

LABOR FORCE & UNEMPLOYMENT

New Hampshire's Expanding Labor Force

During the period from 2008 through 2011, New Hampshire's labor force¹ was deeply affected by the "Great Recession." The labor force continued to grow until June 2009 while employment had been decreasing since July 2008. By the summer of 2011, the labor force reached its lowest point and employment began to grow again after two years of stagnation. In the end, New Hampshire lost approximately 11,500 labor force participants and 21,400 fewer residents had jobs. The road was long, but employment losses were finally recovered in December 2014. Labor force losses required another year for recovery.

Resident employment expanded by about 38,700 persons from December 2014 to October 2019. During this period of recovery, over-the-month employment losses have been few in number and of insignificant levels. The New Hampshire labor force has expanded by approximately 27,000 residents

between December 2015 and October 2019. These gains are predominantly due to increases in New Hampshire's population, as the labor force participation rate has been essentially unchanged throughout the expansion.

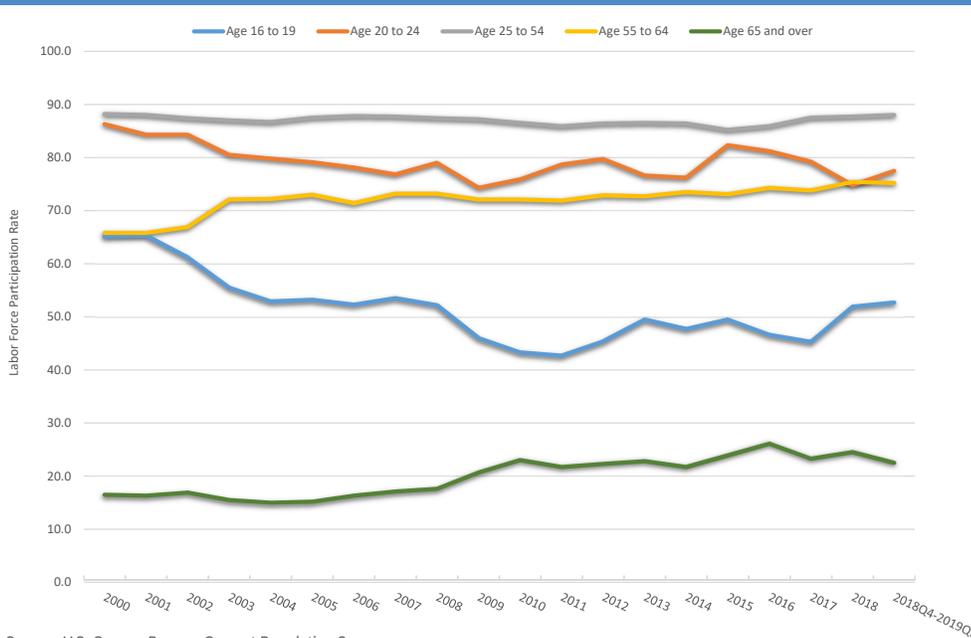
Labor Force Participation

The labor force participation rate is a measure that represents the number of persons in the labor force, either employed or unemployed, for every 100 residents in the civilian noninstitutionalized population age sixteen and older. New Hampshire's highest seasonally adjusted labor force participation rate was 73.7 in January 1990, while the lowest rate was 65.7 in March and April of 1976. In November 2019, for every 100 New Hampshire residents in the population, 68.9 participated in the labor force.

