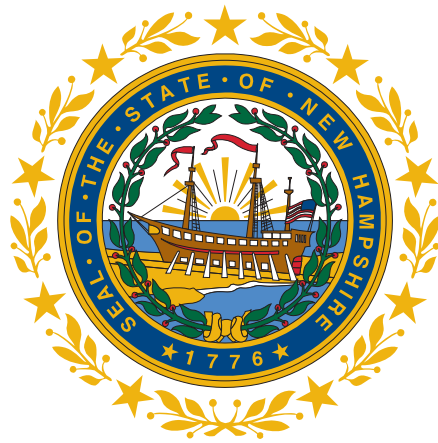


New Hampshire 2018 Workforce Analysis - In Review -



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Introduction

There has been a shift in the labor market since the midst of the Great Recession. In spring 2009, there were stories about how employers advertising an open job would be inundated with hundreds of applicants¹ and how traffic was disrupted due to a local job fair in southern New Hampshire². Now the pendulum has swung in the other direction, with employers not being able to find workers despite willingness to pay higher wages and benefits.³

Nationally, workers have demonstrated high confidence in the current labor market. The unemployment rate (seasonally adjusted) has been 5.0 percent or lower for 36 consecutive months. The quit rate reached a 17-year high in the United States in July 2018, as measured by the Bureau of Labor Statistics' Job Opening and Labor Turnover Survey (JOLTS). Initial claims (seasonally adjusted) in the United States for the week of September 8, 2018 has dropped to a low not experienced since December 1969.

The low unemployment rate is not just a phenomenon in the nation, but is true for New Hampshire as well. The unemployment rate (seasonally adjusted) in New Hampshire has been below 3.0 percent for 33 consecutive months.

In the following analysis, different sources of labor supply will be explored. Initially, New Hampshire's population growth will be compared to its historical trend. The relationship between the low unemployment rate and labor force participation rate will also be analyzed. This report includes data on age and gender as well as an analysis of the reasons for not being in the labor force. Finally, the level of the part-time workers is assessed, to determine the amount of additional labor supply available in New Hampshire labor market. The result is an analysis of both those in the labor force and those not in the labor force.

¹ For example: School gets 700 applicants for janitorial job, Associated Press, March 7, 2009. Accessed on September 14, 2018 at <www.nbcnews.com/id/29574766/ns/us_news-life/t/school-gets-applicants-janitorial-job/#.W5wWd_IReig>

² More than 10,000 show up for a Job Fair, WMUR, April 9, 2009. Accessed on September 14, 2018 at <www.wmur.com/article/more-than-10-000-show-up-for-job-fair/5156484>

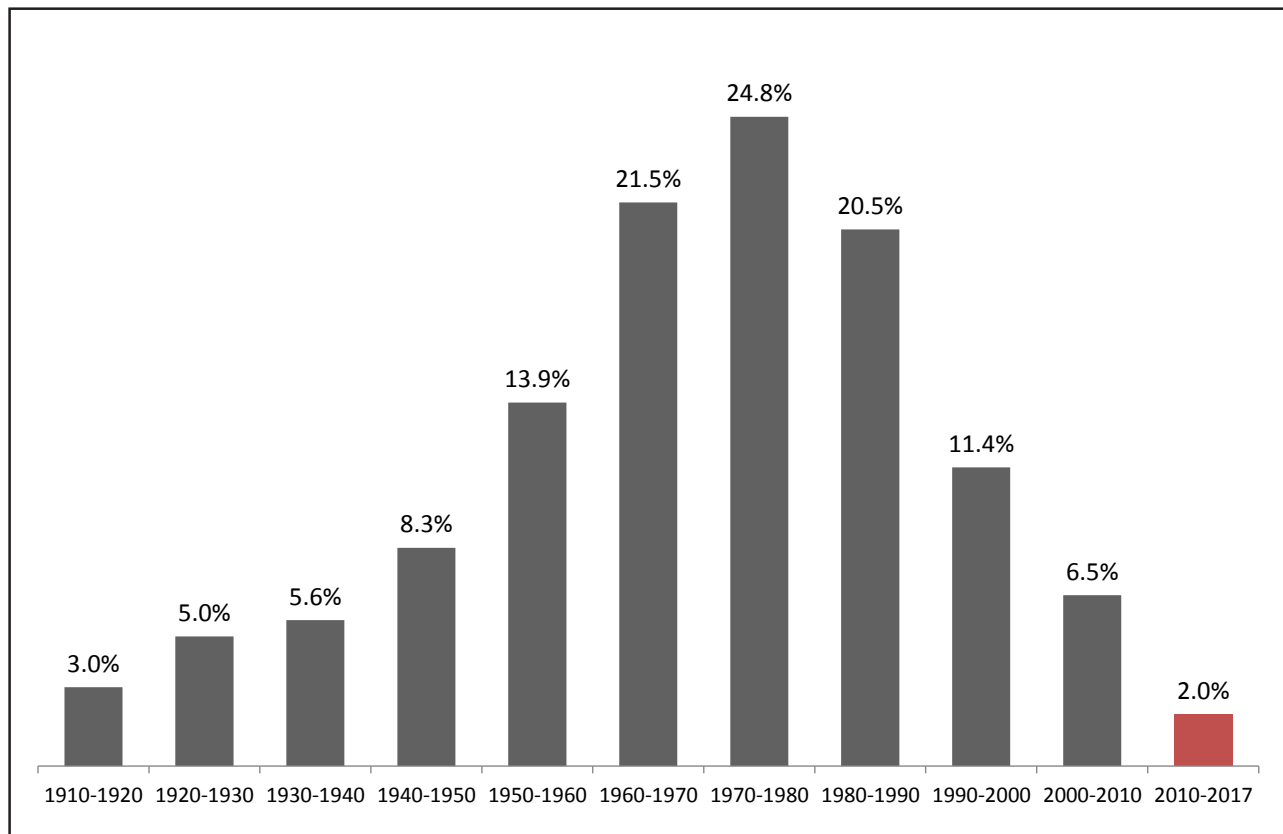
³ Dow's Auto: Help wanted, no takers. Dinan, Elizabeth. Seacoast Online. September 13, 2018. Accessed on September 14, 2018 at <www.seacoastonline.com/news/20180913/dows-auto-help-wanted-no-takers>

Setting the Workforce Scene: Slow Population Growth?

