

## Remote Work in New Hampshire, 2021

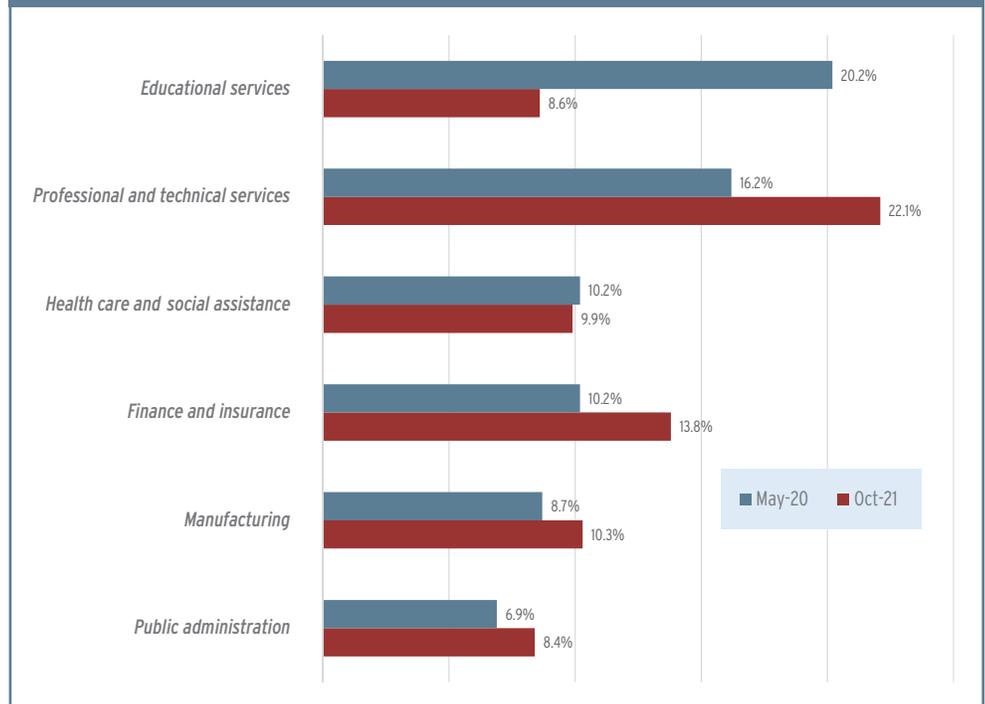
More than a year and a half into the COVID-19 pandemic, the extent of remote work among New Hampshire residents can be assessed. Is remote work a growing trend? Was remote work just a spin-off from the pandemic, or has the pandemic fast-forwarded an existing trend? Nationally, labor market pundits have speculated about the implications of the shift to remote work on local economies. The resulting assumptions depend on how the labor market researcher assesses remote work in a post-pandemic economy. Some researchers see remote work becoming an accepted practice in corporate America (at least in some hybrid form), whereas other researchers are skeptical about the scale to which permanently working from home will continue.

Gad Levanon, Head of the Labor Market Institute at The Conference Board, claims that remote work is “perhaps the biggest legacy of COVID-19” and that remote work is here to stay. Reports that many US corporations are postponing the return of workers to the office, originally set for September 2021, to an undetermined date, makes this prediction sound reasonable. In New Hampshire, for example, Dartmouth College recently announced that some employees will be allowed to continue working from home. Other labor market observers are less convinced of a total reset of where work is performed. Many areas of the economy still require the physical presence of workers in order to provide services. Elaine Godfrey,<sup>1</sup> staff writer at The Atlantic, questioned her own biased notion of how many Americans teleworked during the pandemic. Her initial guess was about double the official statistics. In her article, she tries to explain her overestimate of the

share of remote workers. She finds that persons in similar line of work are often clustered in the same social networks, have the same level of educational attainment, and are living in a similar urban or suburban setting. This is a possible explanation why she deduced that most people were in the same remote work setting as she was during the pandemic. Ultimately, she realized she had not considered those for whom remote work is not an option. In addition, because the share of workers in each industry varies by geography, it is likely that there is a substantial difference in remote work propensity based on location.

