

New Hampshire Economic Analysis

The Great Resignation

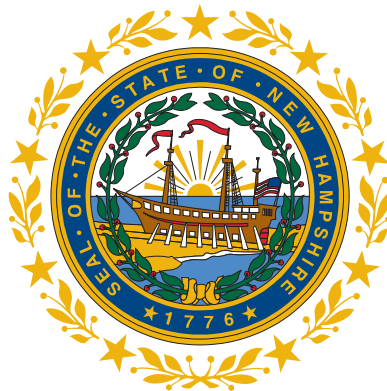
~ Assessing Changing Labor Markets ~



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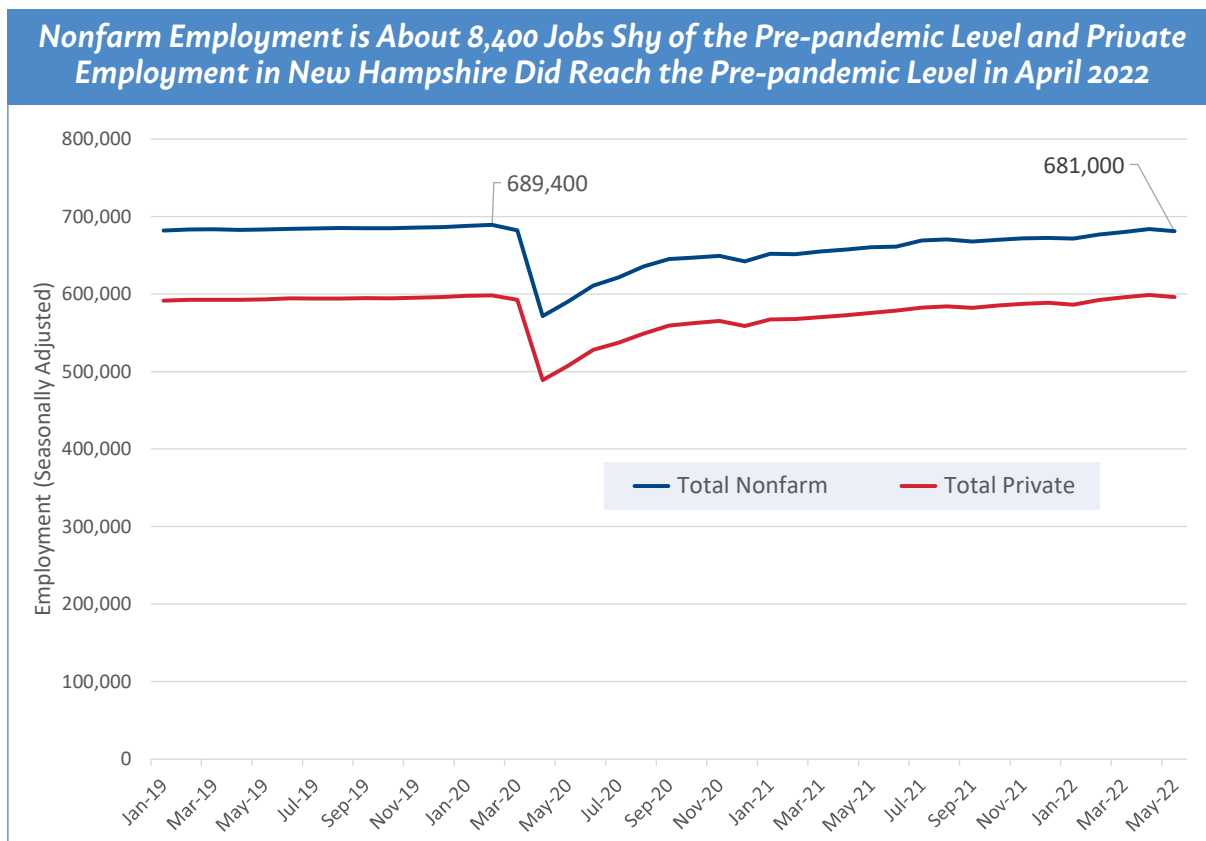
“... [T]he labor market is tight enough to be unsustainable, pointing to worker churn including new hires who “ghost” their new employers by not showing up because they have other options.”

– San Francisco Federal Reserve Bank President Mary Daly¹

New Hampshire's Labor Market – An Update

The COVID-19 pandemic abruptly shut down New Hampshire's economy, causing an unprecedented increase in joblessness in New Hampshire as well as in the nation. In April 2020, New Hampshire's unemployment rate shot up to 16.2 percent – the highest rate ever recorded. Two years later, the unemployment rate in New Hampshire was 2.3 percent, slightly below the pre-pandemic rate. In May 2022, New Hampshire's unemployment rate lowered further to 2.1 percent.

In the spring of 2022, the war in Ukraine combined with an already strained supply chain and labor shortages drove inflation to a high point, with an over-the-year CPI change of 8.6 percent in May 2022 – a 40-year high. The Federal Reserve faces a delicate balancing act: how far to raise interest rates to fight inflation, at the risk of damaging not only the U.S. economy, but economies of countries around the world.²



Source: Current Employment Statistics, Economic and Labor Market Information Bureau

¹ Saphir, Ann. Fed's Daly: rates need to rise to tamp down too-high inflation. March 22, 2022. Reuters. Accessed on June 4, 2022 at <https://www.reuters.com/business/feds-daly-too-high-inflation-is-main-risk-need-higher-rates-2022-03-22/>

² Martin, Jamie. America's Inflation Solution Could Become the World's Problem. New York Times. April 28, 2022. Accessed on May 31, 2022 at <https://www.nytimes.com/2022/04/28/opinion/fed-inflation-interest-rates-third-world-debt.html>.

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Two years after the pandemic began, New Hampshire’s nonfarm employment (seasonally adjusted) in May 2022 was only about 8,400 jobs below the pre-pandemic level. With inflation elevated and unlikely to be temporary, the incentive for sidelined workers to rejoin the labor force has gained momentum. Despite the economic slowdown globally as well as in the United States,³ New Hampshire’s labor market continues to be resilient, as reflected by a very low level of initial unemployment claims in May 2022, only numbering 1,156.⁴

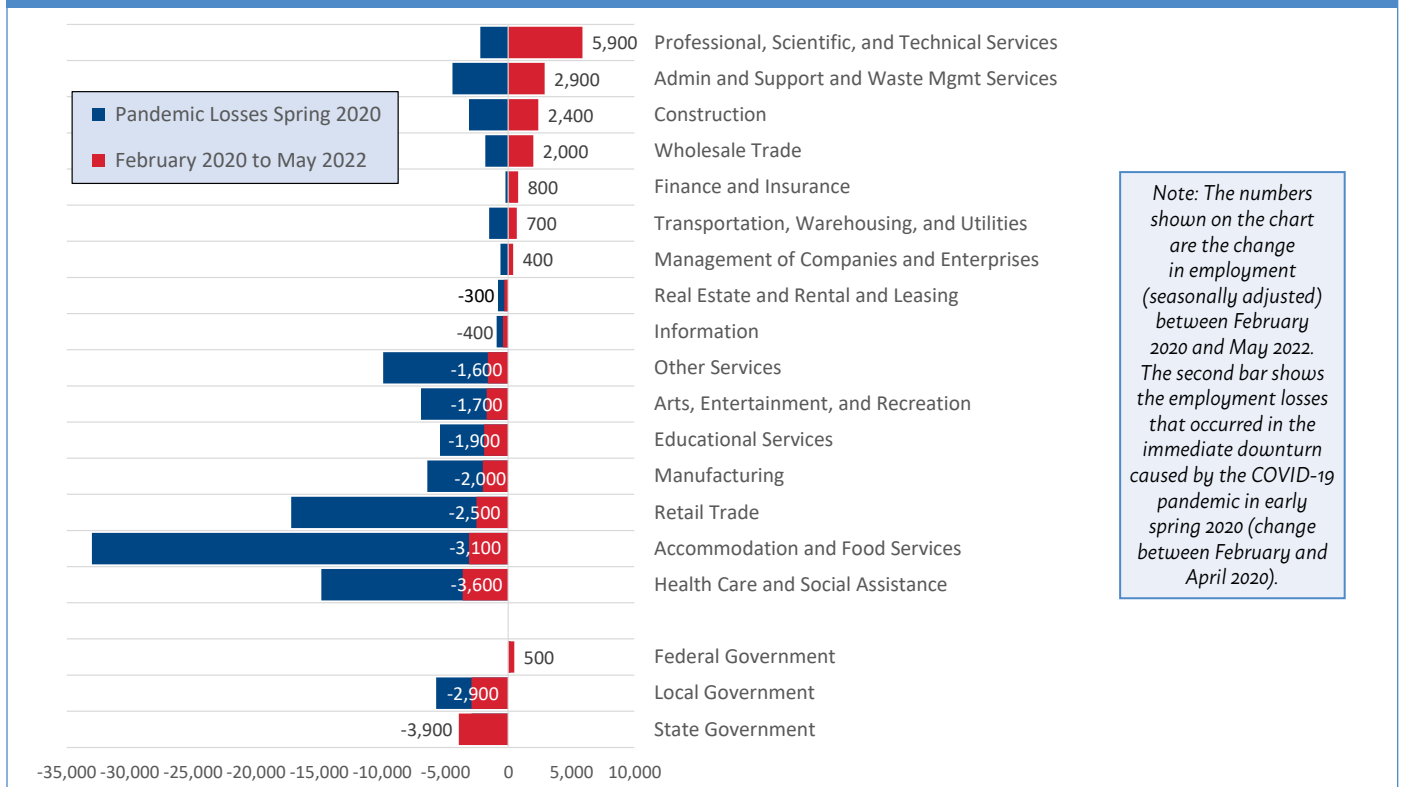
The Recovery Differed by Industry

As the overall job market has nearly recovered, some of New Hampshire’s industries weathered the pandemic better than others. In general, those sectors that experienced the most severe losses during the initial pandemic downturn are those still lagging in the recovery of jobs.

Seven industry sectors gained employment since February 2020, led by the professional, scientific and technical services sector. This sector employed 5,900 more workers in May 2022 than in February 2020. Employment in administrative and support and waste management services is above the February 2020 count by 2,900 jobs. This sector includes temporary help service agencies, which tend to follow a cyclical trend of laying off staff during a downturn and expanding in a recovery. Two other sectors have fared well during the pandemic: construction and wholesale trade.

Jobs in arts, entertainment and recreation declined sharply in spring of 2020, as all in-person events were shut down initially in the pandemic. By May 2022 employment in this sector was still down 1,700 jobs. Accommodation and food services was the sector suffering the most job losses in early spring 2020, and employment in this sector in May 2022 was 3,100 jobs below the pre-pandemic level.