Over the year, from July 1, 2016 to July 1, 2017, New Hampshire's population grew by an estimated 7,780 persons, from 1,335,015 to 1,342,795.⁴ This was the strongest over-the-year gain in population since 2005-2006. According to a Pew Charitable Trusts analysis, New Hampshire led the Northeast, and the population growth rate was slightly ahead of the nation.⁵

Despite this relatively strong gain from 2016 to 2017, New Hampshire's population growth from 2010 to 2017 only reached 2.0 percent. In comparison to prior decades, this is a significant slowdown in population growth. Although this period represents seven years through the current decade, it is unlikely that the rate of growth will dramatically increase, putting this decade on track to be the slowest growing decade for the Granite State since 1910-1920.

WHEN LOOKING AT THE HISTORIC TREND, POPULATION GROWTH OVER THE DECADE HAS ALMOST SLOWED TO A HALT...



Source: U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population 1910-2017.

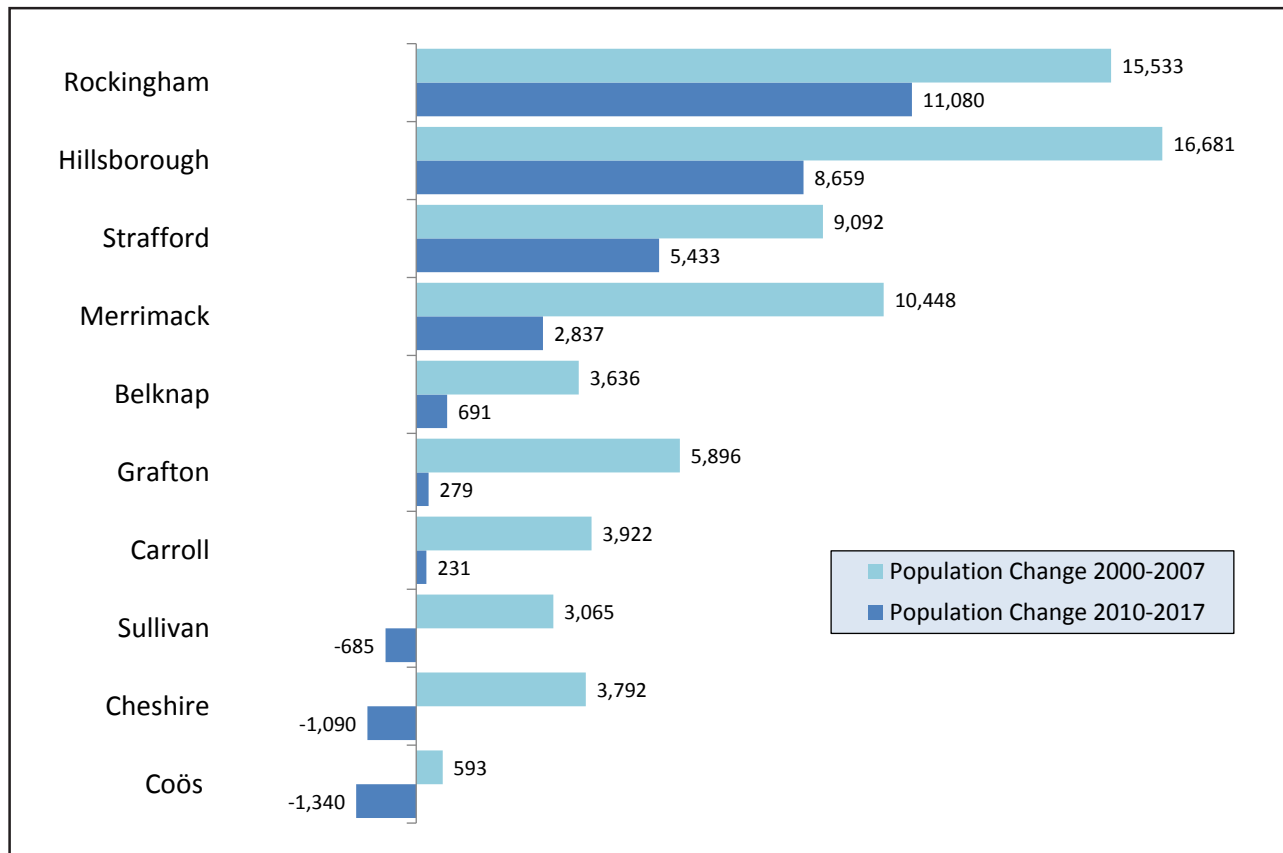
⁴ U.S. Census Bureau, Population Division, Annual Estimates of resident population

⁵ Year of Slower Population Growth Persisted in 2017. The Pew Charitable Trusts. Accessed on September 2018 at <www.pewtrusts.org/en/research-and-analysis/data-visualizations/2014/fiscal-50?utm_campaign=2018-07-10+Fiscal+50&utm_medium=email&utm_source=Pew#ind10>

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The relative slowing of population growth statewide is reflected in each of the ten counties as well. From 2000 to 2007, the population change for each of the Granite State's ten counties was positive, ranging from a gain of 16,681 persons in Hillsborough County to a gain of 593 in Coös County. But from 2010 to 2017, three of the ten counties experienced population declines. For the remaining counties, population growth in each area had significantly reduced. From 2010 to 2017, Rockingham County gained the most people of all ten counties, adding 11,080 persons, outpacing the net population gain in Hillsborough County, which added most from 2000 to 2017.

THE POPULATION ADDED FEWER PEOPLE TO EACH OF NEW HAMPSHIRE'S TEN COUNTIES BETWEEN 2010-2017 THAN BETWEEN 2000-2007



Source: U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population: July 1, 2000 to July 1, 2007 and July 1, 2010 to July 1, 2017.