The labor force participation rate can be an indicator of the health of the economy; however the

rate is also affected by the demographics of the population. States that have older populations, for example, would be expected to have lower participation rates. As the share of the population above retirement age increases, the share of the population who is retired increases and creates downward pressure on the labor force participation rate. Official state labor force estimates are model-based, which is necessary to provide a sufficient level of accuracy, and a

NEW HAMPSHIRE LABOR FORCE PARTICIPATION RATES BY AGE GROUP



Source: U.S. Census Bureau, Current Population Survey

¹ The labor force includes all people age 16 and older who are classified as either employed or unemployed

seasonal adjustment to allow for month-to-month comparisons. Although demographic data are incorporated into the model, estimates cannot be produced for demographic groups. The Current Population Survey (CPS), which is the main source of data for the labor force estimates model, can be used as a proxy for estimates of demographic groups.² CPS estimates are presented in the form of a twelve-month average to improve accuracy and remove the effect of seasonality.³

The CPS labor force participation rate for all New Hampshire residents was 73.0 in the year 2000 and declined steadily through 2017, to a rate of 67.6.⁴ The rate has increased since then to 68.8 for the twelve-month period October 2018 through September 2019. However, this pattern is not reflected in specific age groups. Young persons in the age 16 to 19 and age 20 to 24 groups experienced more rapid declines, but increases have been underway since 2012. Older workers, those in the age 55 to 64 and age 65 and over groups have not experienced these decreases and have had participation rate increases since 2000.

The CPS labor force participation rate not only reflects the participation of the various age groups, but also their share of the population.

| NEW HAMPSHIRE CIVILIAN NONINSTITUTIONALIZED POPULATION BY AGE GROUP | | | |
|---|-------------------------|----------------------|--------|
| RANGE OF AGE | SHARE OF THE POPULATION | | |
| | 2014 AVERAGE | 2018 Q4 - 2019 Q3 | CHANGE |
| Age 16 to 19 | 5.8% | 6.2% | +0.4% |
| Age 20 to 24 | 8.6% | 7.6% | -1.0% |
| Age 25 to 34 | 14.6% | 14.7% | +0.1% |
| Age 35 to 44 | 14.5% | 14.2% | -0.3% |
| Age 45 to 54 | 18.9% | 16.6% | -2.3% |
| Age 55 to 64 | 18.3% | 19.7% | +1.4% |
| Age 65 to 74 | 11.9% | 12.4% | +0.5% |
| Age 75 and over | 7.3% | 8.5% | +1.2% |

Source: US Census Bureau, Current Population Survey

2 The Current Population Survey is the source of information on work status of individuals 16 years of age and older. It is a household survey conducted by the U.S. Census Bureau that gathers data on labor force status and many demographic and labor force characteristics. As a household survey, the data represent residents of a specific state. This monthly household survey is conducted for a specific survey reference week, usually the week including the 12th of each month. The Current Population Survey is jointly sponsored by the Census Bureau and the Bureau of Labor Statistics

3 Annual average Current Population Survey estimates represent a twelve-month average of estimates beginning with January and ending with December of the referenced year

4 Current Population Survey estimates may not match officially released rates. Official labor force participation rates are model based and include several data sources in addition to Current Population Survey data, but cannot be disaggregated by demographic category

5 U.S. Census Bureau, unpublished Current Population Survey data, extracted and prepared by New Hampshire Employment Security, Economic and Labor Market Information Bureau, December 2, 2019

During the current expansion, older residents have increased their share of the available population while younger workers and those in their prime working years have generally decreased their share of the available population. New Hampshire's labor force participation rate has remained relatively stable predominantly due to the increased labor force participation among older workers. However, younger workers must eventually replace these older workers or the labor force participation rate will decline as the oldest workers exit the labor force.

Persons Not in the Labor Force

Although participation data by age group provides some insight on makeup of the labor force, there must be some strategy beyond simply enticing a younger population to move to or remain living in New Hampshire. CPS data also provide information as to why individuals choose not to participate in the labor force. The challenge to policy makers is to reduce these barriers to labor force participation.

There is no surprise regarding the top reason why New Hampshire residents have not participated in the labor force: Retirement. What may be surprising is that, during the period from October 2018 to September 2019, there were more than 29,700 residents who were under the age of sixty-five and retired from the labor force.⁵ The Current Population Survey provides a snapshot in time, so some of these individuals may have been in a state of temporary retirement, but it does indicate that there may be an opportunity to expand the labor force further with experienced workers.