Changes in Employment by Industry: Health Care and Social Assistance Down by 3,600 Jobs



Note: The numbers shown on the chart are the change in employment (seasonally adjusted) between February 2020 and May 2022. The second bar shows the employment losses that occurred in the immediate downturn caused by the COVID-19 pandemic in early spring 2020 (change between February and April 2020).

Source: Current Employment Statistics, Economic and Labor Market Information Bureau

³ GDP in 2022 Q1 declined by 1.4 percent.

⁴ Initial claims for February, March, April and May 2022 are all below the pre-pandemic levels for those months and at historic lows since at least 1990.

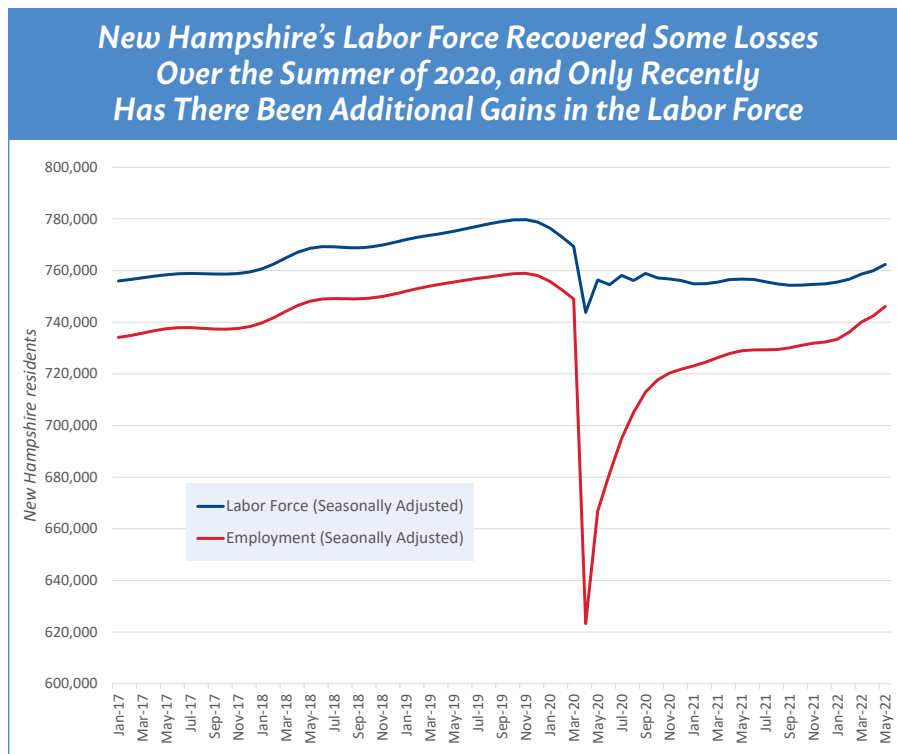
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Other sectors still losing jobs are retail trade, manufacturing, and health care and social assistance. Job losses in retail trade are driven by a shift in how consumers shop (in-person versus online) and losses are caused by less demand for in-store services. The lag in employment in manufacturing and health care and social assistance might be explained by continued uncertainty and disruption as well as labor shortages. In May 2022, employment in both health care and social assistance and manufacturing were down 3,600 and 2,000 jobs, respectively, compared to February 2020 levels. There has been strong demand for health care staff in the recovery phase, suggesting that the decline in industry employment is due to a lack of a sufficient supply of workers. Some manufacturing and health care vacancies have been filled by temp agencies, a reason why employment in administrative and support and waste management services has surged.

Local and state government employment has not recovered either. Employment in local government was impacted greatly by the pandemic, as schools went to remote learning and some staff positions in public schools were eliminated.⁵ By May 2022, employment in local government was still down 2,900 jobs, despite additional funding being available to help recoup some of the learning loss that occurred during remote schooling. Employment in state government was also down 3,900 jobs. Retirements, combined with labor shortages, have made recruitment to the public sector difficult.⁶

Labor Force and Employment

Although the number of unemployed residents has returned to a pre-pandemic level, both labor force and the number of employed residents are below their pre-pandemic peaks in November 2019. New Hampshire's May 2022 labor force is 17,400 persons below November 2019 and employment is 12,900 persons below. An inability to expand the labor force is the strongest headwind facing New Hampshire's labor market over the last year – the result of a battle between a long-term decline in labor force participation and favorable labor market conditions.



Source: Local Area Unemployment Statistics, Economic and Labor Market Information Bureau

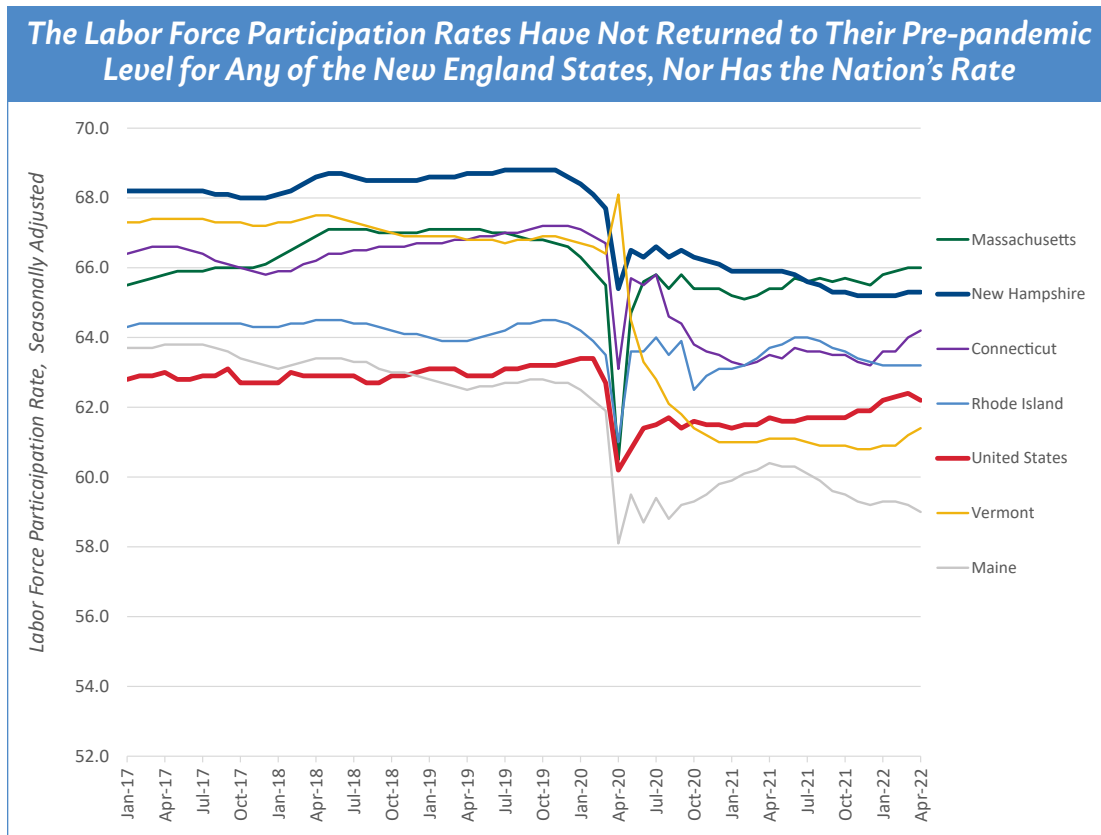
⁵ Local government educational services account for about 60 percent of New Hampshire's local government employment.

⁶ State Unveils Two New Initiatives Aimed at Recruiting and Retaining State Employees. Press Release June 7, 2022. Accessed on June 8, 2022 at <https://www.governor.nh.gov/news-and-media/state-unveils-two-new-initiatives-aimed-recruiting-and-retaining-state-employees>

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Nonfarm employment has moved closer to the pre-pandemic level, yet it is difficult to see how employment can expand without a growing labor force.

Since February 2020, just prior to the start of the pandemic, New Hampshire's labor force participation rate dropped from 68.1 percent to 65.5 percent. Coming out of the pandemic, the labor force participation in New Hampshire has trended downward, rebounding slightly despite very strong employment prospects.



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

Some of the New England states and the nation have seen slight improvement in the labor force participation rates over the last year but none of the New England states nor the nation have returned to labor force participation rates experienced prior to the pandemic, despite very favorable labor market conditions.

On a positive note, despite the decline in the labor force participation rate over the last two years, New Hampshire gained more population between 2019 and 2020 and between 2020 and 2021⁷ than any year since the early 2000's. These strong gains in the state's population indicate that there is a potential for the labor force to grow as the pandemic continues to subside.

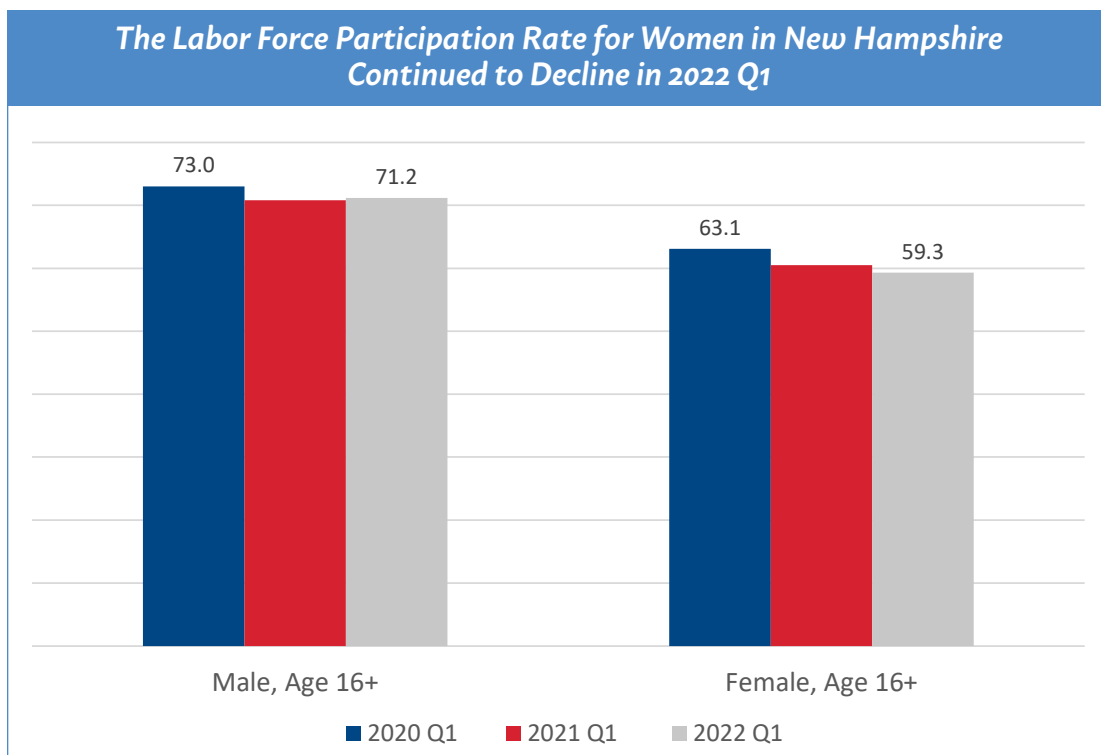
⁷ According to U.S. Census Bureau, between July 1, 2019 and July 1, 2020, New Hampshire's population grew by more than 18,000 and between July 1, 2020 and July 1, 2021, the state's population grew by more than 11,000.