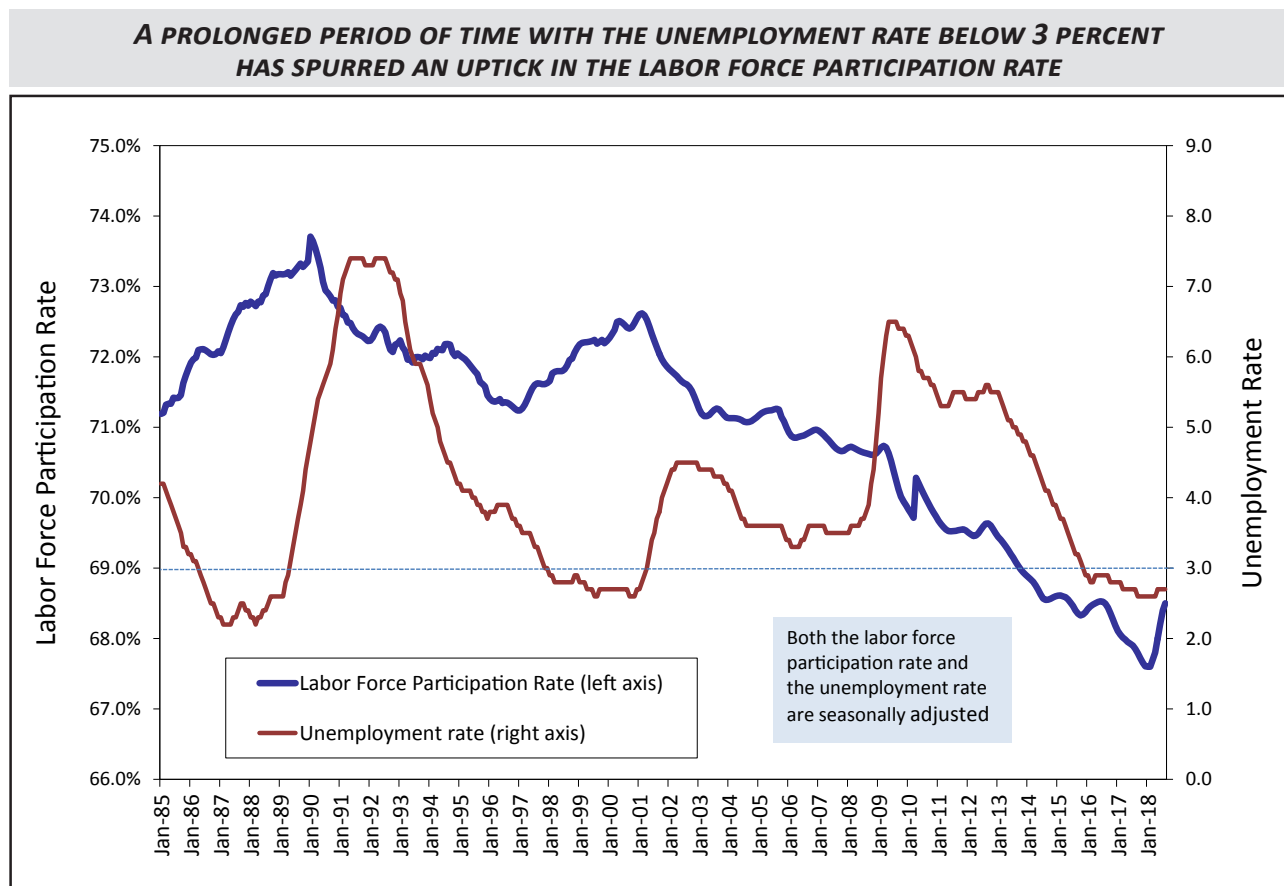
What are the implications of this slowdown in population growth? In terms of potential labor force, lack of a strong population growth has implications for workforce availability. There will likely be limitations to employment growth, as there is not a fast growing population pool from which potential workers can be drawn.

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Low unemployment rate with declining labor force participation rate

In past economic upturns, the labor force participation rate increased in response to a low unemployment rate and higher availability of jobs, adding more people to the labor force. Currently (August 2018) the unemployment rate in New Hampshire has been below 3.0 percent for 33 consecutive months, yet only recently has there been a slight uptick in the labor force participation rate. An increase in the labor force participation rate boosts the number of persons available for work for a given population level.

Since 1976, the state has experienced two other prolonged periods with a seasonally adjusted unemployment rate below 3.0 percent: May 1986 to April 1989, a 36-month time period, and January 1998 to March 2001, a 39-month time period. But in both of these prior time periods, there was a much stronger response in the labor force participation rate, which increased by close to two percentage points or more each time, adding more residents to the labor force.