A second source of additional workers is in the form of workers with disabilities or with disabling conditions. From December 2007 to December 2014, the number of disabled workers in New Hampshire receiving Old Age, Survivors and Disability Insurance (OASDI) benefits increased by 32 percent, but the level has remained unchanged through the current labor force expansion.⁶ It

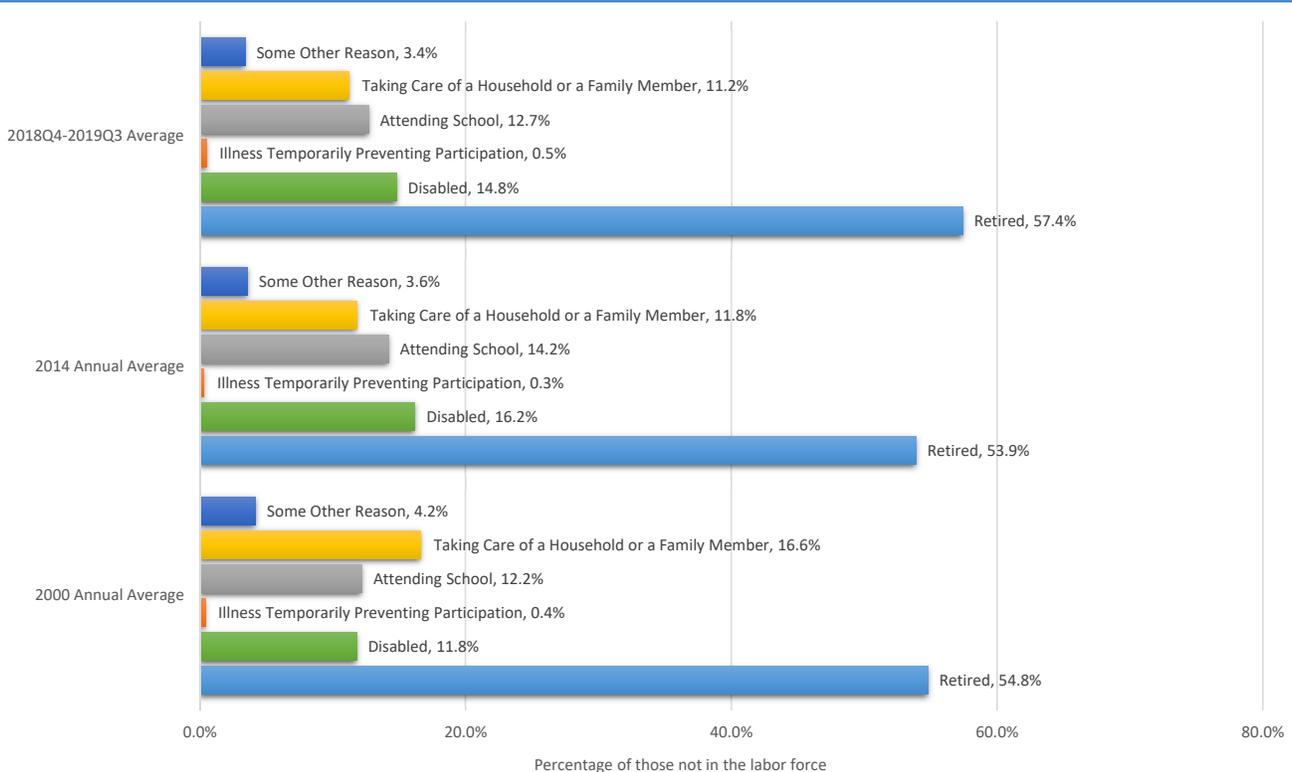
is likely that difficulties finding employment during the recession coupled with disabling conditions led to this rapid increase. In an expanding economy, these potential workers may fill employers' staffing vacancies when allowed reasonable accommodations.