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Labor Force Participation By Age and Gender

The pandemic caused serious disruptions to the labor market, and the labor force participation rate was no exception. To assess the impact on labor force participation, data from the Current Population Survey (CPS) by gender and age from first quarter 2020 and first quarter 2022 were compared. These data show what happened to labor force participation following the pandemic's labor market disruption.

The labor force participation rate (LFPR) among both men and women dropped by 2.4 percentage points from 2020 Q1 to 2021 Q1.⁸ While labor force participation for males showed an uptick in 2022 Q1, female labor force participation has continued to decline. In 2022 Q1, male labor force participation was 1.8 percentage points below 2020 Q1. For females, labor force participation declined by 3.8 percentage points over the same time frame.

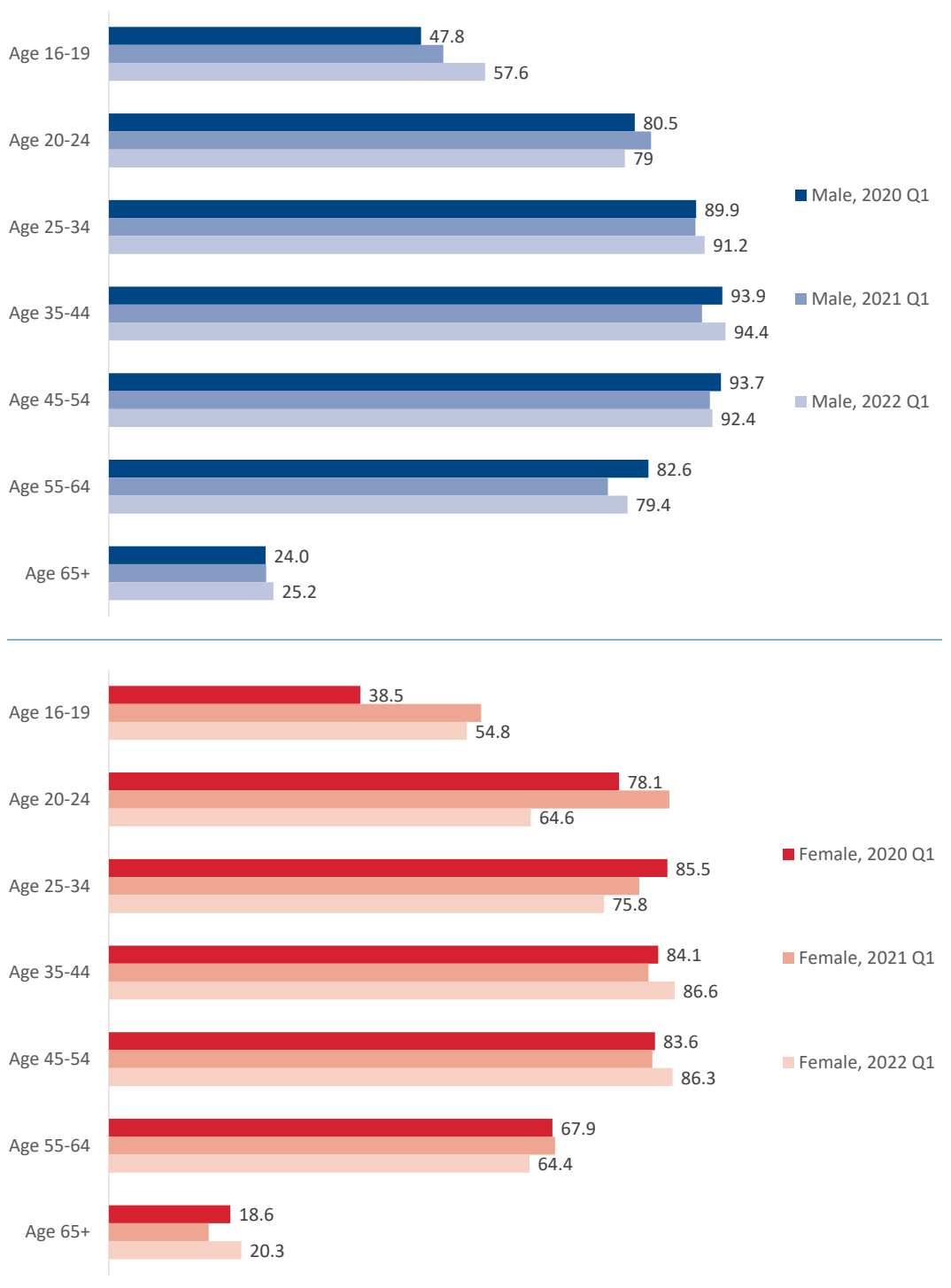


Source: U.S. Census Bureau, unpublished Current Population Survey data, 3 months average

⁸ Data from the Current Population Survey are not seasonally adjusted, so comparisons using the same calendar quarter show over-the-year changes.

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Since 2020, Q1, Many Females in the Prime Childbearing Age (age 20 to 34) Have Dropped Out of the Labor Force



Source: U.S. Census Bureau, unpublished Current Population Survey data, 3 months average

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Among males in New Hampshire, labor force participation has been strong, with most age cohorts returning to 2020 Q1 levels by 2022 Q1. Age cohort 55 to 64 years was an exception; this cohort already had the lowest labor force participation rate among working age (25 to 64 years) males, and in 2022 Q1, the rate for this cohort dropped to 3.2 percentage points below 2020 Q1. Age cohort 20 to 24 was the only other cohort not to regain 2020 Q1 labor force participation levels, falling by 1.5 percentage points. Age cohort 16 to 19 had the largest rebound, increasing labor force participation by 9.8 percentage points.

Among females, shifts in labor force participation were more pronounced. Females in age cohort 20 to 24 years saw the largest decline in labor force participation, dropping by 13.5 percentage points between 2020 Q1 and 2022 Q1. Also declining in participation were age cohort 25 to 34, down 9.7 percentage points, and age cohort 55 to 64, down 3.5 percentage points. Females in age cohort 16 to 19 had largest gain in labor force participation of either gender, up by 16.3 percentage points from 2020 Q1 to 2022 Q1.

This comparison shows that the recent decline in New Hampshire's labor force participation rate cannot be attributed entirely to an aging population.⁹ Changes in the economy and disruption of social infrastructure, particularly related to childcare,¹⁰ as well as eldercare, have impacted labor force participation of those age 20 to 34 – especially women. As demand for childcare rises, available capacity is reduced and costs increase, putting pressure on families to make hard decisions about the financial viability of labor force participation.

⁹ Brooks, David, "A surprising number of New Hampshire families decided the pandemic was a great time to have kids." Concord Monitor, June 8, 2022. Accessed June 10, 2022, at <https://www.concordmonitor.com/new-hampshrie-births-46728144>

¹⁰ Clews, Tanna and Skelton, Mike, "New Hampshire businesses need sustainable solutions for childcare crisis." New Hampshire Business Review, April 26, 2022. <https://www.nhbr.com/new-hampshire-businesses-need-sustainable-solutions-for-states-childcare-crisis/>

The “Great Resignation”

In the fall of 2021, there was much media discussion about “the Great Resignation” and considerable speculation as to the cause of many workers suddenly quitting a job. The reasons varied, such as burnout, lack of respect, higher pay, work-life balance, and career opportunities.¹¹ On the demand side, it was believed that workers were quitting due to aggressive recruitment efforts, as many businesses were expanding at a similar point in time as the Covid-19 pandemic was easing.

Since October 2021, the Bureau of Labor Statistics has released monthly estimates for states from the Job Openings and Labor Turnover Survey (JOLTS). These data help provide an understanding of job turnover dynamics in New Hampshire’s labor market.

High levels of labor market churning are generally an indication of a strong economy. When workers drive the employment market, they are confident new employment is easy to obtain, and are more willing to explore opportunities. But from an employer’s perspective, high turnover rates lead to higher recruitment and training costs, and potentially higher employee compensation.¹² Currently, this hiring trend is one of the factors leading to inflation rates not experienced in 40 years. In this case, it is a simple supply and demand issue, with increased demand for labor amid a populace that seems reluctant to rejoin the labor force during the ongoing pandemic.

As the supply of labor tightened, job marketing increased, often enticing workers with higher pay rates. Worker layoffs due to nonessential business closures early in the pandemic created a break in the relationship between employer and employee. Rehiring those laid off, and later, business expansions in some industries, created a hiring environment favoring workers, who could choose from a wide array of jobs. The initial labor market disruption created an equally disruptive prolonged business opening and expansion period. Both the abrupt closure and consequent staggered reopening led to labor market churning.

Job Openings and Separations in New Hampshire

JOLTS data provides monthly estimates of job openings and separations. The separations category contains three components: quits, layoffs and discharges, and other separations. Quits are employees who left a job voluntarily, while layoffs and discharges are those involuntarily separated or terminated (including termination of seasonal employees). Other separations include retirements and separations due to employee disability.

The Great Resignation refers to the large numbers of workers quitting a job. It was easy to assume that many workers were retiring, especially in a state like New Hampshire, with an aging workforce and a pandemic that heavily impacted the older population. However, JOLTS data suggest otherwise. Although some workers laid off at the beginning of the pandemic could have retired and not searched for other employment, the number of persons separated due to retirement (part of Other Separations) changed little during and after the Covid-19 pandemic recession. The only exceptions were June 2021 and February 2022.