Starting in May 2020, the U.S. Bureau of Labor Statistics (BLS) added questions to the monthly Current Population Survey in order to capture the impact of the pandemic on the labor market.<sup>2</sup> One of the questions added was “How many employed persons **teleworked because of the pandemic.**”

Comparing the sectors with the highest distribution of employed persons who teleworked at any time in the last 4 weeks because of the pandemic



Source: Current Population Survey, Supplemental data. U.S. Bureau of Labor Statistics

1 Guess How Many People Worked From Home Last Year, September 21, 2021 <https://www.theatlantic.com/politics/archive/2021/09/work-from-home-numbers/620107/>

2 These supplemental data are not seasonally adjusted.

The share of workers nationwide was at its peak in May 2020, with 35.4 percent of employed people working remotely due to the pandemic. That rate has come down gradually over the last 17 months, and as of October 2021, is 11.6 percent.

Current Population Survey (CPS) data compiled by the Conference Board show state-by-state estimates of the percentage of workers in professional and office occupations, ages 25-54, who shifted to remote work at any time in the last four weeks because of the pandemic.<sup>3</sup> Based on July-September 2021 data, about one in three New Hampshire residents ages 25-54 in professional and office occupations teleworked due to the pandemic. New Hampshire's share of those working remotely (30 percent) was higher than the national average by four percentage points. In comparison, the shares in Maine (20 percent) and Vermont (25 percent) were lower, and Massachusetts was higher (38 percent). Because these estimates are residence-based CPS data, some New Hampshire residents included in the share of remote workers are employed by companies located in some other state.

During the pandemic, two large industries shifting to remote work in New Hampshire were public schools and state government. By the beginning of the 2021-2022 school year, all public schools in New Hampshire were expected to return to the physical classroom.<sup>4</sup> Also, most state government workers in New Hampshire had returned to the office.<sup>5</sup> In 2020, there were 58,000 workers employed in state, local and private educational services, and about 12,700 state government workers (excluding state educational services). Combined, educational services and state government accounted for 11.2 percent of New Hampshire total covered employment in 2020. A large portion of these employees worked remotely for at least some period during 2020.

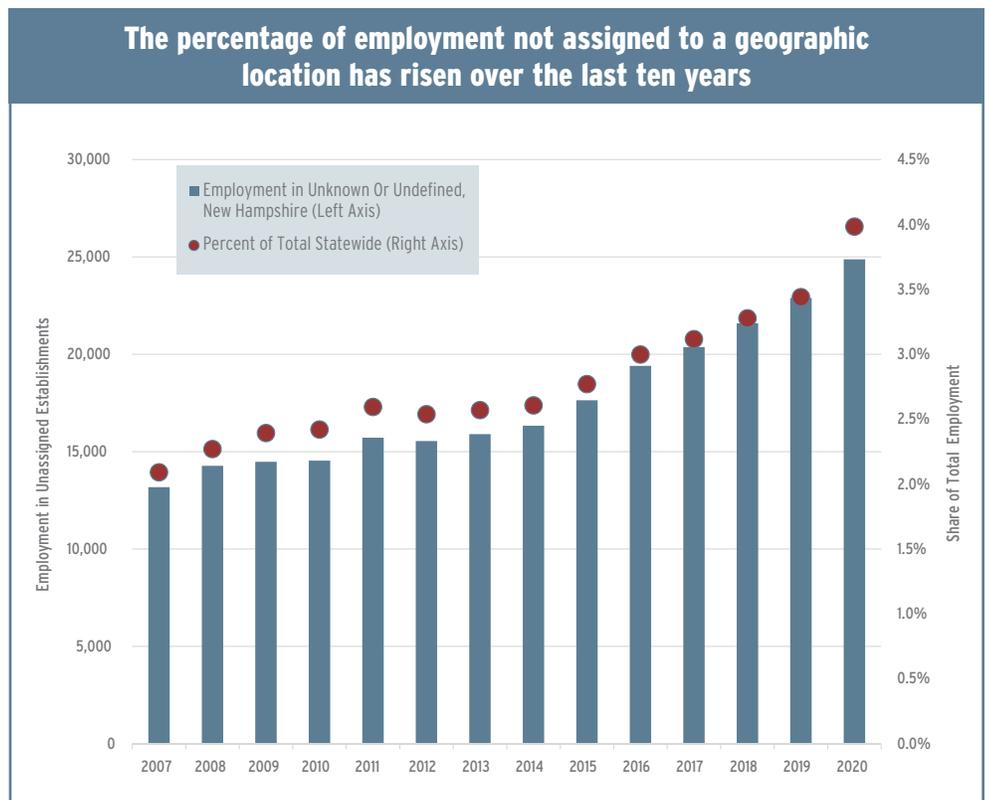
The Bureau of Labor Statistics publishes national data on those working from home due to the pandemic, by industry. These data indicate a shift in the industries where

remote work has continued, versus those initially impacted that have mostly returned to a physical work location.

