

# New Hampshire

## Economic Conditions



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### Summer Employment in New Hampshire

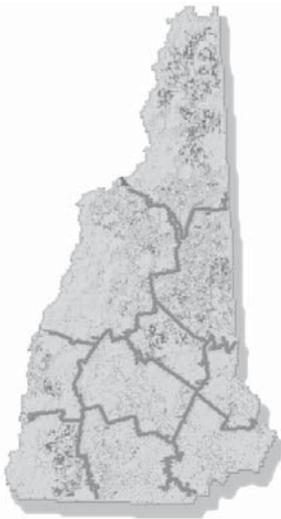
#### Younger Workers in the Labor Force

In early June, the U.S. Department of Labor reported that between April and May, the nation's seasonally adjusted unemployment rate rose from 5.0 percent to 5.5 percent. Such a drastic increase had not been reported in 22 years. Some analysts attributed this jump to an increase in the number of young people seeking work.

From a labor market perspective, heightened numbers of young workers in the summertime is nothing new. Data on young workers are organized into two distinct age groups - those aged 16-19 and those aged 20-24. Generally, the 20-24 age group is beginning the transition from school to work, setting out on their own, and beginning new

careers. Therefore, the 20-24 age group boasts a larger labor force and higher employment levels than the 16-19 age group. Both groups, however, experience a significant summertime spike in both labor force and employment. If indeed the springtime deluge of young workers must shoulder the blame for the rising unemployment rate, what sort of a job market did they find?

Early on, some predicted that the economic difficulties at the national level would also spell a tough market for summer employment in New Hampshire. However, the state's seasonally adjusted unemployment rate for May increased only 0.2 percentage points. This small uptick in the face of a much larger national increase, combined with the new work



Labor Force and Employment



Source: Current Population Survey (CPS)

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 and Labor Market Information  
 Bureau

visa regulations limiting the hiring of temporary immigrant labor, provided hope that the state's summer job market for young people might not be as tight as initially feared.

A deeper look into the numbers reveals a slightly different picture. This summer's job market has been more difficult for those aged 16-19, evidenced by the increasing gap between those in the labor force and those actually securing employment. From April to June of 2008, the average share of those aged 16-19 who were in the labor force but had not secured employment was 15.8 percent, up nearly 2.5 percentage points from the average of the same period in 2007. Among those aged 20-24, the gap between those in the labor force and those securing employment also grew – from 6.3 percent in June 2007 to 9.3 percent in June 2008.

The media has already detailed the more obvious reasons for this tight market, including heightened competition from displaced workers, fewer paid internships, less consumer spending, and the rising costs of transportation. Little has been said, however, about broader shifts in how young workers actually *perceive* the idea of summer employment. New graduates at all levels are encountering a competitive, global work environment where skills and experience are valued. Additionally, those planning on attending college are finding that a degree no longer guarantees a good job right out of school. As a result, many young people feel that now, more than ever, they need a diverse résumé of experiences to help them stand out from the crowd.

### NH Employment Security (NHES) Connecting Students to the Workplace

Some youth between the ages of 16 and 19 have been preparing to enter the job market for the first time. Commissioner Richard Brothers instituted the Youth Employment Service (YES!) Program to help prepare high school juniors and seniors for employment. NHES local offices offer training sessions and job fairs so students may explore what they want to do when they graduate. They are taught how to use the O\*Net Ability Profiler, Interest Profiler, and the NHES web site. The offices also conduct tours of their Resource Centers and hold workshops on job searching, resume writing, and interview skills. Commissioner Brothers believes "New Hampshire's workforce depends on a continuing infusion of skilled and talented people. The better we prepare our students to enter the workforce, the more likely it is that New Hampshire will retain its place as a leader in the nation."

Could this shift spell the beginning of the end for the typical summer job?