While the number of layoffs and discharges rose to an unprecedented high of 64,000 in March 2020, the numbers dissipated by May 2020 and at times, trended lower than the historic norm. Quits dropped to a relatively low in April and May of 2020 before climbing month after month to a historic high of 29,000 in November 2021. Though the number of quits in New Hampshire lowered in recent months, the level is still higher than the historic trend.¹³

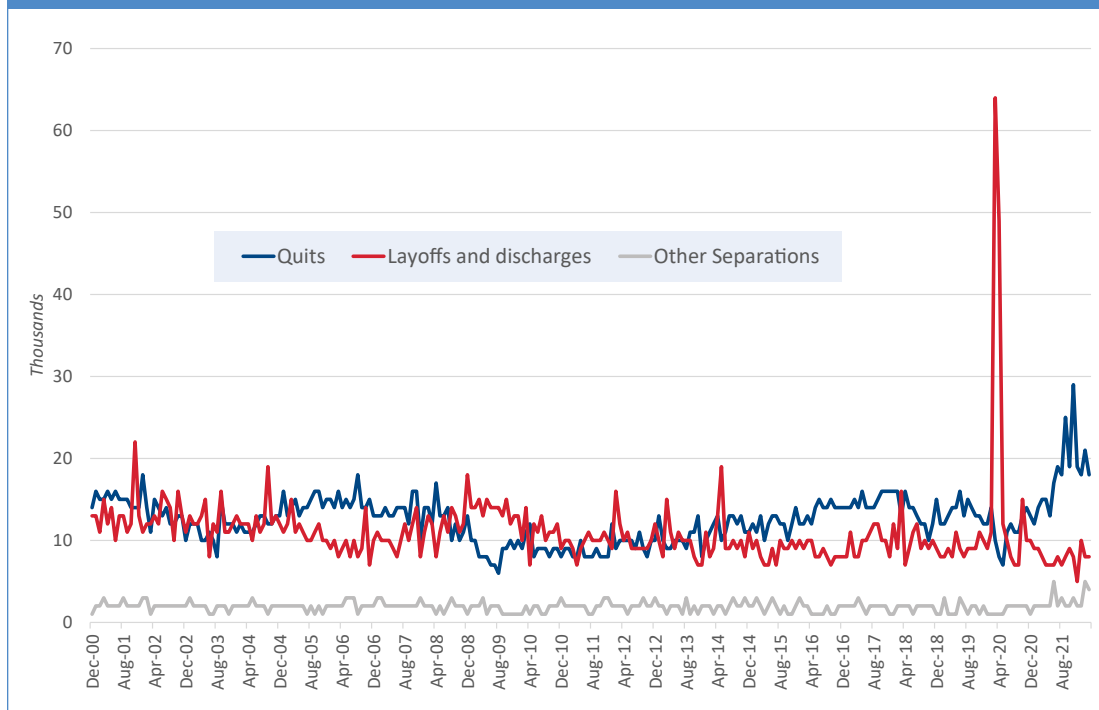
¹¹ Parker, Kim and Horowitz, Juliana Menasce. Majority of workers who quit a job in 2021 cite low pay, no opportunities for advancement, feeling disrespected. Pew Research Center. March 9, 2022. Accessed on June 2, 2022 at <https://www.pewresearch.org/fact-tank/2022/03/09/majority-of-workers-who-quit-a-job-in-2021-cite-low-pay-no-opportunities-for-advancement-feeling-disrespected/>

¹² Cambon, Sarah Chaney and Rubin Gabriel T. Worker Pay and Benefits Grow at Record Pace, Pressuring Inflation. April 2022. Wall Street Journal. Accessed on June 2, 2022 at https://www.wsj.com/articles/us-employers-labor-costs-inflation-q1-2022-11651186023?mod=hp_lead_pos2

¹³ Nationally, more than 4.5 million workers voluntarily quit in March, the highest number since U.S. Bureau of Labor Statistics started collecting job turnover data in 2000.

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The Three Components of Separations Diverged Wildly During the Pandemic, With the Exception of Other Separations (which include retirements)

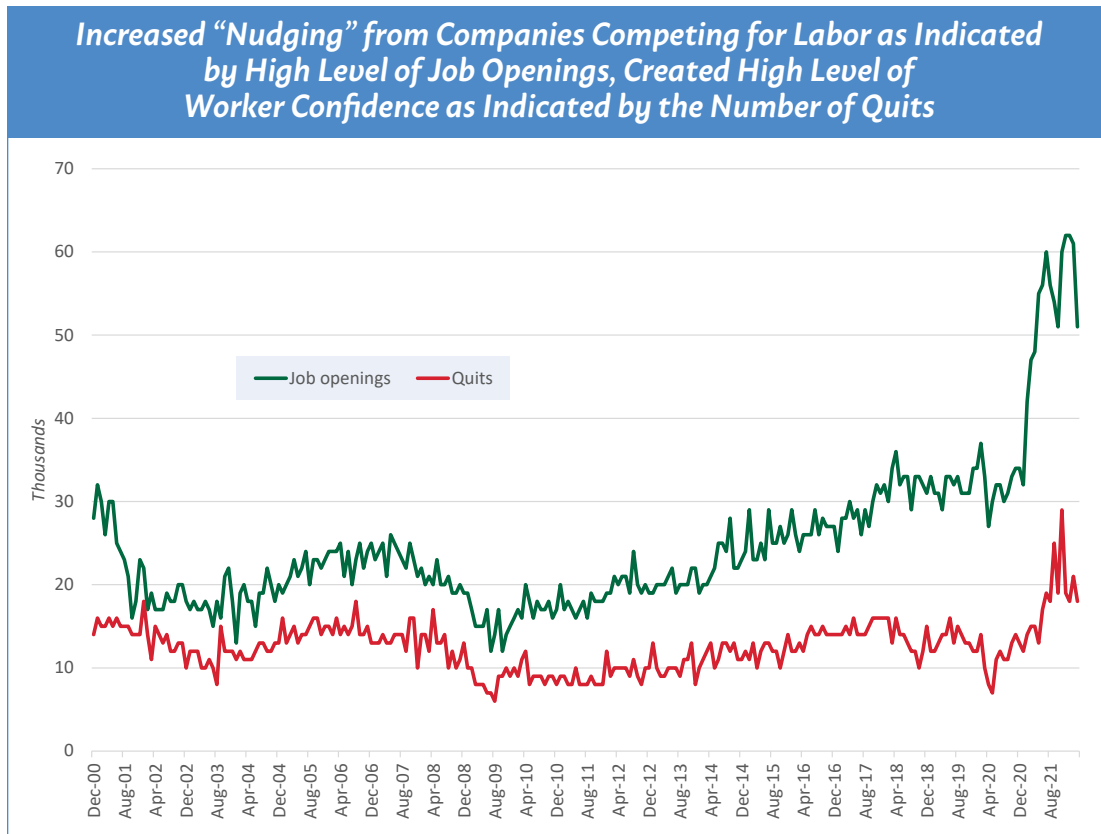


Source: Job Openings and Labor Turnover Survey (JOLTS), U.S. Bureau of Labor Statistic

On the demand side, job openings data¹⁴ indicate of how companies anticipate expansions. In New Hampshire, job openings increased as the state was coming out of the Great Recession in mid-2009; job openings grew steadily, rising above 30,000 by late 2017, and remained high until April 2020. But between the January and December 2021, the number of job openings nearly doubled, ending the year at 62,000. With the heightened demand, job prospect confidence among workers increased, resulting in a larger number of quits. The number of quits also nearly doubled, concurrent with the steep rise in job openings. Since then, quits have leveled off to 16,000 in March 2022.

¹⁴ A *Job Opening* is defined as a position that is open (not filled) on the last business day of the month. The position can be full-time or part-time, and it can be permanent, short-term, or seasonal, but the job should be filled within 30 days if a suitable candidate is available. The business establishment must take active steps to fill a position.

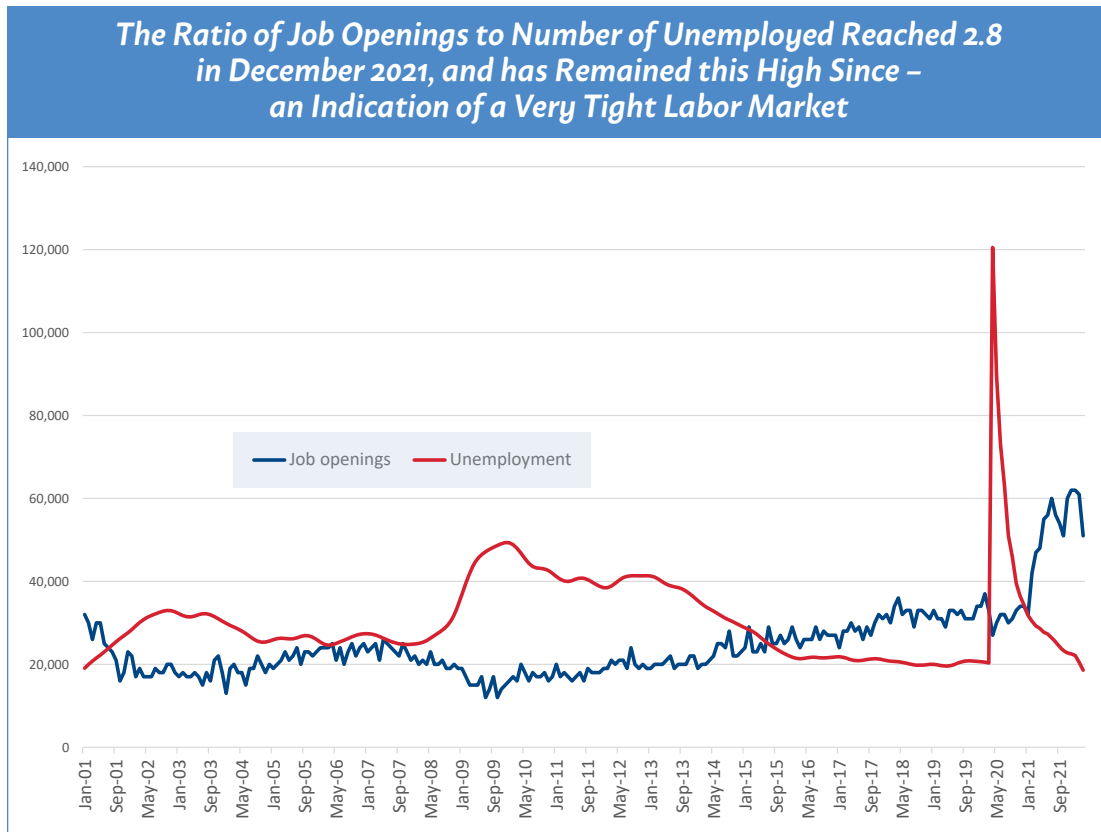
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Source: Job Openings and Labor Turnover Survey (JOLTS), U.S. Bureau of Labor Statistic

Due to the low level of unemployment and continued high level of job openings, New Hampshire’s labor market continues to be very tight. For the workforce development community, labor force churning is reinvigorating the need for services. How can workforce development help expand the labor force? Why are workers not responding positively to increased job opportunities? What needs to happen to encourage those not working to join the labor force?

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Source: Job Openings and Labor Turnover Survey (JOLTS), U.S. Bureau of Labor Statistic, Local Area Unemployment Statistics, Economic and Labor Market Information Bureau

At present, rising inflation may encourage retirees to rejoin the labor force. As living expenses rise while retirement income stays fixed, some retirees might be enticed to reenter the labor force for additional income. Also, for two-person households with one leaving the labor force for caregiving, the rise in prices as well as normalization of daily life might encourage more people to reenter the labor force.

