

New Hampshire Economic Conditions

September 2010

Short-term Projections Third Quarter 2009 to Third Quarter 2011

Looking ahead, there are encouraging trends emerging in New Hampshire employment. Short-term projections expect an increase in total employment from 666,097 in the third quarter 2009 to 675,699 in the third quarter of 2011, up 1.4 percent over the time period. That is an improvement over the last round of short-term projections, released in May 2010, where total employment was expected to decline slightly from first quarter 2009 to first quarter 2011.

New Hampshire Employment Security's Economic and Labor Market Information Bureau publishes short-term projections every six months to see how changes in economic conditions and seasonality affect demand for workers. Frequent updates of short-term projections give users the best available view of employment for the upcoming two years. This round

of projections uses the latest available employment data, in this case third quarter 2009 and looks forward two years to third quarter 2011.

The Great Recession was announced to officially have begun in December 2007. The Business Cycle Dating Committee of the National Bureau of Economic Research uses a wide range of economic factors to state conclusively that the economy is expanding therefore marking the end of a recession period.¹ Although an increase is expected in New Hampshire's employment in the short term, as of August 2010, the Bureau has not made the determination that the economy is expanding.

Unlike long-term projections, which take into account population trends,

income, and productivity, short-term industry projections look at factors that are influenced by national and state-wide trends in the business cycle. During the two-year periods covered by short-term projections, estimates can vary significantly from those of long-term projections. The latest round of long-term projections, also released in May 2010, expect employment to increase by 8.8 percent over the ten-year period from 2008 to 2018.

There are several ways to describe employment growth. Percent change is one way, but that should not be the only yardstick used because it depends on the employment level in the base year. The effects of the current recession reduced employment levels in the third quarter 2009, so any gains that restore job levels may inflate per-

¹The NHBer's Business Cycle Dating Procedure: Frequently Asked Questions. National Bureau of Economic Research. Accessed August 23, 2010. < http://www.nber.org/cycles/recessions_faq.html >

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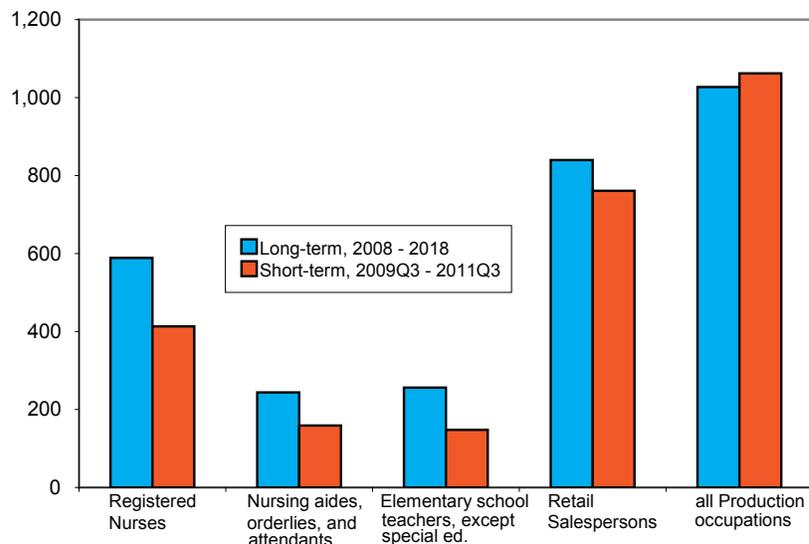
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Comparison of New Hampshire's projected short-term average annual openings to long-term openings



centage changes. It is important to look at percent changes in this context and consider additional measures of growth such as the number of new jobs and average annual openings.

By these measures, employment is expected to increase by 9,602 jobs by the third quarter 2011; total annual openings should average 21,318 with 5,667 coming from growth and 15,651 from the need to replace workers who retire or move on to other occupations.

In the long term (2008-2018), expectations are for 61,063 new jobs and 22,738 average annual openings.

The current recession has affected many industries, including healthcare, often considered to be immune to layoffs. While the long-term trends affecting these occupational groups should continue—such as an aging population, new developments in diagnosis and treatment, and expanded health care coverage—short-term fluctuations can occur. During the current economic downturn, cost-cutting by healthcare providers, uncertainty about national healthcare reform, and a weak economy in general have contributed to slower growth.

Evidence of this can be seen in two major occupational groups commonly found in that sector. In the short term,

employment of *Healthcare practitioners and technical occupations* is expected to provide 1,139 projected annual openings compared to 1,567 annual openings in the long-term. A similar trend is expected in *Healthcare support occupations*, with an annual average of 474 openings in the short-term and 703 in the long-term.

Specific healthcare occupations expected to increase employment significantly over the two-year period include *Registered nurses*, with 413 annual openings on average, and *Nursing aides, orderlies, and attendants*, with 159 such openings.

Employment growth in *Education, training and library occupations* is also projected to grow slower as school budgets feel the pinch of stagnating tax revenues. Although the start of the new school year in the third quarter of 2011 is expected to see an increase in demand for teachers of all kinds, it is not expected to be as much as was projected for the long-term. In the short-term, occupations in this group are expected to provide 1,054 annual openings, considerably less than the 1,651 projected in the long-term for 2008 to 2018.

While employment is expected to decline in *Production occupations*, there may be a glimmer of positive news that

job losses are expected to level off and employment levels will be practically unchanged from third quarter 2009 to third quarter 2011.

Manufacturing employment is projected to shed 574 jobs over the short-term projection period, reaching 66,359 jobs by 2011 third quarter. As a comparison, according to recent monthly survey data from the Current Employment Statistics (CES) program, payroll employment in *Manufacturing* declined by 200 jobs, from 66,800 in July 2009 to 66,600 in July 2010.

A bright spot in the North Country economy is the opening of the federal correctional facility in Berlin. When fully operational, as scheduled for late 2010, the facility is expected to employ more than 300 workers. In addition to *Correctional officers and jailers* and their supervisors, there will also be a need for support personnel such as *Counselors, Institution and cafeteria cooks, and Secretaries*. Consequently, there are increases expected in the Government sector.

Complete industry and occupational projections for both long-term (2008 to 2018) and short-term (2009Q3 to 2011Q3) are available on the Economic and Labor Market Information Bureau web site at <http://www.nh.gov/nhes/elmi/projections.htm>

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