

New Hampshire Economic Conditions

May 2011

New Hampshire Third Quarter 2010 Covered Employment Data

The Economic and Labor Market Information Bureau of New Hampshire Employment Security has released Quarterly Census of Employment and Wages (QCEW) data for the third quarter of 2010. This release is notable not because of large employment growth, but because it shows a small over-the-year gain in average employment for the quarter, 405 private employment jobs, a stark contrast from the job losses experienced by private industries throughout the state from third quarter 2008 to third quarter 2009.

The last over-the-year third quarter to third quarter gain was from 2006 to 2007 when average private employment increased by 3,345. The average quarterly employment in 2007 was 555,763, right before the announced official beginning of the Great Re-

cession. New Hampshire was slower in experiencing job losses from the recession, with average employment dropping by 2,242 between third quarter 2007 and third quarter 2008. That changed dramatically between third quarter 2008 and third quarter 2009 as over-the-year private employment decreased sharply, dropping over 29,000 jobs. That emphasizes the importance of even a modest increase. It serves as an indication that the employment losses have slowed dramatically or stopped.

The over-the-year change from 2008 third quarter to 2009 third quarter showed how widespread the effects of the recession were, as all but two of the eighteen industry sectors lost employment. Those losses were distributed across all sectors, with Goods-producing industries losing 13,083

jobs and Service-providing industries dropping 16,005 jobs.

As of third quarter 2010, private employment had stabilized and crept ahead by 405 jobs from third quarter 2009. Over 2,000 jobs were gained in Service-providing industries over-the-year, while Goods-producing industries continued to struggle, shedding another 1,675 positions.

Job Gains

The biggest contributor to private employment job gains was the *Administrative and waste management services* sector, which added 2,376 jobs. Within that sector the *Employment services* subsector was responsible for adding 2,444 jobs over-the-year.

The next strongest source for job gains came from the *Health care and social*

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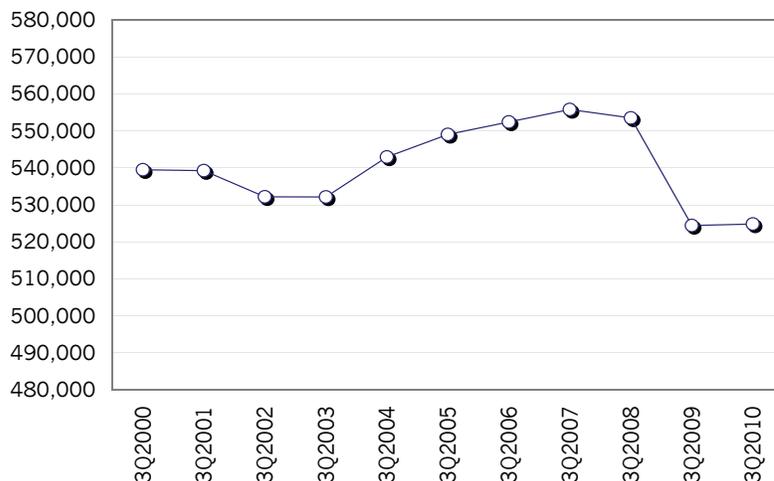
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New Hampshire Third Quarter Private Employment, 2000 to 2010



assistance sector which added 719 jobs third quarter 2009 to third quarter 2010. Generally, job growth in this industry sector is driven by changes in population demands, as is demonstrated by the continued job growth through the most recent economic downturn, but even this sector has not been immune to the recession's effects. Job growth in *Health care and social assistance* slowed from 2,453 new jobs between third quarter 2007 to third quarter 2008 to 1,264 from third quarter 2008 to third quarter 2009. *Health care and social assistance* was one of only two industry sectors to demonstrate any job growth potential last year (*Utilities* added 69 jobs). But recent changes in legislated reimbursement for services rendered and funding to medical facilities is already having an effect as the *Hospitals* subsector scaled back 245 jobs third quarter 2009 to third quarter 2010 in anticipation of those financial changes.

The third largest contributor to the private employment increase was the *Accommodation and food services* sector, adding just shy of 600 jobs. This is a modest increase for an industry sector that employs over 57,000 workers, but it is an improvement over the third quarter 2008 to 2009 over-the-year change, when employment dropped by over 1,500. This decrease was distributed between the *Accommodation* subsector, with a 548 job loss, and *Food services and drinking places*, dropping 1,044 jobs.

Job Losses

The *Information* sector struggled from third quarter 2009 to third quarter 2010, declining by 933 jobs. Within the sector, *Publishing industries (except Internet)* accounted for the largest portion of the drop with almost 400 jobs. Another 300 jobs were lost from *Telecommunications* and almost

200 jobs from the *Motion picture and sound recording* subsector.

There were 922 jobs lost in the *Construction* industry sector from third quarter 2009 to third quarter 2010. The biggest chunk came from the *Specialty trade contractors* subsector, which dropped 833 of those jobs. The housing bubble first impacted New Hampshire's *Construction* sector with 1,900 jobs lost between third quarters 2006 and 2007, ending with employment of 29,306 jobs, and it has been shrinking ever since. Third quarter employment in *Construction* had been fairly steady around 31,300 jobs from 2004 though 2006 but by third quarter 2010 it had shrunk to just over 23,000 jobs.

Only one other industry sector, *Manufacturing*, lost more than 500 jobs over-the-year, dropping 760 jobs from third quarter 2009 to third quarter 2010. This may appear on the surface as continued bad news for the *Manufacturing* industry, but there were some bright spots within the sector. The *Fabricated metal product manufacturing* subsector added 203 jobs from third quarter 2009 to third quarter 2010, and *Plastics and rubber products manufacturing* added another 170 jobs during the same period. Modest gains were also experienced in four other *Manufacturing* subsectors.

In closing, the upswing in employment in the *Employment services* subsector repeats what historically happens during an eco-

nomie recovery. During a recession, an employer will typically begin by doing away with overtime, then cutting hours and finally laying off employees. As business picks up, hours are added to the workweek, and eventually overtime is offered. When more labor is needed, rather than hire, many will go to an employment service to obtain temporary labor to sustain production. The best of these temporary workers then have an inside track to a fulltime position when one becomes available.

Anita Josten

Average Quarterly Employment Over-the-year Change 3rd Quarter 2009 - 3rd Quarter 2010

Total, Private plus Government	251
Total Private	405
Goods-Producing Industries	-1,675
Agriculture/Forestry/Fishing	32
Mining	-25
Construction	-922
Manufacturing	-760
Service-Providing Industries	2,080
Utilities	-37
Wholesale Trade	-334
Retail Trade	-71
Transportation and Warehousing	-65
Information	-933
Finance and Insurance	-253
Real Estate and Rental and Leasing	-321
Professional and Technical Service	116
Management of Companies/Enterprises	57
Administrative and Waste Services	2,376
Educational Services	-193
Health Care and Social Assistance	719
Arts, Entertainment, and Recreation	240
Accommodation and Food Services	594
Other Services Except Public Admin	20
Unclassified Establishments	165
Total Government	-155