It is important for employers to recognize that workers sidelined by the pandemic are likely to prioritize work-life conditions when seeking employment. In hiring these workers, employers may need to reevaluate how and where work tasks are performed, determine if remote work is possible, or expand working hour flexibility. Labor force re-entrants may respond more favorably to such employment offers.

Without a larger pool of workers available to re-engage in the labor force, the job market will continue to be tight – fueling the fear that New Hampshire (as well as the nation) is entering a period of stagflation.¹⁵ In the longer term, automation, such as self-service, might alleviate some labor market tightness.

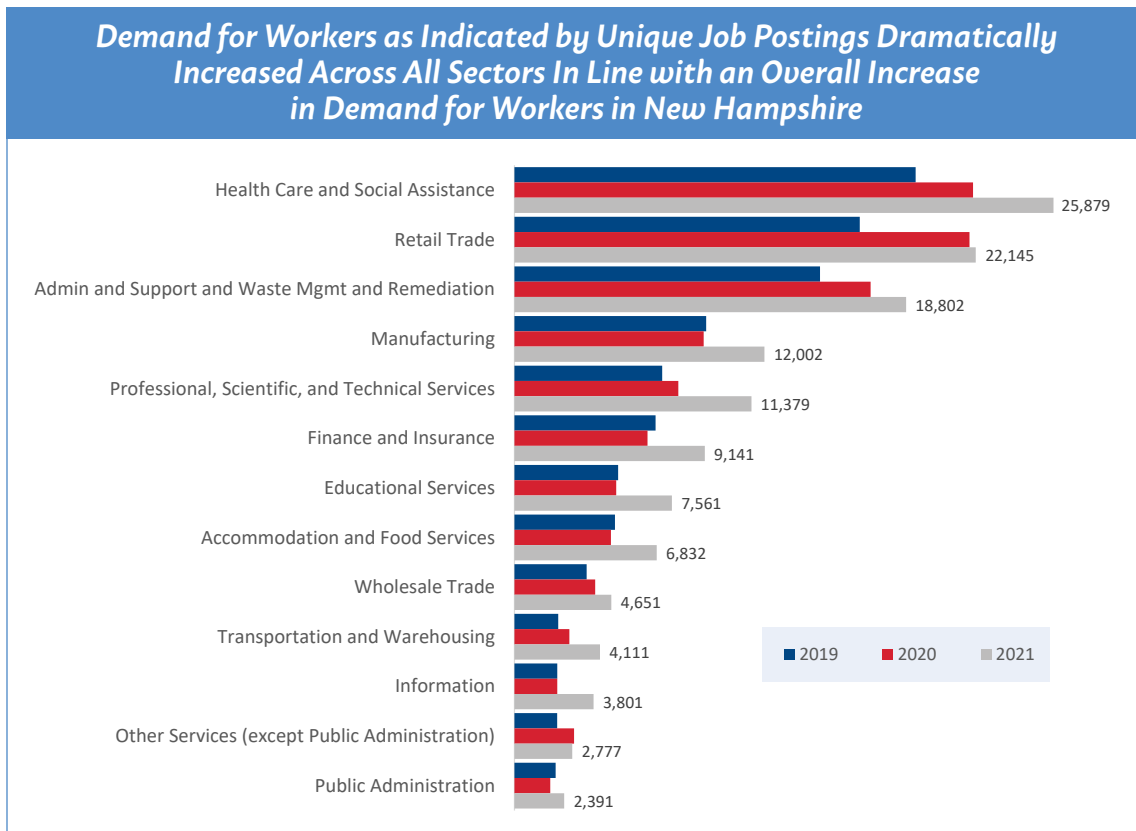
¹⁵ How High Inflation Can Turn Into Stagflation. Chuck Saletta. May 10, 2022. The Motley Fool.

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Demand for Workers – A Job Ads Assessment

Nationally, the strongest increase in demand for workers between March 2021 and March 2022 was in health care and social assistance, followed by professional and business services,¹⁶ and accommodation and food services. The demand for workers increased across all industry sectors, indicating a very strong job market.¹⁷

To gain insights into the demand for new workers in New Hampshire, online job posting data from EMSI Burning Glass (now Lightcast) were analyzed.¹⁸ Online job ad data can help identify industries with the greatest need for workers in New Hampshire.



Source: EMSI Burning Glass (now Lightcast)

¹⁶ This supersector includes two industry sectors: Professional, scientific, and technical services and Administrative and waste services.

¹⁷ JOLTS job openings by industry data are not available by state.

¹⁸ In comparison to JOLTS, the EMSI Burning Glass data is based on a narrower definition of job demand. The EMSI Burning Glass definition of a job opening is strictly based on online job advertisement whereas the JOLTS definition is broader including advertising in newspapers, on television, or on radio; posting Internet notices; posting "help wanted" signs; networking with colleagues or making "word of mouth" announcements.

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An increase in job ads across all industry sectors reiterates the strong demand for workers in 2021. All industry sectors had a higher number of job postings in 2021 than in 2019, with the highest demand for workers in the healthcare and social assistance sector, a similar trend as in the nation.

Whereas demand increased between 2019 and 2020 among the three industries posting the most ads, online postings among all other industries remained flat in 2020. Manufacturing, finance and insurance, educational services, and accommodation and food services did not experience an increase in the level of job ads between 2019 and 2020.

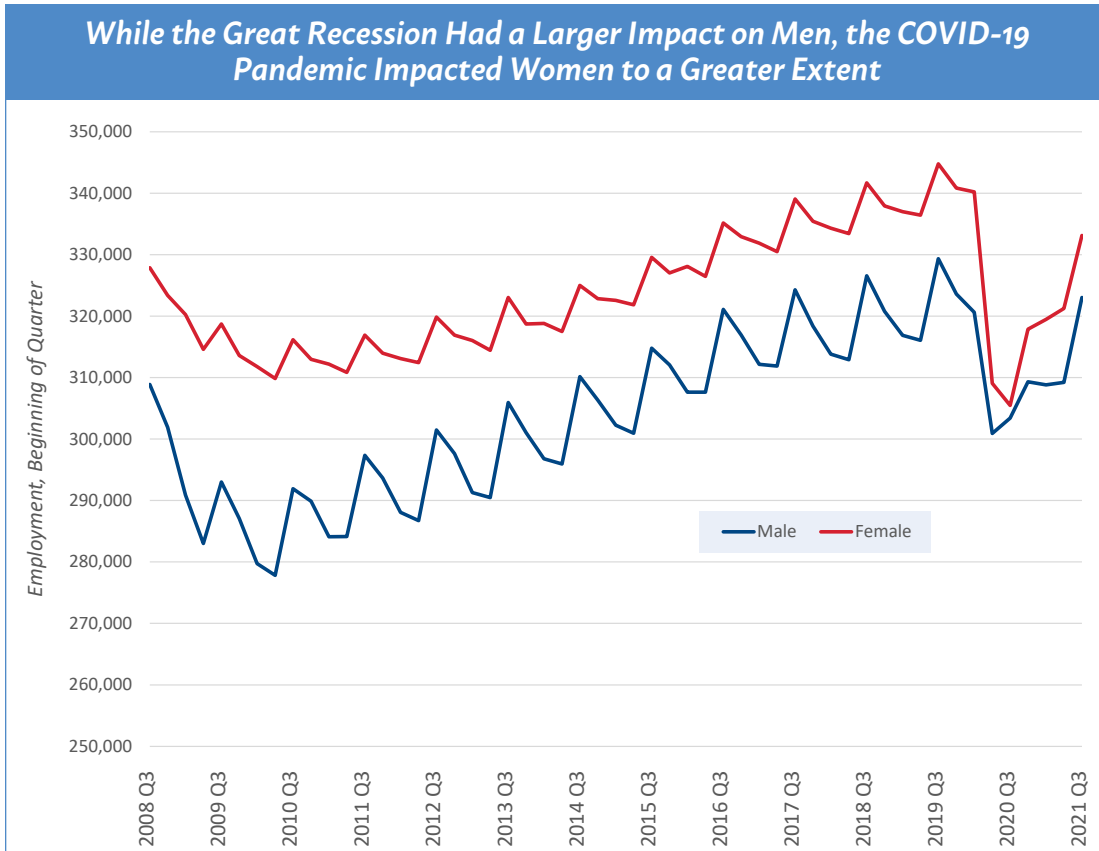
Despite the fact job postings increased, the industry sectors ranked in the same order by the number of openings between the three consecutive years (2019, 2020, 2021). The abrupt closure of many businesses in spring of 2020 led to a pause in the economy, but as the economy reopened, and risk from the COVID-19 pandemic subsided, all industries needed workers to meet demand.

An increase in job ads and recruitment efforts in 2021 enticed many employed workers to pursue new jobs. The high level of job openings across all industries set off a wave of resignations in 2021 which fed an even larger need to fill vacant job positions. In the aftermath of the Great Recession, when there were still many unemployed workers, and hence, plenty of available labor, employers complained about a “skills mismatch,” as a response to not being able to find workers with the right set of skills. Now, all employers are struggling to fill open positions, and fierce competition for workers has forced wages to increase – a very different labor market response than occurred coming out of the Great Recession.

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How the Pandemic Changed New Hampshire's Workforce

The U.S. Census Bureau's Quarterly Workforce Indicators (QWI)¹⁹ provide employment data by industry and worker demographics such as age group and gender. QWI data for the third quarters²⁰ of 2019, 2020 and 2021 were compared to evaluate the demographic changes that occurred in New Hampshire's workforce during the pandemic. Comparing data by age between 2019 and 2020 shows that employment at the beginning of quarter²¹ was reduced significantly both by men and women, and employment was reduced among all age cohorts. The beginning of third quarter of 2020 represents the timeframe when the economy was highly impacted by the closure of New Hampshire businesses, even though some businesses had been allowed to reopen.



