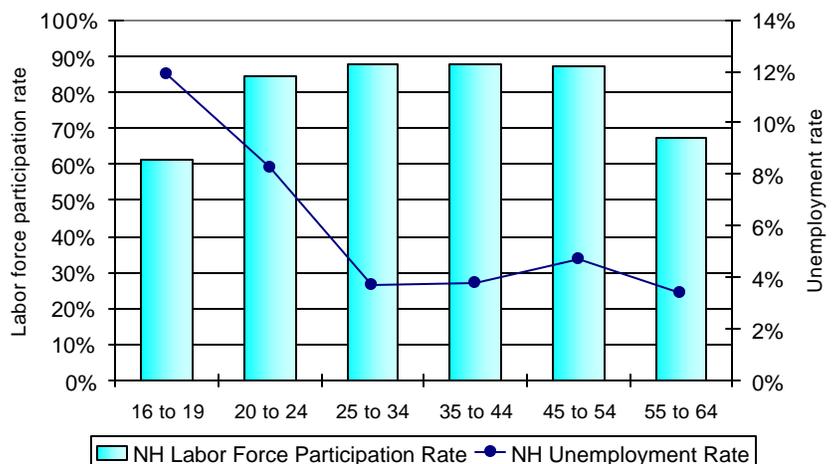
It is not surprising that New Hampshire's labor force participation rate (LFPR) was highest for those ages 25 to 54, typically considered the "prime" working age. New Hampshire's LFPR was around 87 percent for people age 25 to 54 while their unemployment rate ranged between 3.7 and 4.7 percent.

Only about 60 percent of those Granite State residents age 16 to 19 were either working or looking for a job in 2002. Most people in this age group are still in school. Some may be working part-time. Those that graduated and were actively looking for a job probably found it hard to get one because they usually lacked the experience most employers were looking for. In 2002, the unemployment rate for this age group was 11.9 percent.

Those age 55 to 64 had a relatively low labor force participation rate but also had the lowest unemployment rate of all age groups. Why? A portion of this age group, those age 60 and over, includes some people who are most likely to be retired. Once retired, they are not considered part of the labor force because they

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In 2002, those in their prime working years (25 to 54) had higher labor force participation rates and relatively low unemployment rates.



are not working or looking for work and subsequently not part of the unemployment rate.

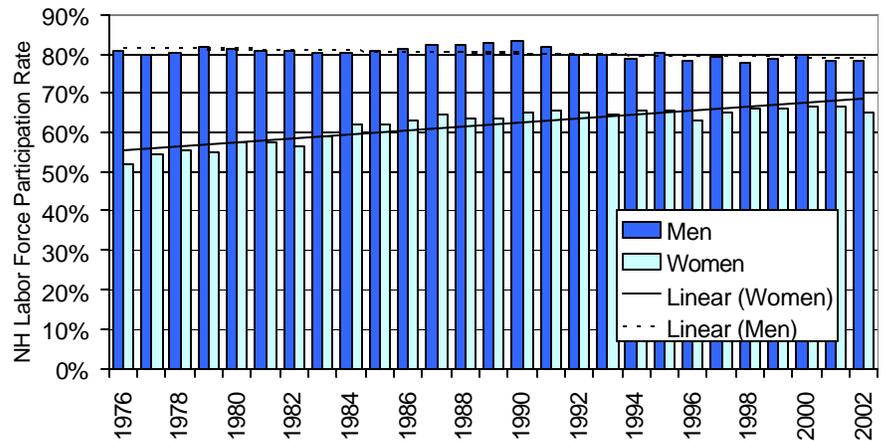
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Labor Force Participation by Sex

A larger share of New Hampshire's male population is either working or actively seeking work than the female population. However, while the male labor force participation rate has shown just a slight decrease over the last 25+ years, the female rate has been steadily increasing. Therefore, in New Hampshire, the gap between the male and female LFPR in the new millenium is about half of what it was in the late 1970s. Some women may have entered the workforce out of necessity – families found it hard to live on one salary alone. Others may have chosen to get a degree and find a professional career.

In 2002, the latest year for which this data is available, the labor force participation rate for men was 77.9 percent, while the rate for women was 65.2 percent. The 2002 labor force participation rates were lower than the rates for the previous five years for both men and women because the economy was just coming out of a recession and the unemployment rate was still increasing.

While the male labor force participation rate has declined only slightly since the mid 1970s, the female rate has been steadily increasing



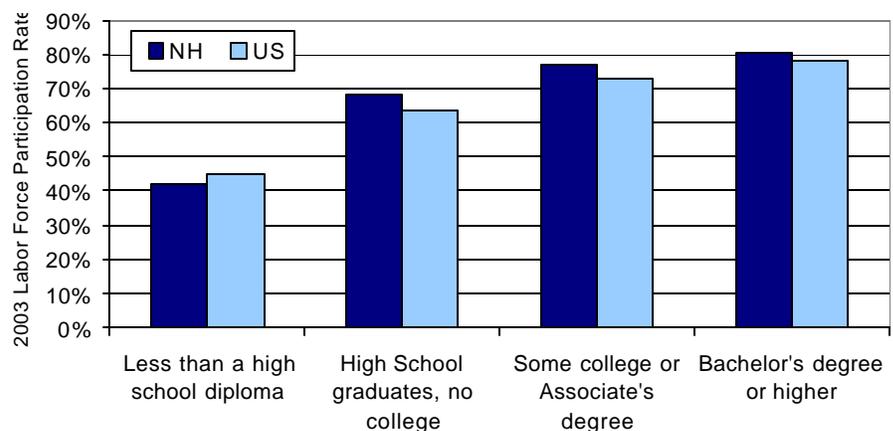
All the evidence points to the growing relationship between a good education and continued participation in the labor force. As the economy changes and technology advances, people will need to continue learning new skills and keeping up with these changes in order to stay in the labor force.

Elisabeth Picard

Labor Force Participation by Educational Attainment

The higher a person's level of education, the more likely he or she is to be in the labor force. In 2003, the labor force participation rate for those age 25 and over with a bachelor's degree or higher was 80.6 percent in New Hampshire compared to 78.2 percent nationally. Conversely, only about 42 percent of New Hampshire's civilian noninstitutional population (age 25 and up) with less than a high school diploma were either employed or actively looking for a job, compared to 45 percent nationally.

In general, the more educated you are, the better chance you have of being part of the labor force



Note: The labor force participation rate by educational attainment includes those in the civilian noninstitutional population, age 25 and over