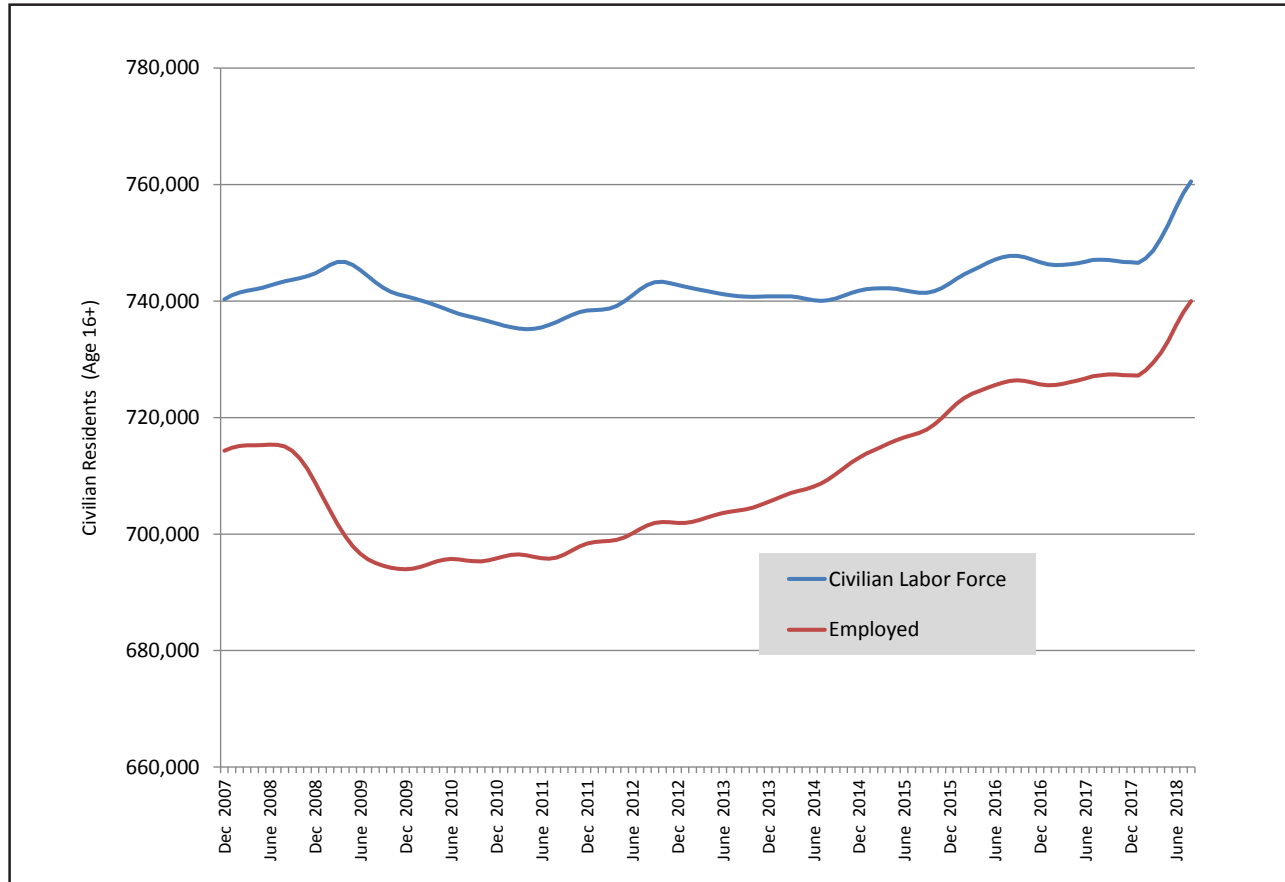


Source: Local Area Employment Statistics, Economic and Labor Market Information Bureau

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Even with the current tight labor market conditions, the labor force participation rate is declining in a long-term structural manner. With fairly meager population growth, the total labor force has added about 13,800 persons above its last peak (April 2009), which was nine years ago.

CURRENTLY, NEW HAMPSHIRE'S LABOR FORCE IS GROWING IN TANDEM WITH EMPLOYMENT GROWTH, KEEPING THE UNEMPLOYMENT RATE LOW AND RELATIVELY UNCHANGED

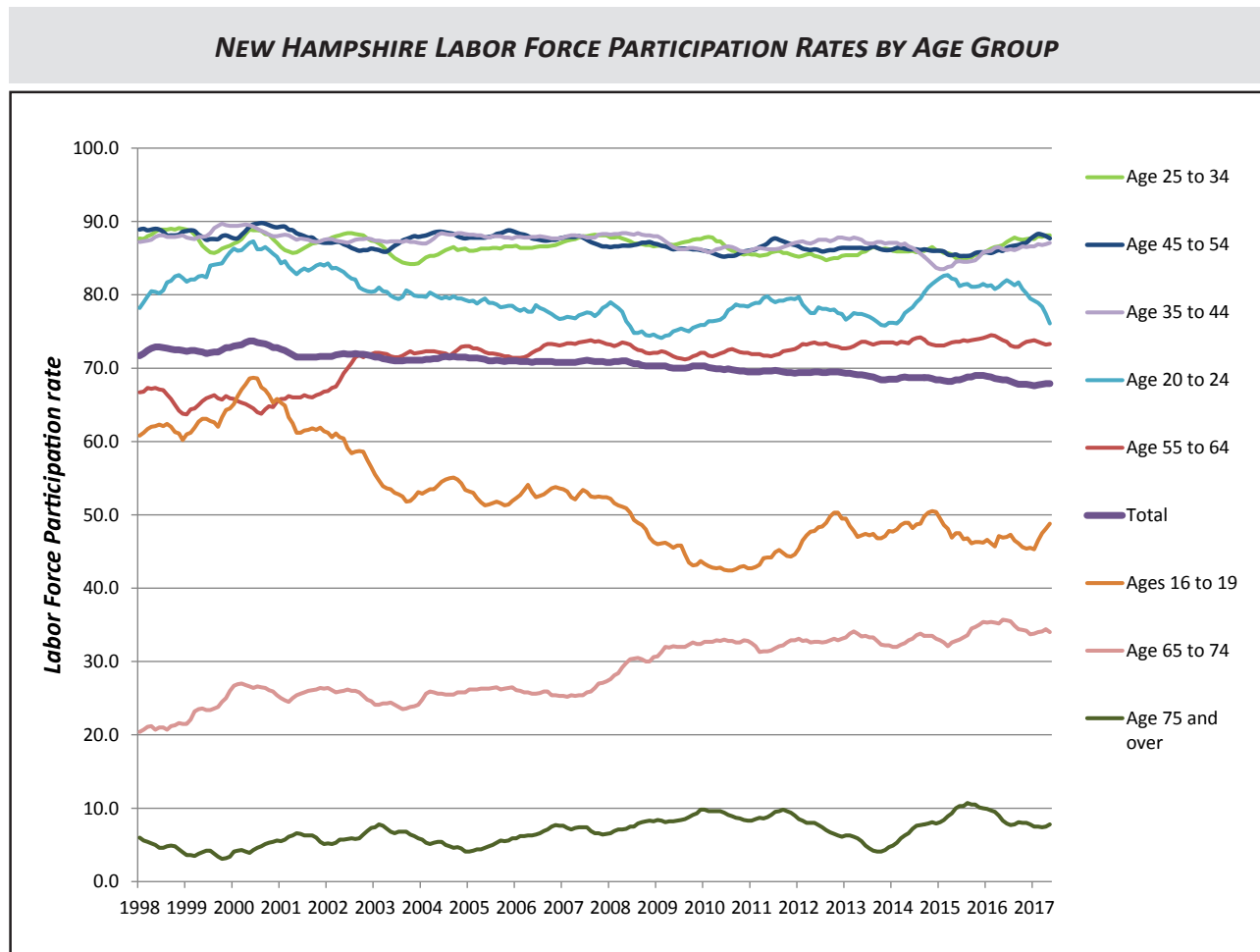


Source: Local Area Employment Statistics, Economic and Labor Market Information Bureau

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Analysis of New Hampshire's Labor Force by Age

Most economists agree that the reason for the decline in labor force participation is structural and mainly due to the aging of the population. But despite older age cohorts becoming a larger share of total population, these older age groups are actually participating in the labor force at a higher rate than these older age cohorts did 20 years ago, albeit at a lower rate than prime age participants (25-54). Congruently, the participation rate of the youngest labor force cohort (age 16 to 19) has declined from close to two-thirds 20 years ago to less than half in 2017.