Source: Quarterly Workforce Indicators, U.S. Census Bureau

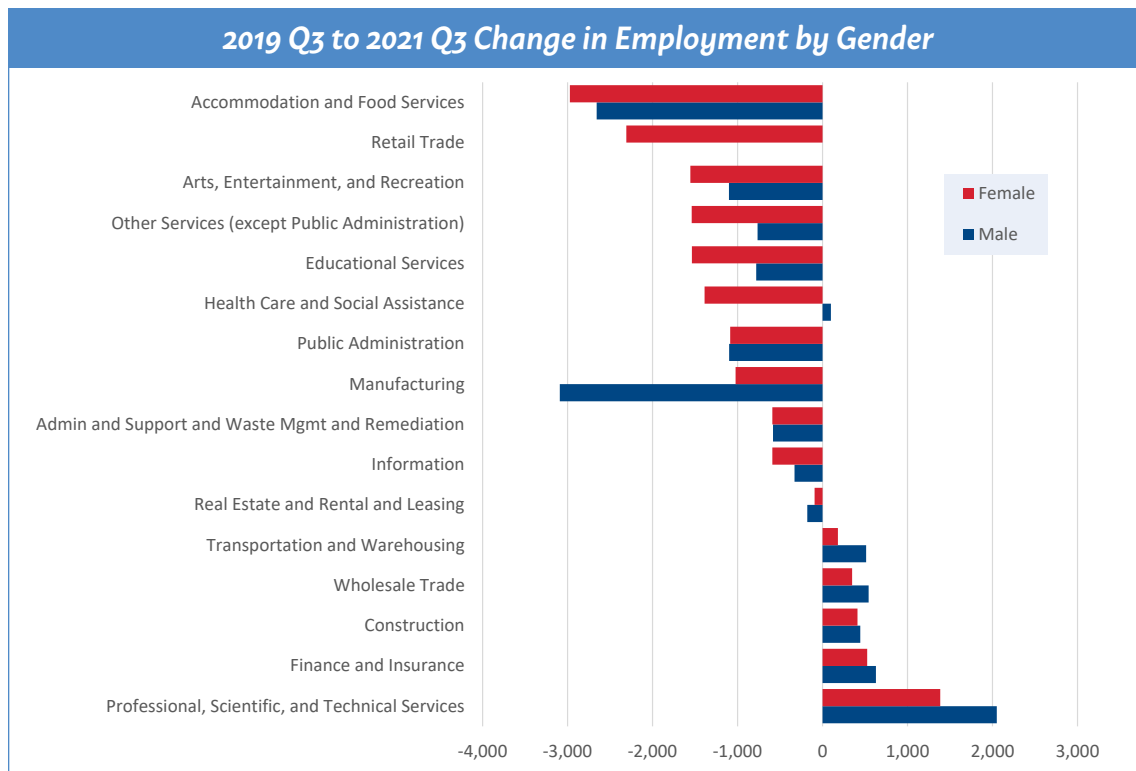
¹⁹ The QWI dataset is one of the products developed under the Longitudinal Employment-Household Dynamics Program (LEHD) – a partnership where data from federal, state, and Census Bureau sources are combined. QWI data measure workers who are covered by unemployment insurance. For more information, please go to <https://lehd.ces.census.gov/>

²⁰ This is the latest quarter with data available. QWI data are not seasonally adjusted, so same calendar quarters should be used for comparison.

²¹ The Beginning of Quarter Employment indicator is used as a proxy for a quarterly employment count. The estimate is based on matching personal identifiers with firms by quarter. Beginning of quarter employment identifies those individuals that were matched to a firm in Q2 and in Q3, thereby assumed employed at the beginning of the quarter. In this case that would be employment on July 1 of a given year.

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By third quarter of 2021, New Hampshire was no longer under government ordered closures, and a vaccination campaign was underway, yet not all business activities had returned to pre-pandemic levels. Overall, between third quarter 2019 and third quarter 2020 covered employment declined by 65,200. By third quarter 2021, some losses in employment were recovered, though overall employment was down about 18,000 from third quarter of 2019. About two-thirds of the employment loss between third quarter 2019 and third quarter 2021 were female workers. This shows that the employment losses among women were larger than those among males during the pandemic. The lopsided employment loss during the pandemic starkly contrasted the Great Recession, which impacted male workers to a greater extent than female workers.



Source: Quarterly Workforce Indicators, U.S. Census Bureau

The initial decline in employment (2019 Q3 to 2020 Q3) was less severe for New Hampshire’s male workforce than for the female workforce. A better employment outlook for men during the pandemic was in part due to strong employment growth in professional, scientific and technical services, transportation and warehousing, construction, and wholesale trade, all of which are sectors with a high concentration of male workers. Although women also experienced increased employment in these expanding sectors between 2019 Q3 and 2021 Q3, the employment losses in retail trade, other services (except public administration), educational services, and health care and social assistance were much larger for female workers than for male workers.

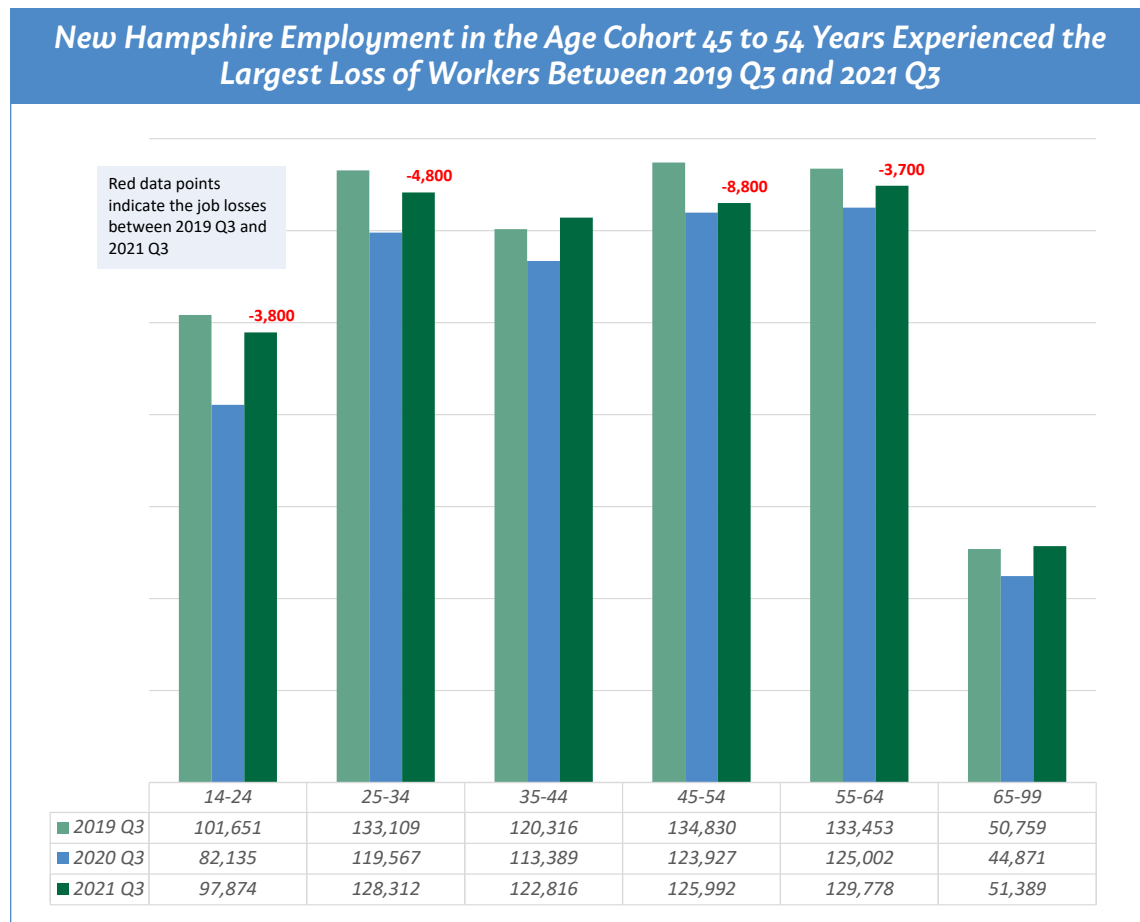
Both female and male workers experienced large losses in accommodation and food services between 2019 Q3 and 2021 Q3. Male employment dropped about 9.4 percent and female employment dropped 7.9 percent, accounting for 2,700 jobs and close to 3,000 jobs, respectively.

By third quarter 2021, the number of male workers in retail trade had returned to the 2019 Q3 level, while female retail trade employment still trailed the pre-pandemic level by 2,300 jobs. This suggests that women chose not to return to brick-and-mortar retail trade jobs when the economy reopened.

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Among New Hampshire’s male workers, the largest decline in employment between third quarter 2019 and third quarter 2021 was in manufacturing, which lost 6.4 percent of male workers. While pandemic-driven demand for consumer goods such as personal protective equipment (PPE), cleaning supplies, and toilet paper was elevated, demand for other goods, such as vehicles, gasoline, and clothing was initially down. Later on in the pandemic, global supply-chain issues created more of a stop-and-go work environment in much of the manufacturing sector, interrupting the demand for workers.

While female employment in health care and social assistance declined from 2019 Q3 to 2021 Q3, male employment in this sector rose slightly. Both the initial employment decline and subsequent job gains for females in health care and social assistance were much larger than the losses and gains men experienced over the same timeframe. A larger impact on female workers in health care and social assistance is aligned with the gender employment composition of this sector, as there are close to four females for every male employed in health care and social assistance. Yet by third quarter 2021, male workers had returned to the health care and social assistance sector in slightly larger numbers than were employed in this sector prior to the pandemic.



Source: Quarterly Workforce Indicators, U.S. Census Bureau

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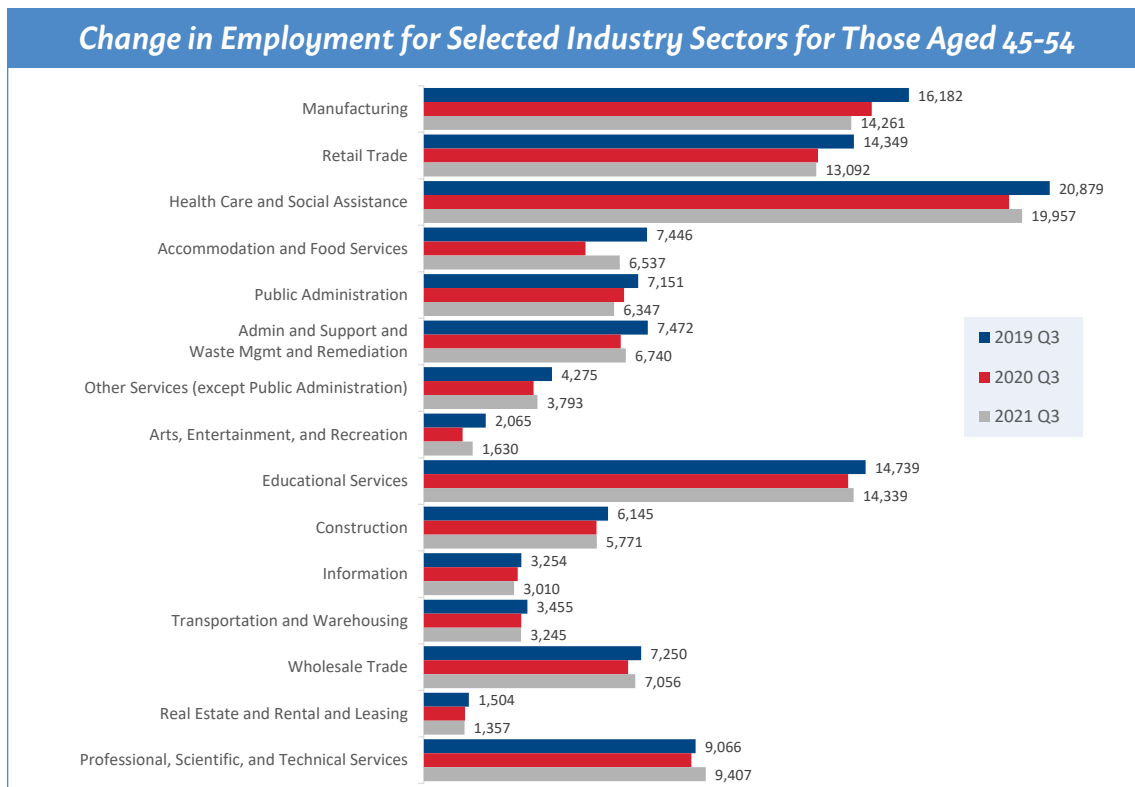
By age group, those in age cohort 45 to 54 were impacted the most, as there were 8,800 fewer workers employed in this age category in 2021 Q3 compared to 2019 Q3.²² Age cohort 25 to 34 was down by about 4,800 workers and age cohort 55 to 64 was about 3,700 workers below the 2019 Q3 level. Young workers in age cohort 14 to 24 were down by 3,800 jobs. Surprisingly, workers in the oldest age category recovered all jobs by third quarter 2021, and so had workers in age cohort 35 to 44.