As a percentage of the total number of persons working remotely, two sectors gained the largest shares from May 2020 to October 2021. The share of remote workers in professional and technical services increased from 16.2 percent in May 2020 to 22.1 percent in October 2021. The share of remote workers in finance and insurance increased from 10.2 percent to 13.8 percent. Conversely, the share of remote workers in educational services shrank by more than half, coinciding with the reopening of schools nationwide. The growing shares of workers in professional and technical services and finance and insurance who work remotely indicate the likelihood of companies in these two sectors embracing the work-from-home employment model more permanently. The longer a company allows employees to work remotely, the more likely the practice will become a permanent employment model – at least in some hybrid form.

## An Emerging Trend of Work-From-Home

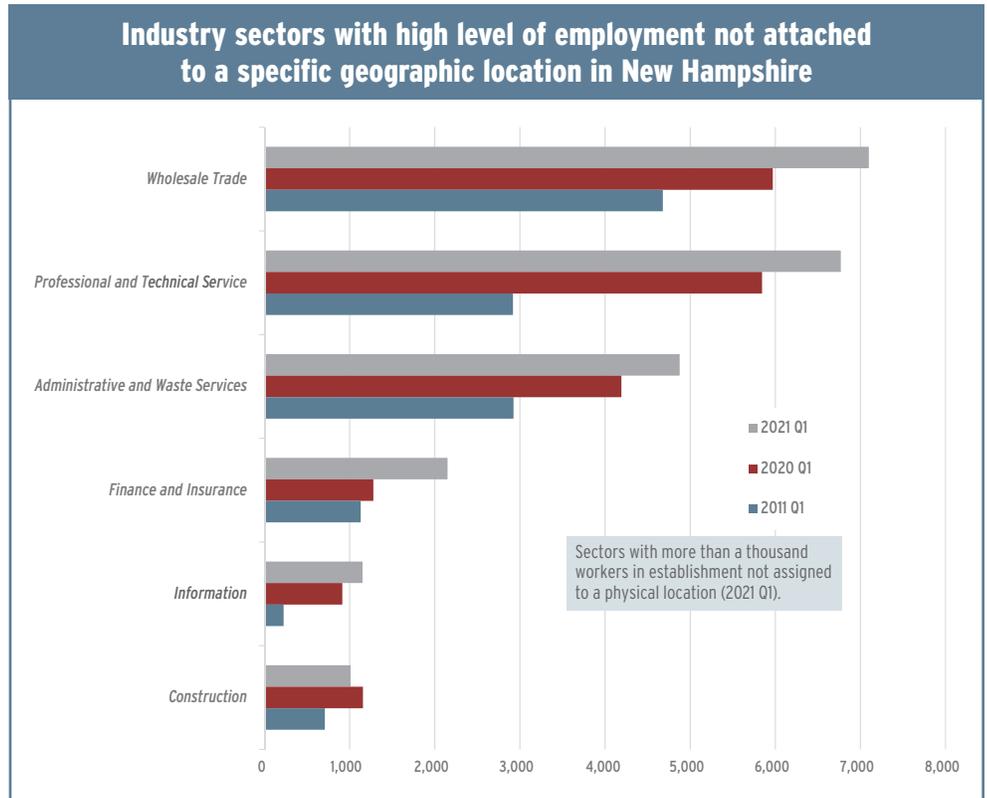
Even before the pandemic, there was an increase in the number of New Hampshire workers whose place of work was not assigned to a specific location.



Source: Quarterly Census of employment and Wages, Economic and Labor Market Information Bureau

3 The source of these estimates: IPUMS-CPS, University of Minnesota. The see the most current state estimates go to <https://www.conference-board.org/topics/labor-markets-charts>  
 4 Nancy West, "Last week Education Commissioner Frank Edelblut said ... [t]here are no schools in remote or hybrid, Edelblut said." DHHS' Inaccurate COVID-19 School Dashboard Still Not Fixed. InDEPTH.org. September 27, 2021.  
 5 "[...] most state employees are already back at their desks, the remaining ones who have been working from home will be returning by May 10, Gov. Chris Sununu said Thursday at his weekly news conference". <http://indepthnh.org/2021/04/29/sununu-nh-fully-open-for-business-by-may-10- state-worker-masks-optional/>

In general, data from the Quarterly Census of Employment and Wages (QCEW) program is a precise count of employer establishments by location and the level of employment in each of these locations. When the physical location of an establishment is not known, but the employer has paid unemployment insurance for a worker in New Hampshire, this account and its associated employment is identified as *not assigned*<sup>6</sup> to a county or other sub-state geographic area.<sup>7</sup> This indicates that the physical location is either not known, was not provided, or that employees do not work in a specific location. This geographic designation could indicate that employees perform work from home, in multiple locations, such those who perform work at a client location (e.g., wholesale representatives), or work at a site under construction.