Source: U.S. Census Bureau, unpublished Current Population Survey data, 12 months moving average.

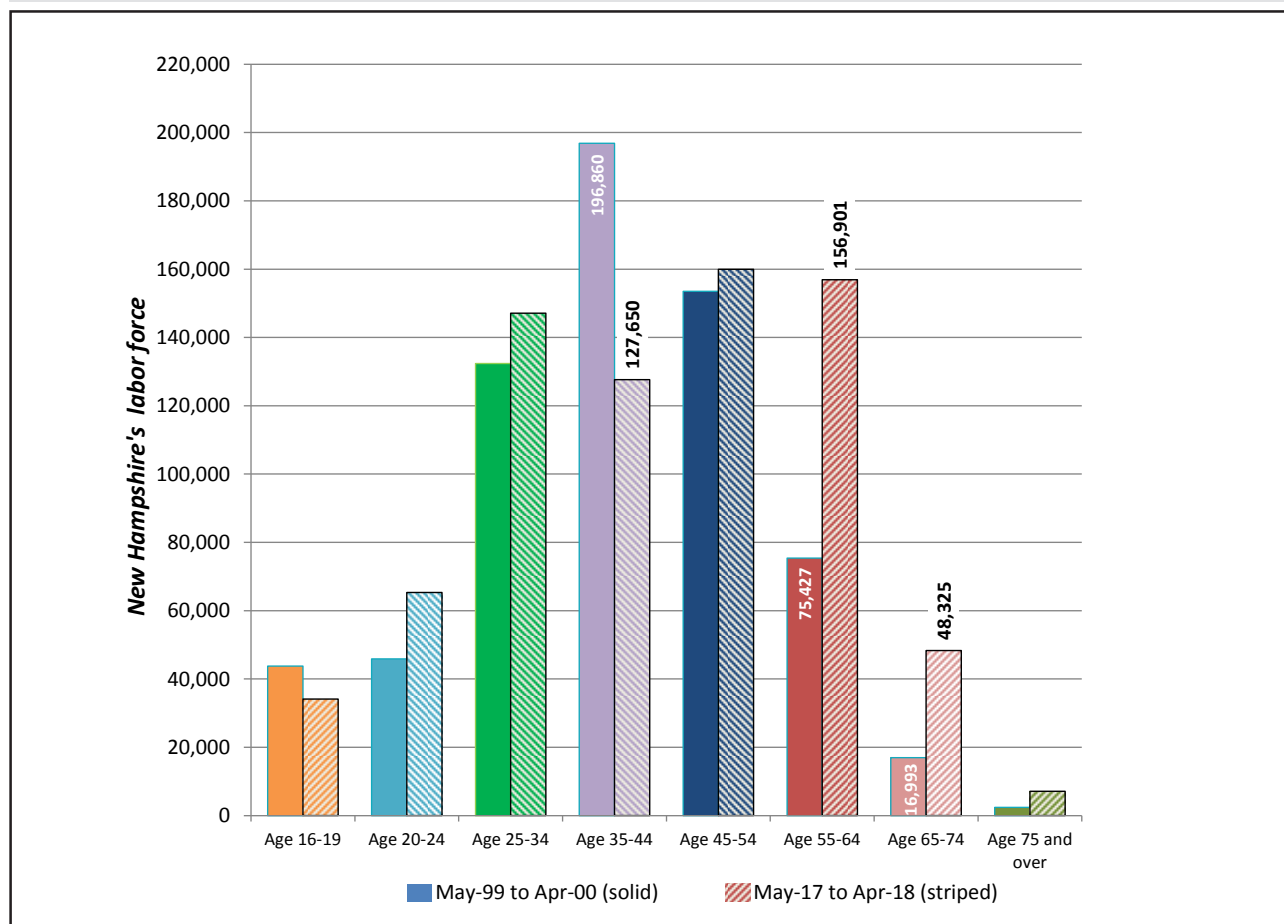
As the participation rate of workers age 55 and over increased over the last 20 years and as these age cohorts have become a larger share of total New Hampshire's population in 2017, residents age 55 and over now account for more than 28 percent of New Hampshire's labor force. In comparison, workers age 55 and over only accounted for about 14 percent of total labor force in 1998.

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When comparing the labor force in 1999-2000 with the current labor force, a shift in age composition becomes clear. From 1999-2000 to 2017-2018,⁶ the labor force grew from about 667,300 to about 746,500, a gain of close to 80,000 residents. Despite these overall gains, there was a drop of about 70,000 persons in the age 35 to 44 cohort from 1999-2000 to 2017-2018. More significant is that the age 55 to 64 cohort more than doubled from 75,500 in 1999-2000 to about 157,000 in 2017-2018. Labor force participants in the age 65 to 74 cohort nearly tripled, from about 17,000 in 1999-2000 to 48,300 in 2017-2018. Even though the older age cohorts remain in the workforce longer than ever before, persons 65 and over still participate at a much lower rate than prime age workers (age 25 to 54). Attracting workers to replace retirees will be a primary focus for New Hampshire's employers over the next decade. The limitation in the number of available workers might add roadblocks to companies' ability to expand.

On a positive note, the number of labor force participants in the age cohorts 20 to 24 and 25 to 34 grew by more than 34,000 residents between 1999-2000 and 2017-2018.