With an older population bearing the highest risks of negative health outcomes, it could be assumed that older workers would be less likely to re-engage in the workforce, but the QWI by age data suggest that there could be other factors in play for those choosing to work.

Overall, from third quarter 2019 to third quarter 2021, a slight demographic shift in employment from age cohort 45 to 54 to those in age cohort 35 to 44 occurred. An analysis of employment for each age cohort by industry might help explain how and why workers in some age groups disappeared from the labor force. The industries that different age cohorts leave or enter might shed some light on how the pandemic impacted the demographic makeup of the New Hampshire workforce.

The Mystery of Missing Middle Age Workers

Age cohort 45 to 54 was the largest age cohort in third quarter of 2019, accounting for one in five workers. Employment in this age cohort lost 10,900 workers between 2019 Q3 and 2020 Q3, a smaller loss than age cohorts 14 to 24 (-19,500 jobs) and 25 to 34 (-13,500 jobs). But the number of jobs regained in this cohort between 2020 Q3 and 2021 Q3 was small (+2,100 jobs). Why did workers in this age cohort not re-engage in employment as did workers in all other age cohorts?²³



Source: Quarterly Workforce Indicators, U.S. Census Bureau

²² Some of these workers would have aged into an older age cohort over the two-year period.

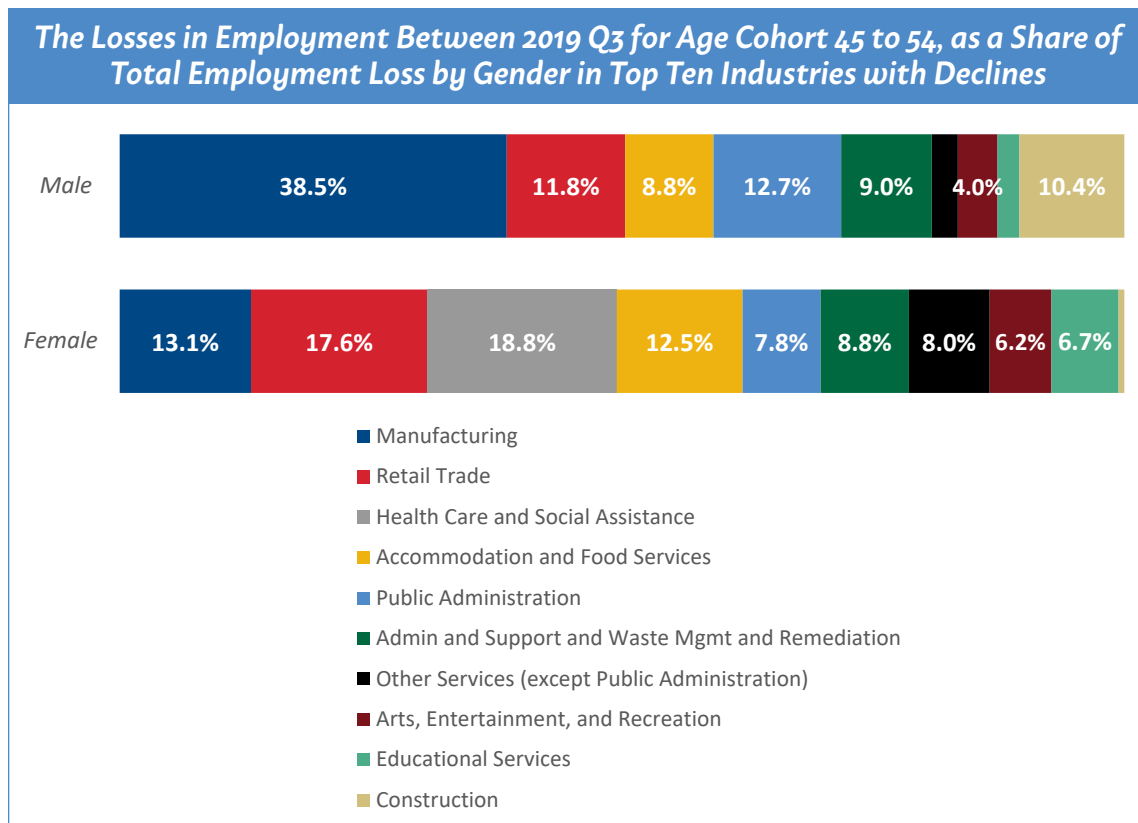
²³ Some of this employment loss could be attributable to the progression of aging of workers from age cohort 45 to 54 to age cohort 55 to 64.

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It is a bit of a puzzle that so many workers in age cohort 45 to 54 were less engaged in nearly all industry sectors, with the exception of professional, scientific and technical services. Employment for this age cohort in manufacturing and retail trade was reduced further between 2020 Q3 and 2021 Q3.

Among females in age cohort 45 to 54, the decline in employment was spread out over many different industries, reflecting less on economic causes and more on disengagement across all industries, particularly those requiring an in-person presence. The employment decline in this age cohort between males and females show large differences. Losses of female workers in healthcare and social assistance accounted for 18.8 percent of the total employment decline between 2019 Q3 and 2021 Q3, whereas there was no employment decline for males in this sector. Females in this age cohort also accounted for larger shares of workforce losses in retail trade, accommodation and food services, other services (except public administration) and educational services.

Among males, there were a large drop in employment in manufacturing, driving the overall decline in employment for this age cohort. Compared to females, a larger share of the decline in male employment was in public administration and construction. One reason may be that the usual retirement age in different industry sectors is not always the same. The physical requirements in some industries, such as manufacturing and construction, may contribute to an earlier average retirement age. In certain areas of the public sector, particularly firefighting and law enforcement, retirement after 20 years of service is common. With the added stress of the pandemic, some workers might have decided the time was right to retire.



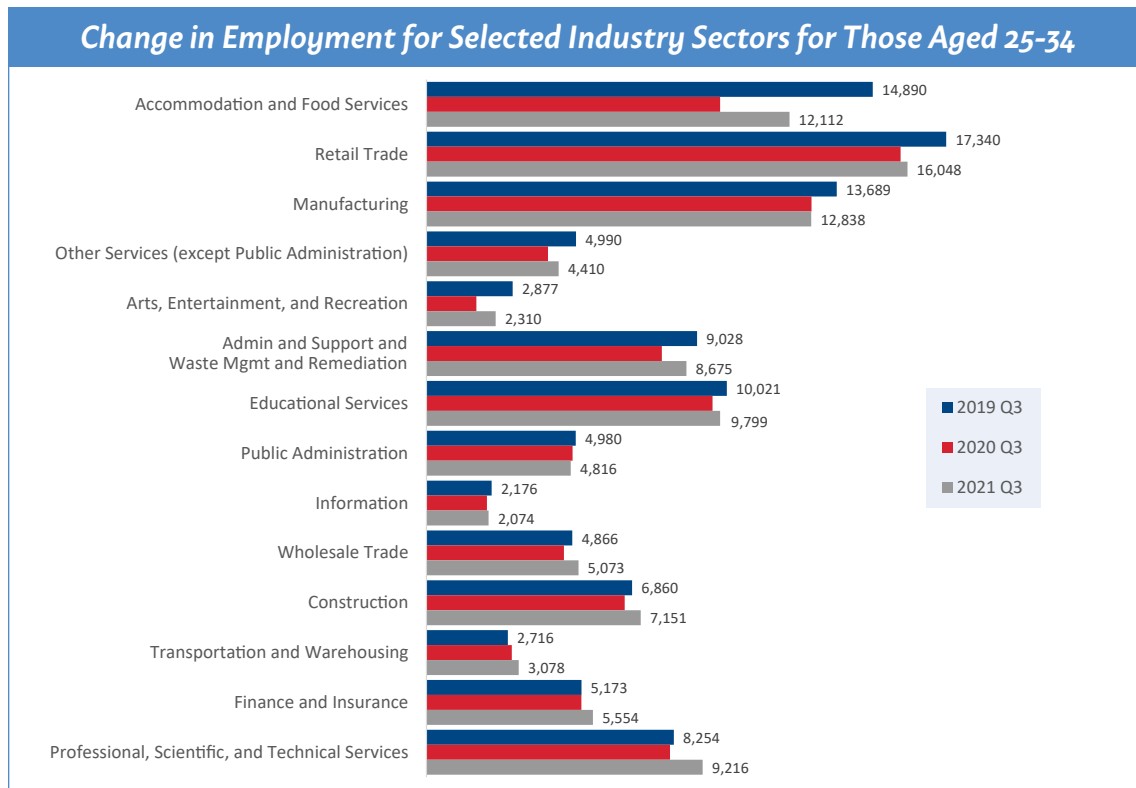
Source: Quarterly Workforce Indicators, U.S. Census Bureau

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Whether the workforce decline among this cohort was due to the lack of demand for goods and services or workers' choice not to return to prior positions, is unclear. Anecdotal evidence suggests that some workers explored new opportunities, such as self-employment, working remotely for an employer outside New Hampshire, or gig employment. Some have just stepped away from the labor force. It is possible that workers in this age cohort, both female and male, will return to the workforce in the near future.