Source: Quarterly Census of employment and Wages, Economic and Labor Market Information Bureau

Covered employment is usually attached to the employer’s physical place of business. However, the idea that work is not assigned to one physical location, including remote work, is not a new phenomenon. For example, in construction, the work performed is usually at a construction site, and not the company’s office location. In the COVID-19 workplace, the concept that office work can be performed from anywhere has become common, with the caveat of adequate electronic connections, i.e., broadband. In comparison with this existing definition of employment not assigned to a specific location, this current remote workplace discussion extend to a much larger share of work that potentially can be performed remotely from the employees home. It is still too early to determine the final labor market impacts of pandemic-induced remote work.

Covered employment in establishments<sup>8</sup> not assigned to a specific location can be used as a proxy when assessing the trends and impact of remote work on New Hampshire’s labor market. Covered employment in establishments not assigned is a relatively small percentage of total employment in New Hampshire. However, employment in establishments not

NAICS Sector	Not assigned as a share of total private sector employment, select industries in NH, 2021 Q1
Wholesale Trade	25.1%
Professional and Technical Service	16.4%
Administrative and Waste Services	14.8%
Finance and Insurance	8.0%
Information	10.0%
Construction	3.8%

Source: Quarterly Census of employment and Wages, Economic and Labor Market Information Bureau

assigned to a location as a share of total employment in New Hampshire increased from 2.4 percent in 2010 to 4.0 percent in 2020. In spite of the overall losses in employment from 2019 to 2020,<sup>9</sup> employment in establishments not assigned rose by 1,780 workers.

Although employment in establishments not assigned to a location is still a small component of the overall New Hampshire labor market, comparison of data by industry

<sup>6</sup> Bureau of Labor Statistics lists this employment as Unknown or Undefined, New Hampshire.

<sup>7</sup> Data for establishments not assigned to a substate geographic area are incorporated into their respective industries in statewide data.

<sup>8</sup> Conversely, the place of work for self-employment is nearly always assigned to the residential address of the proprietor.

<sup>9</sup> Total statewide covered employment, including private ownership plus government, declined by more than 40,000, from average monthly employment of 665,150 in 2019 to average monthly employment of 625,000 in 2020.

show how certain sectors have adapted to a non-physical workplace, including remote work, more aggressively over the last ten years.

**Wholesale trade** employment has always been a large portion of geographically not assigned employment. In 2001, quarter 1, the wholesale trade share of employment in establishments not assigned was 28.7 percent. By 2021, quarter 1, the wholesale trade share of employment in establishments not assigned was down to 25.0 percent, though wholesale trade was still the largest employing sector. The definition of the sector states, “Customers are generally reached initially via telephone, in-person marketing, or by specialized advertising that may include Internet and other electronic means.”<sup>10</sup> This characteristic makes the industry ideal for remote workers. The staffing pattern for wholesale electronic markets and agents/brokers, the largest wholesale trade subsector among establishments not assigned, show that about one-third of workers are employed as wholesale and manufacturing sales representatives.<sup>11</sup>

**Professional and technical services** include industries such as legal services, accounting services, and architectural and engineering services. In 2021 Q1, about two-thirds of this sector’s employment in establishments not assigned to a location was in computer systems design and related services and management and technical consulting services. These are likely persons working remotely from their home and many will remain remote.

**Administrative and waste services** include business that provide support services for other businesses, such as personnel administration, clerical services, cleaning services, security services, or waste removal. These services may be provided to establishments in a wide variety of other industries. Since the late 1980’s, there has been a rise in business process outsourcing (BPO). Many of these businesses were already operating on a work-from-home model. Even businesses whose employees were not working from home prior to the pandemic are less likely to return to their previous office model.<sup>12</sup>

**Finance and insurance and Information** have also experienced growth in establishments not assigned to a specific location. These sectors are already highly integrated

in digitized information systems. Many of these companies have had employees working from home for quite some time.<sup>13</sup>

The sectors with a high share of employment in the not assigned geographic designation are those that are more likely to transition to remote work, either fully or in some hybrid form. Employment in some sectors that had begun remote work before COVID-19 abruptly transferred many more workers to work from home and about a third of workers in professional and office occupations are still (summer 2021) working remotely (see page 2). As the COVID-19 pandemic has disrupted office operations for more than 18 months, large corporations have more readily accepted remote work, and long-term, a more flexible hybrid work model will likely be implemented even as some workers return to the office.

