

New Hampshire’s Employment Comeback – More Job Growth Needed!

The New Hampshire state unemployment rates for September and October, as well as the monthly release of nonfarm jobs data, have been rescheduled for release on November 20, 2013.¹ This delay in releasing the monthly analysis for New Hampshire’s economy gives time to pause and evaluate the strength of New Hampshire’s labor market from another source of economic data: covered employment.

Covered employment data for first quarter 2013 is now available.² Covered employment data are not seasonally adjusted, therefore this analysis is based on comparing quarterly employment data for the same calendar quarter of each year over the last five years.

First quarter to first quarter change in covered employment

In economic terminology, a recession is characterized by a pre-recession peak, a trough (bottom-out period) and a post-recession recovery period. A recession involves a broad decline in economic activity lasting longer than a few months, and is seen in indicators such as real income levels, industrial output, retail trade levels, and employment.

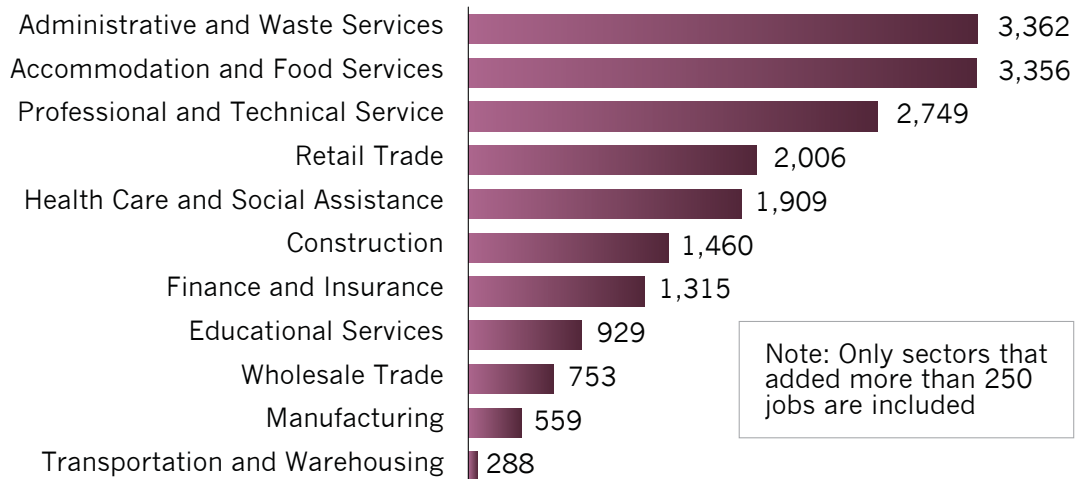
New Hampshire covered employment reflects this profile. Limiting comparisons to first quarter data (to avoid seasonal employment changes), the peak was considered to be first quarter 2008, and the trough period was in first quarter 2010.

Total average quarterly employment reached 605,616 in first quarter 2013, which was 17,250 jobs above the average employment level of first quarter 2010. From first quarter 2008 to first quarter 2010, about 33,200 job losses accrued, and by first quarter 2013 New Hampshire’s job counts still measured about 16,000 jobs below the average quarterly employment of first quarter 2008.

In addition to establishing that total employment has yet to recover to its prior strength, analyzing covered employment data by industry sector helps determine where employment growth is occurring.

By first quarter 2013, about half of the sectors in the New Hampshire’s

Sectors in New Hampshire’s Economy Experiencing Gains Since 1st Quarter 2010



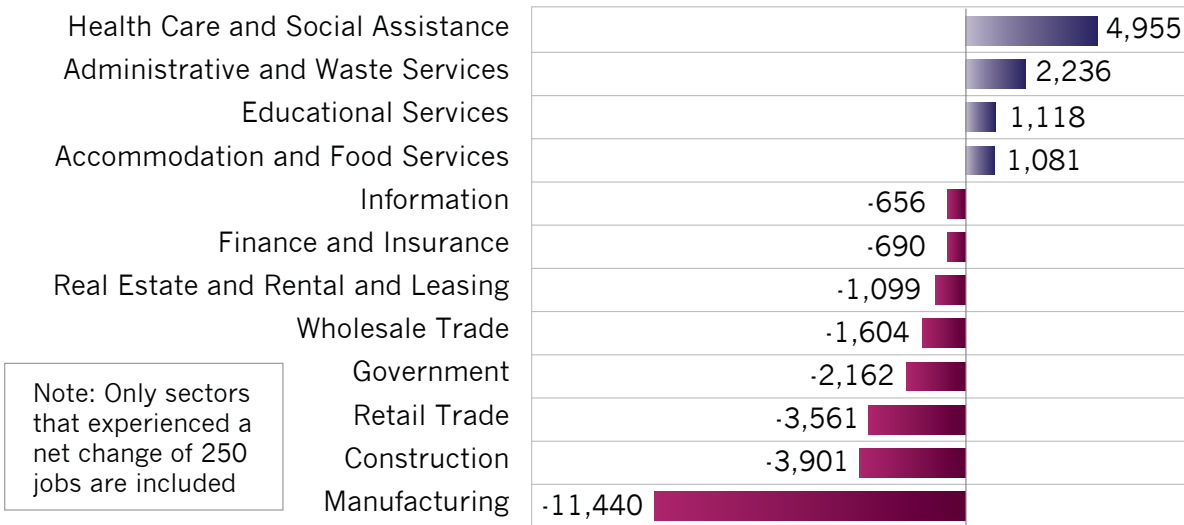
Note: Only sectors that added more than 250 jobs are included

Source: Quarterly Census Employment & Wages (QCEW), 2010Q1 – 2013Q1

¹ Both of the monthly releases were delayed due to the federal government shutdown in October.