**THE LABOR FORCE OF THOSE IN THE AGE COHORT 55-64
MORE THAN DOUBLED OVER THE LAST DECADE**

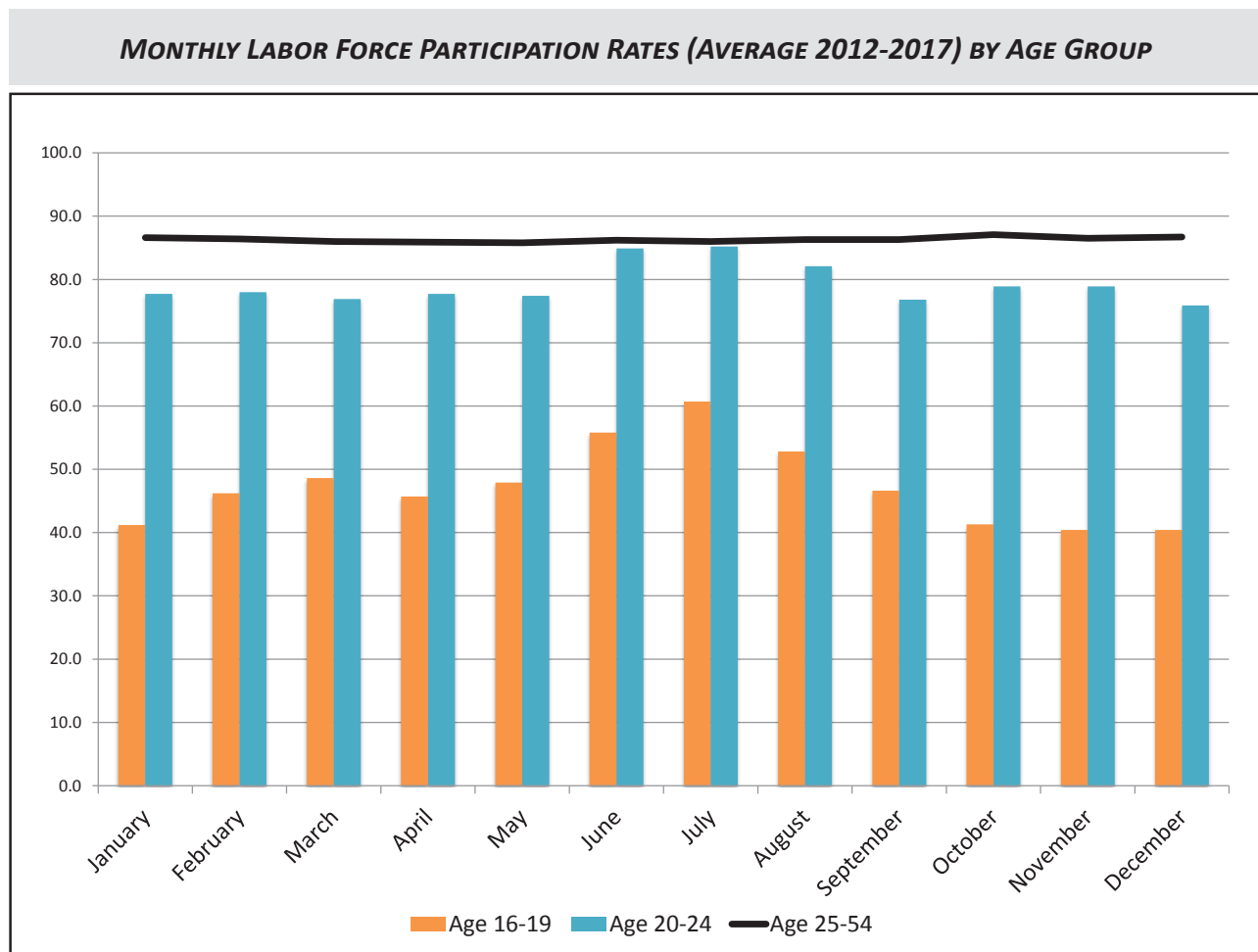


Source: U.S. Census Bureau, unpublished Current Population Survey data, 12 months moving average.

⁶ Current Population Survey, unpublished data, 12-month moving average (May to April).

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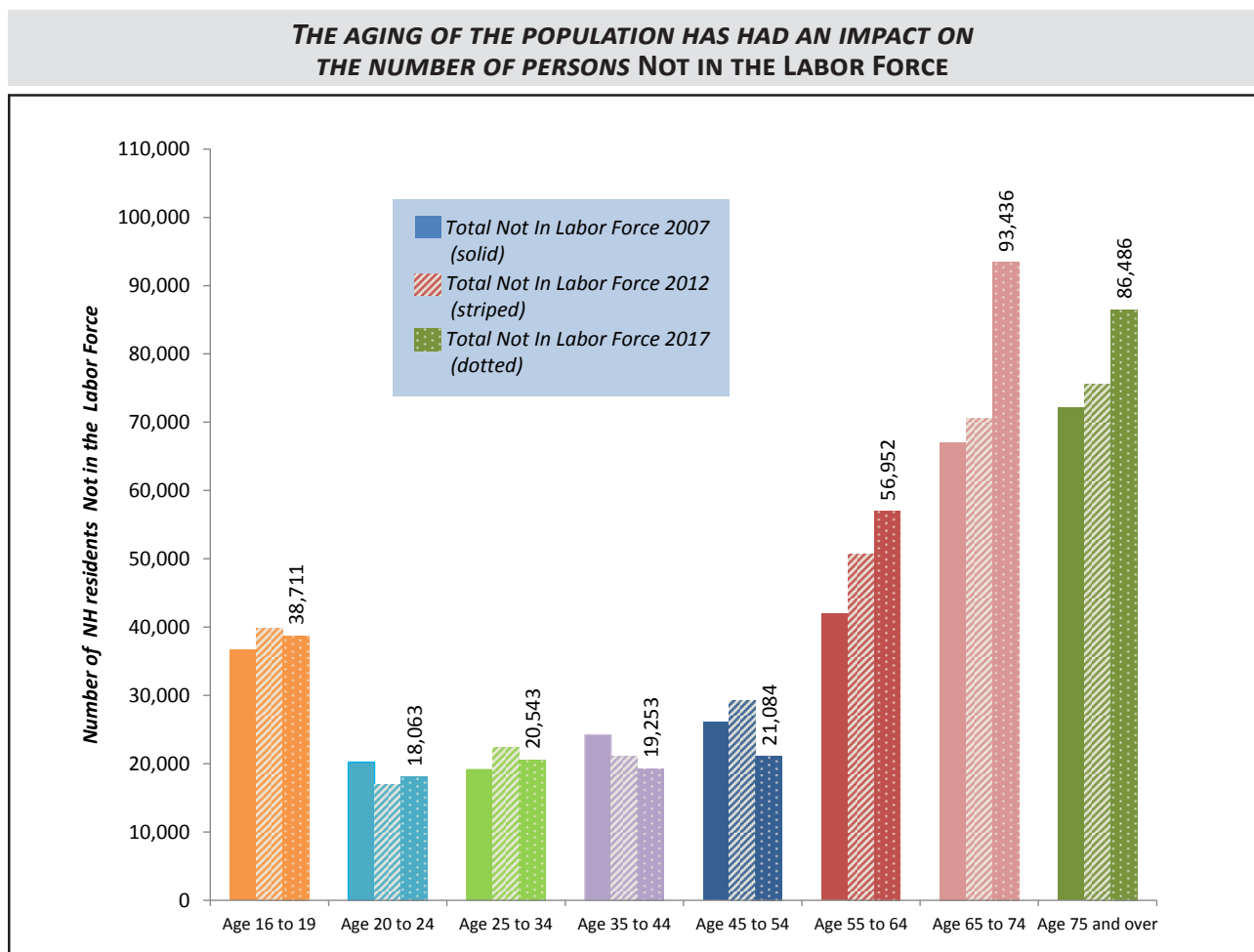
Encouraging higher labor force participation among those in the younger age cohorts could bring more workers into the labor force. But these younger workers might not fill current labor needs, especially as workers in these age groups tend to participate in the labor force in a less consistent manner. Seasonal trends in labor force participation among youth vary, following the seasonal pattern of the academic school year. From October to January, the participation rate of school age youth (age 16 to 19) is close to 40 percent, whereas the participation rate topped 60 percent in the month of July. The participation rate for the age 20 to 24 cohort is higher than the younger cohort but follows a similar seasonal pattern. The participation rate varies from a low point in December at approximately 76 percent to a high of 85 percent in July. Also, the seasonality of the Leisure and hospitality sector is not entirely aligned with the school calendar. Extensive knowledge and skills needed in some jobs might also make employers hesitant of hiring school age workers. Younger workers need to attend school and therefore are not available for full time participation in the labor market throughout the year.