## Community and Personal Implications of Work from Home

There has been a great deal of speculation, and yet really no definitive conclusion of how prevalent remote work will be post-pandemic, and what the return to the office will entail, such as a hybrid work model, flex time, or set number of days workers are required to report to the office.

As time goes by and more corporations accept working from home it appears that COVID-19 has had a lasting impact on the ability to work remotely. Online job ads show that more employers are specifying remote work as an option, or an expectation. There is also evidence that large tech companies are posting job ads in a broader geographic area than prior to the pandemic, as, for some positions, *where* an employee resides is not significant. However, at the same time, technology firms are making large real estate acquisitions in downtown Manhattan, as well as expanding office space in other metro areas, such as Seattle. This contradicts the idea that big tech companies will embrace a fully remote office model.<sup>14</sup>

At the onset of the pandemic, there was a lot of hype about how city-dwellers fled from the big cities to rural America. This story was not, however, corroborated by migration data. Instead, most economists agree that the impact of the pandemic has had more of a donut effect – meaning that many people left the inner city for the suburbs or the exurbs.

10 Bureau of Labor Statistics, Industries at a Glance. <https://www.bls.gov/iag/tgs/iag42.htm>

11 The location quotient for Sales representatives, wholesale and manufacturing, technical and scientific products (SOC 41-4011) in New Hampshire was 1.75, the fourth highest in the nation. <https://www.bls.gov/oes/current/oes414011.htm>

12 Don Berryman, Transcom, “Will BPO Work-At-Home Continue In 2021?”, December 15th, 2020. <https://na.transcom.com/en/blog/will-bpo-work-home-continue-2021>

13 Financial services firms look to a future that balances remote and in-office work. PwC’s Remote Work Survey. <https://www.pwc.com/us/en/industries/financial-services/library/balancing-remote-and-in-office-work.html>

14 The March Back to Office Heads in Sharply Different Directions. Weed, Julie. As Big Tech Grows in the Pandemic, Seattle Grows With It. October 12, 2021. NY Times

Many individuals and families were both living and working in the same space, and the desire for additional space, bolstered by low interest rates, sent them out of city centers. At this point in the pandemic, with more companies planning a return to the office, workers are less likely to move far away from their original physical office.

“Remote work will settle into a new level, higher than pre-pandemic but lower than the present,” according to a Brookings analysis of the USPS migration data. Hybrid work environments are pushing people to live within traveling distance near work, but not quite as close as they used to.”<sup>15</sup> It is more likely that the COVID-19 pandemic and the impact of remote work has been a geographic expansion of big metro areas, including the Greater Boston Metropolitan Area.

What does this trend mean for New Hampshire? This work-from-home trend has probably contributed to the steep rise in New Hampshire’s housing prices. Working remotely or

reducing the number of days that a worker has to be in the office enlarged the area considered an acceptable commute distance. Overall, the remote work environment has probably been an economic booster for the New Hampshire housing market (especially the most southern areas), yet it has exacerbated the state’s affordable housing challenges as well.

Another remote work backlash is the impact on an individual’s work-related social network. As the COVID-19 pandemic has dragged on, there have been some indications of higher burnout and “zoom fatigue” among remote workers. Although remote work is a common practice in some industries, there can also be negative career consequences from working in a fully remote environment. As stated recently by a financial executive: “It’s incredibly difficult to have the managerial experiences and interpersonal experiences that you need to have to take your career forward in a work-remotely environment.”<sup>16</sup>

<sup>15</sup> Hoffower, Hillary. Remote work didn’t wipe out big cities - it made them even bigger. Business insider. September 20,2021. <https://www.businessinsider.com/remote-work-made-cities-bigger-nyc-san-francisco-metro-areas-2021-9>

<sup>16</sup> Mirabella, Allan and Parmar, Herna. Ken Griffin Sees Young People Making ‘Grave Mistake’ Working at Home. Bloomberg. October 4, 2021. <https://www.bloomberg.com/news/articles/2021-10-04/griffin-sees-young-people-making-grave-mistake-working-at-home?srnd=premium>