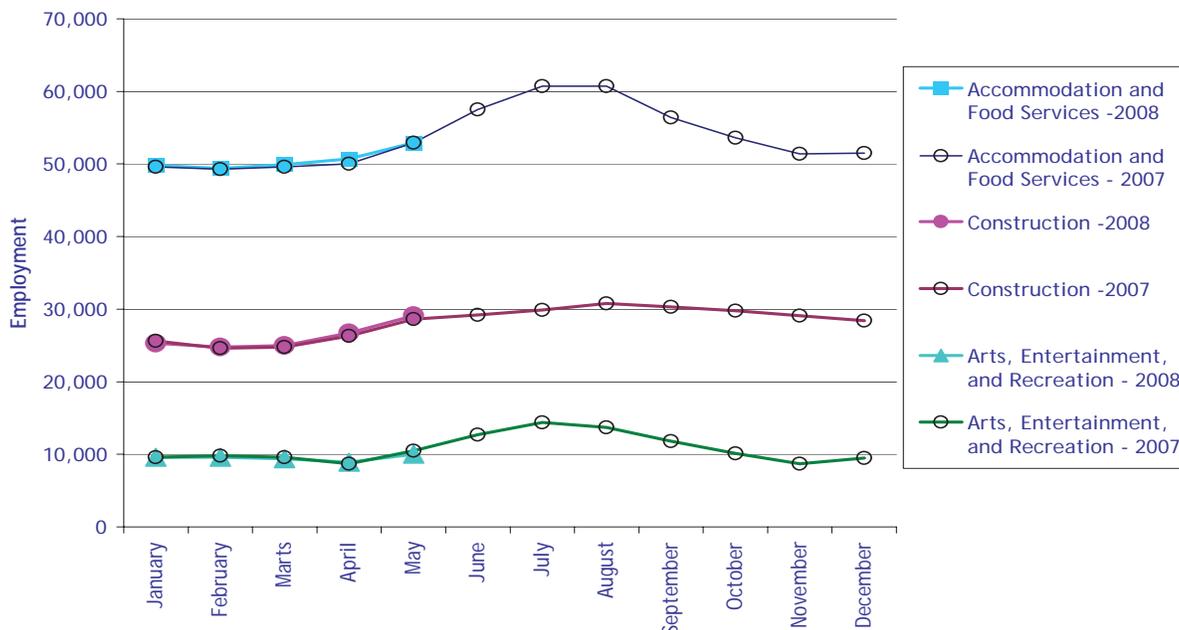
Perhaps one clue lies within the Current Population Survey (CPS), conducted by the U.S. Census Bureau. The CPS helps illuminate some of the reasons why individuals are no longer in the labor force. While some workers drop out because they are discouraged by their prospects, others drop out for different reasons. Among those aged 16-24, the average number of workers who reported dropping out of New Hampshire's labor force for "reasons other than discouragement" in the first six months of 2008 increased 48 percent compared to the same span in 2007. Young people, especially students, may be beginning to view the summer break as a time not to get a job, but to pursue other activities such as unpaid career internships, service learning, or additional coursework that will set them apart in the competitive markets they expect to face as adults.

Those aged 16-24 who are not looking for work for reasons other than discouragement



Source: Current Population Survey (CPS)

## Current Employment Statistics for Selected Sectors



Source: Economic and Labor Market Information Bureau

### Comparing the Summer Job Industry Sectors

Considering the economy as a whole, covered employment figures from April to July of 2007 reveal that more than 15,000 jobs were added to two sectors related to tourism: *Accommodation and food services*, and *Arts, entertainment and recreation*. In addition, about 3,400 jobs were added to two other summertime employment stalwarts—*Construction* and *Retail trade*. Through May 2008, estimates from the Current Employment Statistics (CES) program (a more current measurement than covered employment) suggest that the seasonal employment increases seen in years past are on target, although it remains to be seen whether broader economic difficulties such as rising fuel costs will curtail this seasonal growth. One industry showing gains in employment is *Construction*, which is 500 employees higher than the May 2007 count. Even in a contracting housing market, the relative strength of the *Construction* sector in New Hampshire is due to nonresidential projects, such as commercial, industrial and institutional buildings.<sup>1</sup>

While some industries grow in the summer, others contract. For example, the *Government* sector shed 20,000 jobs in covered employment from April to July 2007 and private *Educational services* shed close to 1,200 jobs. Covered employment in *Local government* accounted for more than 99 percent of this decline, equal to roughly a quarter of the workforce. This drop is attributable to the closing of public schools over the summer vacation. In 2008, no changes are expected, although a higher cost of living may force some teachers and other seasonal employees back into the summer job market.