Source: U.S. Census Bureau, unpublished Current Population Survey data, Average 5-year monthly data

Not in the Labor Force - by the numbers

Over the last ten years, the number of residents in each of the age 55 and above cohorts (age 55 to 64, age 65 to 74, and age 75 and over) has increased substantially, suggesting that the aging of New Hampshire’s population is the primary reason for the rise in the share of residents not participating in the labor force. In 2007, residents age 55 and over made up 58.9 percent of those not in the labor force. By 2017, New Hampshire residents age 55 and over accounted for 66.8 percent of those not in the labor force. Despite the fact that the number of residents not in the labor force grew from about 307,500 in 2007 to 354,500 in 2017, close to all of the increase in the number of residents not in the labor force was attributed to residents in the older age cohorts.



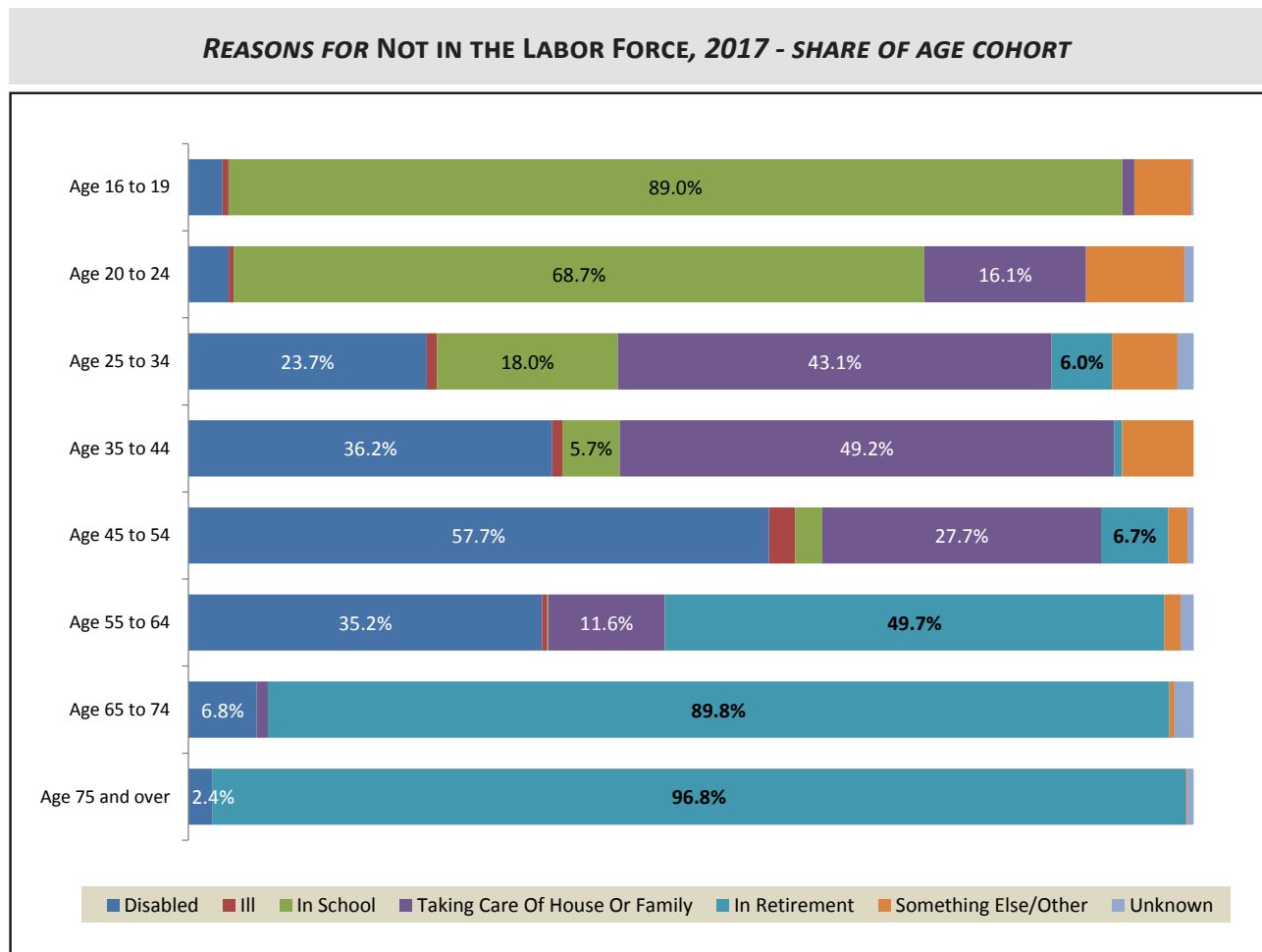
Source: U.S. Census Bureau, unpublished Current Population Survey data, 12 months average