² Data may be found on the web at: www.nhes.nh.gov/elmi/statistics/qcew-data.htm#quarterly.

Net Employment Change Over 5 Years in New Hampshire



Source: Source: Quarterly Census Employment & Wages (QCEW), 2008Q1 – 2013Q1

economy had reached their pre-recession level. Four sectors had gained substantial employment growth since first quarter 2008: *Health care and social assistance*, *Administrative and waste services*, *Educational services*, and *Accommodation and food services*.

- *Health care and social assistance* gained 4,955 jobs from first quarter 2008 to first quarter 2013. This sector did not lose employment during any portion of the recession or in its aftermath. However, growth in this sector has been weaker in the recovery period from first quarter 2010 to first quarter 2013 than in the downfall period.
- *Administrative and waste services* gained 2,236 jobs over the five-year period. This sector lost more than 1,100 jobs from first quarter 2008 to first quarter 2010. Employment in this sector experienced a strong comeback,

with a net increase of 3,360 jobs from first quarter 2010 to first quarter 2013.

- Employment in *Educational services* (private ownership) gained more than 1,100 over the five years. Tepid growth in private *Educational services* from first quarter 2008 to first quarter 2010 (+189) suggested that privately owned educational institutions were affected by the downturn in the financial markets, directly by the diminishing returns generated by private educational institutions' endowments as well as indirectly by the consumers ability to pay for private educational services. Since first quarter 2010, employment growth in private *Educational services* has been stronger.
- *Accommodation and food services* added more than 1,000 jobs since the beginning of recession, due to a very strong comeback. This sector added more than 3,300 jobs from first quarter 2010 to

first quarter 2013. During the downturn, *Accommodation and food services* lost about 2,250 jobs, as businesses and consumers were more frugal, limiting activities related to overnights stays and dining out.

Professional and technical services gained just about 100 jobs over the last five years. Establishments in this sector are involved in activities related to the housing market and nonresidential construction, as well as other business-to-business activities. Employment in these services was deeply affected by the blow to the overall economy at the onset of the Great Recession. From first quarter 2008 to first quarter 2010, employment in this sector dropped by more than 2,600 jobs. But from first quarter 2010 to first quarter 2013, this sector added more than 2,700 jobs, thereby recovering all jobs lost initially during the recession. The strong employment growth in *Professional and technical services*

from first quarter 2010 to first quarter 2013 is due to a resurgence of technology. During the recovery period, *Computer systems design and related services* (NAICS 5415) added more than 1,500 jobs, reflecting how companies increasingly has become dependent on external companies providing technical and computer support services (e.g., cloud data services, website maintenance, etc.).

Solid employment gains in *Retail trade* (+2,006 jobs), *Construction* (+1,460 jobs), and *Finance and insurance* (+1,315 jobs) in the recovery period were not large enough to erase the losses

experienced by these sectors during the downturn. By first quarter 2013, covered employment in *Retail trade* was still about 3,500 below first quarter 2008 employment; *Construction* employment was about 3,900 below; and *Finance and insurance* was 690 jobs below its pre-recession level.

Despite modest employment gains in *Manufacturing* during the recovery period (+559 jobs), this sector still trails far behind its pre-recession employment level. *Manufacturing* employment in first quarter 2013 was more than 11,400 jobs below its pre-recession employment level.

Recently, there have been many reports indicating that manufacturing employers are having a hard time recruiting talent and may even have positions that remain unfilled due to lack of workers with suitable skills. It might seem puzzling that such a mismatch between labor supply and demand exists when the labor pool potentially includes over 10,000 former manufacturing workers who lost jobs during the recession.

One reason for this mismatch is that the nature of manufacturing is changing and the skills required of a production worker in today’s labor market are more complex than in the past. The use of technology and prior experience with advanced machinery and processes are often prerequisites for securing a job in Advanced Manufacturing. Other reasons for the mismatch could be that former manufacturing workers may have taken jobs in other sectors, may have retired, or may have left New Hampshire.

Despite large employment losses, this sector remains the third largest employing sector in New Hampshire. To support both the continued growth and the need to replace workers as the current workforce ages, it is pivotal that the state’s workers are equipped with skills needed to qualify them for Advanced Manufacturing jobs.

The New Hampshire economy is slowly recovering the jobs lost in the Great Recession, but lack of population growth and lack of business confidence, are contributing to relatively weak job creation.

Annette Nielsen

Top Employing Sectors in New Hampshire	Average Quarterly Employment 2013Q1
Retail Trade	92,265
Health Care and Social Assistance	84,946
Manufacturing	65,344
Accommodation and Food Services	50,437
Professional and Technical Service	31,483
Administrative and Waste Services	28,053
Finance and Insurance	27,645
Wholesale Trade	26,388
Construction	20,105
Other Services Except Public Admin	19,306
Educational Services	18,652
Transportation and Warehousing	11,958
Information	11,842
Arts, Entertainment, and Recreation	10,023
Management of Companies/Enterprises	8,225