Another group that might join the labor force in larger numbers is retirees. On the one hand, the gap between the labor force and employment among those aged 65 and over is small, suggesting that those who are seeking work find it. On the other hand, Current Population Survey (CPS) data do not reveal a regular seasonal spike for older workers, suggesting instead a non-seasonal, regular entry into the labor force.

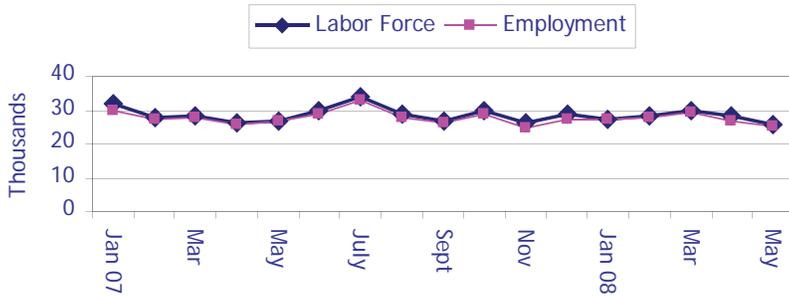
<sup>1</sup> Feingold, Jeff, New Hampshire Business Review, "Future commercial construction remains strong in May," June 25, 2008

Deciphering summer employment in New Hampshire is a complex task. The labor market presents different obstacles for different workers, all of which are compounded by the unique nature of each industry. Even though it appears that New Hampshire's summer employment situation can best be described

as stable, the figures available at this time may not yet reflect the current negative economic conditions that have grabbed headlines nationwide. The coming months will provide the data necessary to understand New Hampshire's job market in the tumultuous summer of 2008.

*Ben Amsden  
Annette Nielsen*

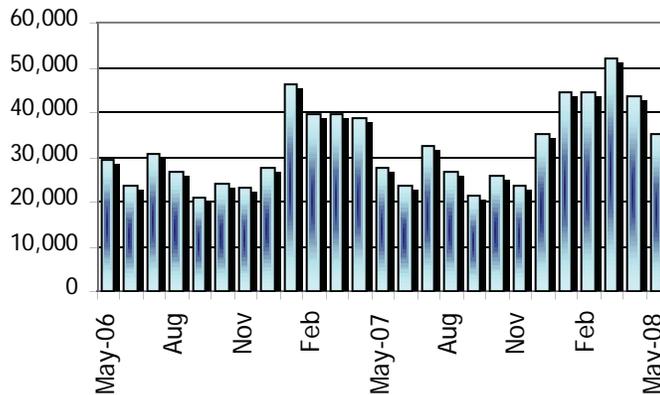
Labor Force and Employment for those aged 65 and over



Source: Current Population Survey (CPS)

Unemployment Compensation Claims Activity

Compensation Programs:	May-08	April-08	May-07	Change from Previous			
				Month		Year	
				Net	Percent	Net	Percent
Initial Claims	3,706	5,659	3,140	-1,953	-34.5%	566	18.0%
Continued Weeks	35,035	43,364	27,651	-8,329	-19.2%	7,384	26.7%



Continued Weeks Claimed

May 06 - May 08

Unemployment Compensation Fund

Unemployment compensation fund balance at the end of May	\$222,031,288.32
Average payment for a week of total unemployment:	\$270.38
Net benefits paid:	\$7,731,623.14
Net contributions received during the month:	\$15,344,846.39
Interest Received:	\$0.00
Reed Act Distribution:	\$0.00
Reed Act Withdrawn for Administrative Costs:	\$1,290,964.00

Trust Fund

May-08	Apr-08	May-07	Change from Previous	
			Month	Year
216.632	214.823	207.949	0.8%	4.2%

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

Consumer Price Index