Potential labor force participants in the youngest age groups typically balance work opportunities with the responsibilities of school attendance. Homework and extracurricular activities can limit or even prohibit participation in the labor force. Internships may provide the opportunity for young workers to receive both an education and work experience.

Another major reason why some people have not participated in the labor force is that they were taking care of a household or a family member. Caregivers may have been responsible for their own children, parents or grandparents, or managing their family home. Many of these individuals may have chosen to provide this care over employment, while others did not have a choice. Flexible work hour policies, low or no cost childcare or senior care benefits and other accommodations may help to provide work options to these individuals and further expand the labor force.

- Robert Cote

REASONS FOR NOT PARTICIPATING IN THE LABOR FORCE - NEW HAMPSHIRE RESIDENTS



Source: U.S. Census Bureau, Current Population Survey

6 U.S. Social Security Administration, Office of Retirement and Disability Policy, Office of Research, Evaluation and Statistics, "Congressional Statistics" years 2007 through 2018, https://www.ssa.gov/policy/docs/factsheets/cong_stats/2018/

| Mass Layoff Statistics | 2014 | 2015 | 2016 | 2017 | 2018 | Source |
|--|-------|-------|-------|-------|-------|--------|
| Total number of mass layoff events | 37 | 24 | 23 | 18 | 18 | NHES |
| Total number of initial claims from mass layoff events | 6,586 | 3,835 | 3,248 | 2,206 | 1,965 | NHES |
| Total number of extended mass layoff events | 12 | 8 | 9 | 9 | 8 | NHES |
| Total number of initial claims from extended layoffs | 1,646 | 1,232 | 1,232 | 917 | 786 | NHES |
| Total number of separations from extended layoffs | 2,332 | 1,250 | 1,330 | 1,117 | 1,261 | NHES |

| Unemployment Insurance | 2014 | 2015 | 2016 | 2017 | 2018 | Source |
|--|----------|----------|----------|----------|----------|--------------------|
| Weeks compensated for unemployment (UI) | 297,637 | 230,528 | 192,427 | 166,663 | 148,512 | USDOL-ETA |
| Benefits paid, unemployment insurance (thousands) | \$82,894 | \$67,344 | \$57,923 | \$52,695 | \$47,797 | USDOL-ETA |
| Annual percent change | -19.3% | -18.8% | -14.0% | -9.0% | -9.3% | USDOL-ETA/ NHES |
| Average duration, benefit payments (weeks) | 14.1 | 13.2 | 12.8 | 12.6 | 12.5 | USDOL-ETA |
| United States average | 16.4 | 15.5 | 15.5 | 15.4 | 15.4 | USDOL-ETA |
| United States rank ^a (1=longest duration) | 42 | 40 | 43 | 41 | 41 | USDOL-ETA |
| Average weekly benefit amount | | | | | | |
| New Hampshire | \$290.54 | \$305.82 | \$313.57 | \$328.39 | \$335.16 | USDOL-ETA |
| United States | \$314.54 | \$328.85 | \$344.34 | \$350.95 | \$355.91 | USDOL-ETA |