Younger Workers Seek New Opportunities

The age cohort experiencing the second largest workforce reduction between third quarter of 2019 and third quarter of 2021 was age 25 to 34. Employment in this age cohort was reduced by 13,500 between 2019 Q3 and 2020 Q3, yet recovered 8,700 jobs between 2020 Q3 and 2021 Q3.



Source: Quarterly Workforce Indicators, U.S. Census Bureau

Workers in age 25 to 34 cohort experienced large losses in accommodation and food services, and many workers in this age cohort shifted to employment in expanding industries. It can be argued that some of these workers might have gained employment in industries with better career opportunities, as there were more workers aged 25 to 34 employed in construction, finance and insurance, and professional, scientific and technical services.

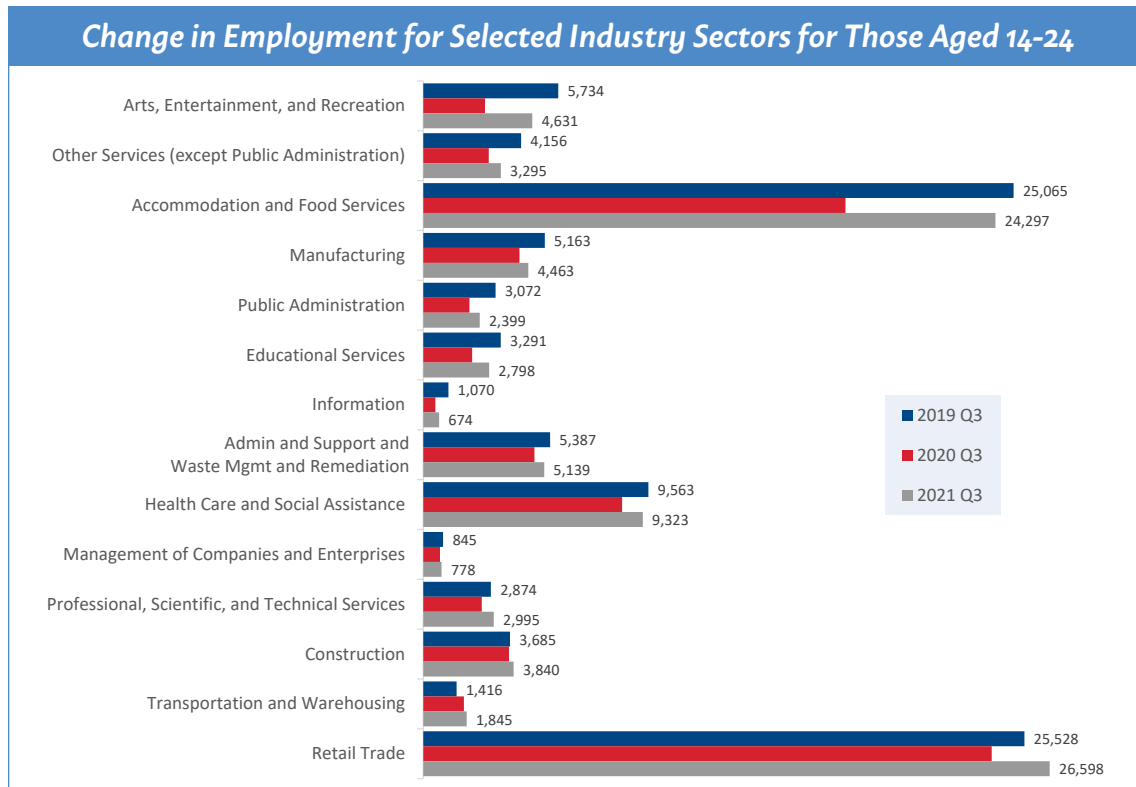
Compared to the Great Recession, the Covid-19 pandemic and the disruption it created might have had some positive results, as some younger workers were driven into in more lucrative career paths. Whereas employers in the aftermath of the Great Recession tended to upskill entry level job requirements, in the current environment of labor shortages, employers are less apt to require a college degree.²⁴

²⁴ Jones-Gorman, Jessica, Many Companies Are Dropping Their Jobs' College Requirement. Governing. Accessed on May 6, 2022 at <https://www.governing.com/work/many-companies-are-dropping-their-jobs-college-requirements>

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Youngest Cohort of Workers - Just Getting Started

Workers in the youngest cohort, age 14-24, suffered the third highest number of losses between third quarter 2019 and third quarter 2020. Due to the pandemic, many seasonal businesses—the source of employment for much of this age group—experienced a late opening in 2020, and demand for services was lower than normal as the risk of COVID-19 infection kept some customers away.



Source: Quarterly Workforce Indicators, U.S. Census Bureau

But by third quarter 2021, employment of younger workers rebounded, though not returning to the third quarter 2019 level. Strong employment gains were attained in accommodation and food services and arts, entertainment and recreation between 2020 Q3 and 2021 Q3. Retail trade employment also experienced a strong rebound for this age cohort, resulting in more young people (age cohort 14 to 24) working in retail trade in 2021 Q3 than in 2019 Q3. It is likely that these young workers replaced some of the older workers not returning to the industry.

It is troubling to see a decline of workers aged 14 to 24 in manufacturing, an industry with an aging workforce that would benefit from attracting younger workers. One reason for loss of younger workers is likely because of LIFO (Last In First Out) — a method of laying off employees with the least seniority.

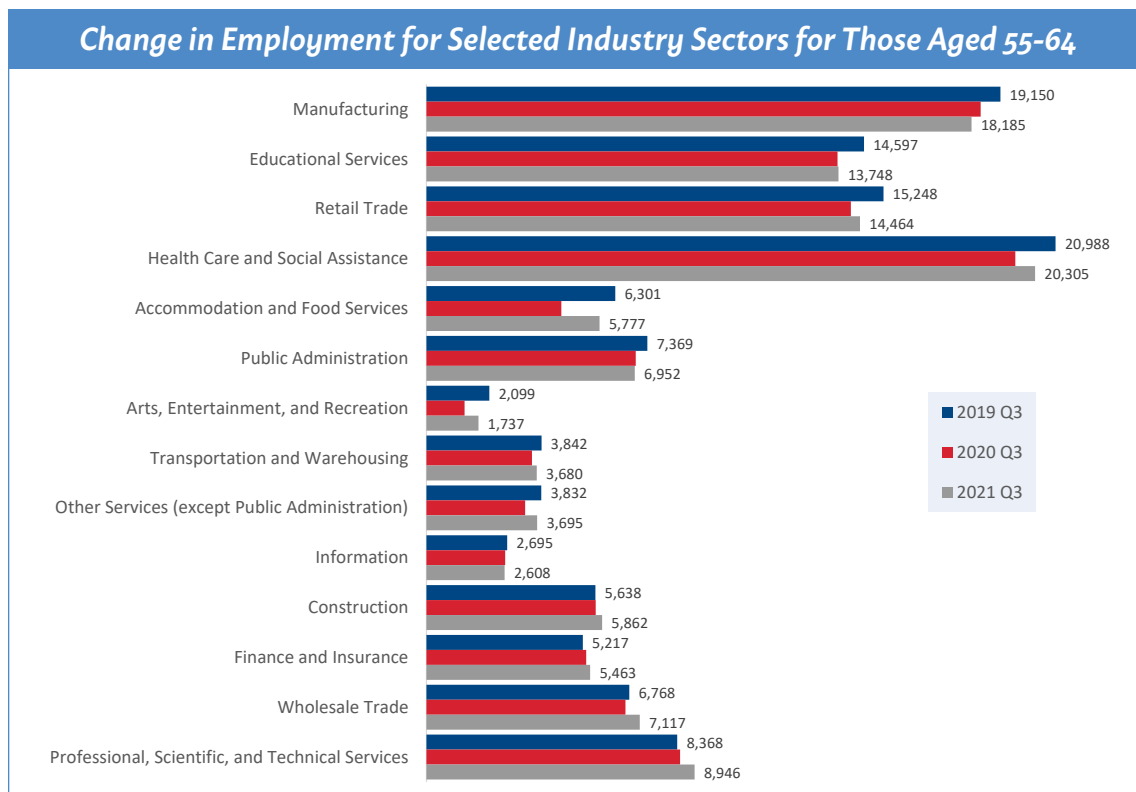
The turnover rate for younger workers is the highest among all age cohorts, as workers just entering the job market tend to switch jobs more often. Also, educational obligations tend to disrupt continuing employment. In a competitive labor market, companies need to be aware that younger workers tend to need mentoring and coaching or else these workers will be recruited by other firms.

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Older Workers Assess Labor Force Participation

Employment in age cohort 55 to 64 year declined by about 3,700 between third quarter 2019 and third quarter 2021. Workers in this age cohort are relatively close to the “standard” retirement age, and, with a heightened risk of infection from COVID-19, and older workers more likely to own homes and have “nest eggs,” some of these workers stepped out of the labor force. It is not surprising that the decline of older workers occurred in many industries requiring face-to-face interaction, such as educational services, retail trade, health care and social assistance, and accommodation and food services. Some gains did occur, though, in retail trade and health care and social assistance between 2020 Q3 and 2021 Q3.

Some employment for this age cohort shifted into industries where jobs can be performed remotely, such as finance and insurance, wholesale trade, and professional, scientific and technical services.



Source: Quarterly Workforce Indicators, U.S. Census Bureau

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The 2020 Disruption Created a High Level of Churning

There has been plenty of job churning in the New Hampshire labor market after the initial disruption in spring of 2020. The U.S. labor market's response to the pandemic was, in its initial phase, much more disruptive than in Europe. Whereas many workers in the United States were separated from their employers completely and becoming eligible for unemployment insurance benefits, the Europeans were not separated from their employers to the same degree, as governments in the European nations reimbursed employers to keep workers on the payroll. Some economists argue that U.S. pandemic layoffs led to an “era of soul-searching and job shuffling in the United States.”²⁵ A lot of job switching had occurred by third quarter of 2021, but JOLTS data (for the nation as well as for New Hampshire) show that since then the level of quits was at historic highs in the fall of 2021, indicating an elevated level of job shuffling has continued.

Hiring to meet demand is still evident in a struggling hospitality industry and health care and social assistance industry, but these sectors might have a harder time engaging the very young workforce as there are generally fewer of them. Recruiters may find it important to attempt to re-engage middle-aged workers that temporarily left the labor force (especially among female workers with care responsibilities).²⁶ Part of such an exercise would be to evaluate why these workers left the workforce and explore working conditions, work arrangements, or pay that might entice them to return.

²⁵ Smialek, Jeanna and Casselman, Ben. Rapid Inflation, Lower Employment: How the U.S. Pandemic Response Measures Up. NY Times. April 25, 2022.

²⁶ Burnout continues to be a widespread problem, especially for women shouldering bigger loads at work while struggling to unplug at home, Sarah Skinner, digital editor, New York. McKinsey Daily read

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