^a Ranks include D.C., Virgin Islands, and Puerto Rico

| Alternative Measures of Labor Underutilization | 2014 | 2015 | 2016 | 2017 | 2018 | Source |
|--|-------|-------|------|------|------|--------|
| U-1: persons unemployed 15 weeks or longer, as a percent of the civilian labor force | | | | | | |
| New Hampshire | 1.9% | 1.3% | 1.0% | 0.9% | 0.9% | BLS |
| United States | 3.0% | 2.3% | 2.0% | 1.7% | 1.4% | BLS |
| U-2: job losers and persons who completed temporary jobs, as a percent of the civilian labor force | | | | | | |
| New Hampshire | 2.4% | 1.9% | 1.5% | 1.5% | 1.2% | BLS |
| United States | 3.1% | 2.6% | 2.3% | 2.1% | 1.8% | BLS |
| U-3: total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate) | | | | | | |
| New Hampshire | 4.2% | 3.4% | 2.8% | 2.8% | 2.6% | BLS |
| United States | 6.2% | 5.3% | 4.9% | 4.4% | 3.9% | BLS |
| U-4: total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers | | | | | | |
| New Hampshire | 4.5% | 3.7% | 3.0% | 2.9% | 2.7% | BLS |
| United States | 6.6% | 5.7% | 5.2% | 4.6% | 4.1% | BLS |
| U-5: total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers | | | | | | |
| New Hampshire | 5.2% | 4.2% | 3.6% | 3.5% | 3.0% | BLS |
| United States | 7.5% | 6.4% | 5.9% | 5.3% | 4.8% | BLS |
| U-6: total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers | | | | | | |
| New Hampshire | 9.7% | 8.0% | 6.4% | 6.2% | 5.6% | BLS |
| United States | 12.0% | 10.4% | 9.6% | 8.5% | 7.7% | BLS |

| Labor Force and Unemployment Civilian Labor Force (Residents) | 2014 | 2015 | 2016 | 2017 | 2018 | Source |
|--|---------|---------|---------|---------|---------|----------|
| Civilian Labor Force (annual average) | 743,320 | 745,461 | 751,315 | 754,465 | 761,752 | BLS |
| Annual percent change | 0.3% | 0.3% | 0.8% | 0.4% | 1.0% | BLS/NHES |
| Labor force participation rate | 68.7% | 68.5% | 68.5% | 68.3% | 68.4% | BLS |
| United States rank | 7 | 6 | tie 7 | 8 | tie 6 | BLS |
| Male participation rate | 72.6% | 73.2% | 74.1% | 72.1% | 74.1% | BLS |
| United States rank | 14 | 10 | 8 | tie 11 | 5 | BLS |
| Female participation rate | 64.5% | 63.7% | 63.9% | 63.4% | 61.9% | BLS |
| United States rank | tie 6 | tie 8 | 7 | 6 | tie 5 | BLS |
| Employment (Residents) | | | | | | |
| Employed (annual average) | 711,551 | 720,362 | 729,892 | 733,985 | 742,512 | BLS |
| Annual percent change | 1.1% | 1.2% | 1.3% | 0.6% | 1.2% | BLS/NHES |
| Unemployment (Residents) | | | | | | |
| Unemployed (annual average) | 31,769 | 25,099 | 21,423 | 20,480 | 19,240 | BLS |
| Annual percent change | -15.8% | -21.0% | -14.6% | -4.4% | -6.1% | BLS/NHES |
| Unemployment rate (annual average) | | | | | | |
| New Hampshire | 4.3% | 3.4% | 2.9% | 2.7% | 2.5% | BLS |
| United States rank (1=lowest) | 7 | 4 | 1 | 2 | 2 | BLS |
| New England | 5.9% | 4.9% | 4.1% | 3.9% | 3.5% | BLS |
| United States | 6.2% | 5.3% | 4.9% | 4.4% | 3.9% | BLS |
| Men | | | | | | |
| New Hampshire | 4.4% | 3.6% | 3.1% | 2.7% | 2.6% | BLS |
| United States | 6.3% | 5.4% | 4.9% | 4.4% | 3.9% | BLS |
| Women | | | | | | |
| New Hampshire | 4.0% | 3.3% | 2.5% | 2.9% | 2.6% | BLS |
| United States | 6.1% | 5.2% | 4.8% | 4.3% | 3.8% | BLS |
| Teens (16-19) | | | | | | |
| New Hampshire | 13.3% | 8.5% | 10.5% | 10.9% | 8.8% | BLS |
| United States | 19.6% | 16.9% | 15.7% | 14.0% | 12.9% | BLS |