The youngest age cohort, those ages 16 to 19, experienced a slight increase in the number of residents not participating in the labor force. All other age cohorts under the age of 55 experienced declines in the number of persons not in the labor force — an indication of a strong labor market.

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When evaluating the reasons for not participating in the labor force by age, distinct differences emerge. The main reason given for not participating among the two youngest cohorts is because they are in school. For those in the older cohorts, the main reason given for not participating is retirement. Due to the aging of the population, the share of all residents not in the labor force due to retirement rose, from 53.7 percent in 2007 to 56.0 percent in 2017.

For those in the age 25 to 34 and 35 to 44 cohorts, the main reason for not being in the labor force is taking care of house or family, whereas the main reason for those not in the labor force in the age 45 to 54 cohort was being disabled. More than half of those not in the labor force in the age 45 to 54 cohort was due to disability.⁷

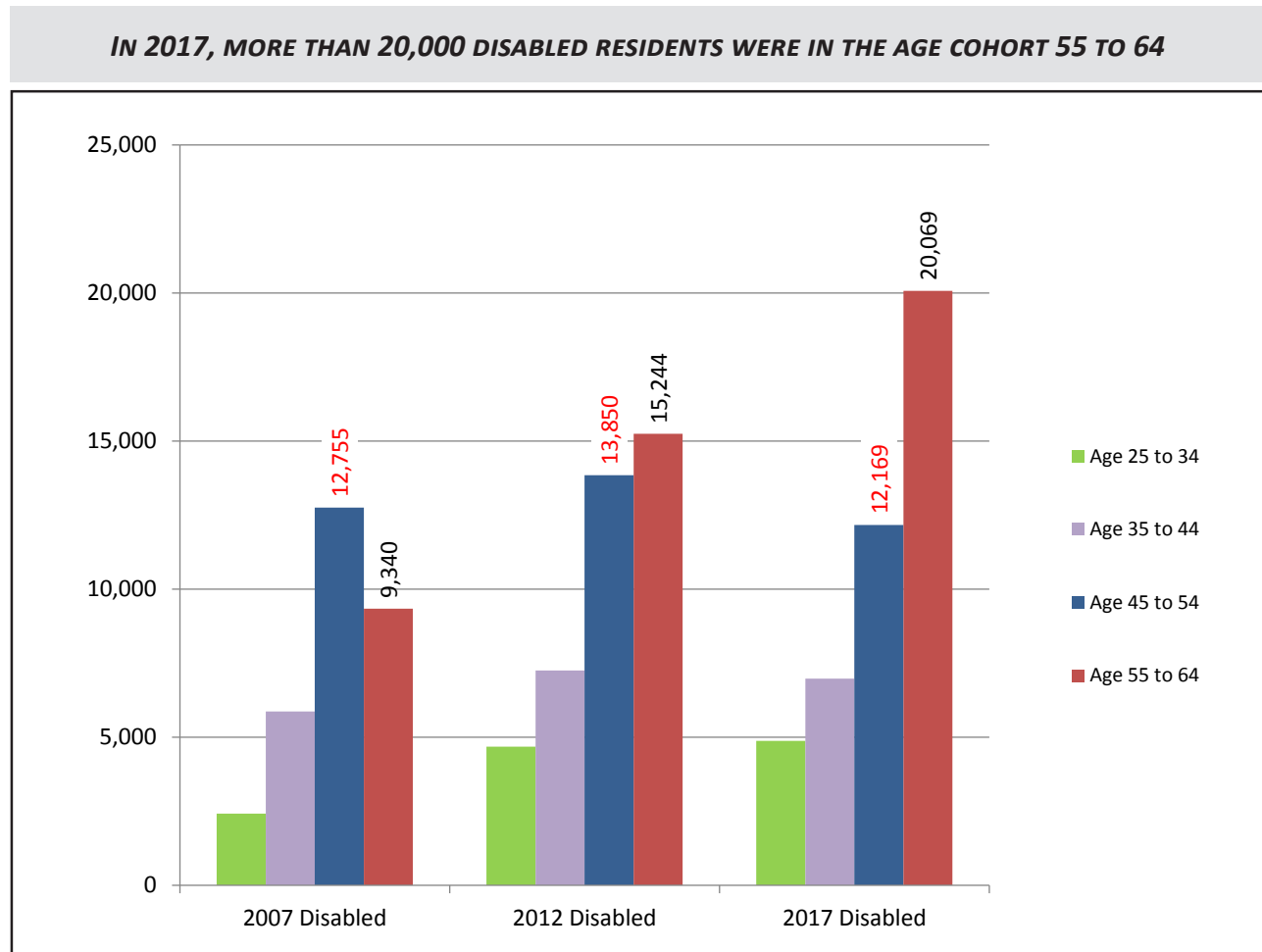


Source: U.S. Census Bureau, unpublished Current Population Survey data, 12 months average

⁷ Respondents to the Current Population Survey use a self-defined definition of disability as reason for not being in the labor force. This definition of disability is not drawn from the Social Security Administration records

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When comparing the number of residents not in the labor force due to disability by age between 2007 and 2017, the number in the age 45 to 54 cohort actually dropped. The number of residents not in the labor force due to disability in the age 55-64 cohort grew, adding more than 10,000 residents between 2007 and 2017. In 2007, only 22.2 percent of those residents in the age 55 to 64 cohort were not in the labor force due to disability; this share grew to 35.2 percent in 2017.



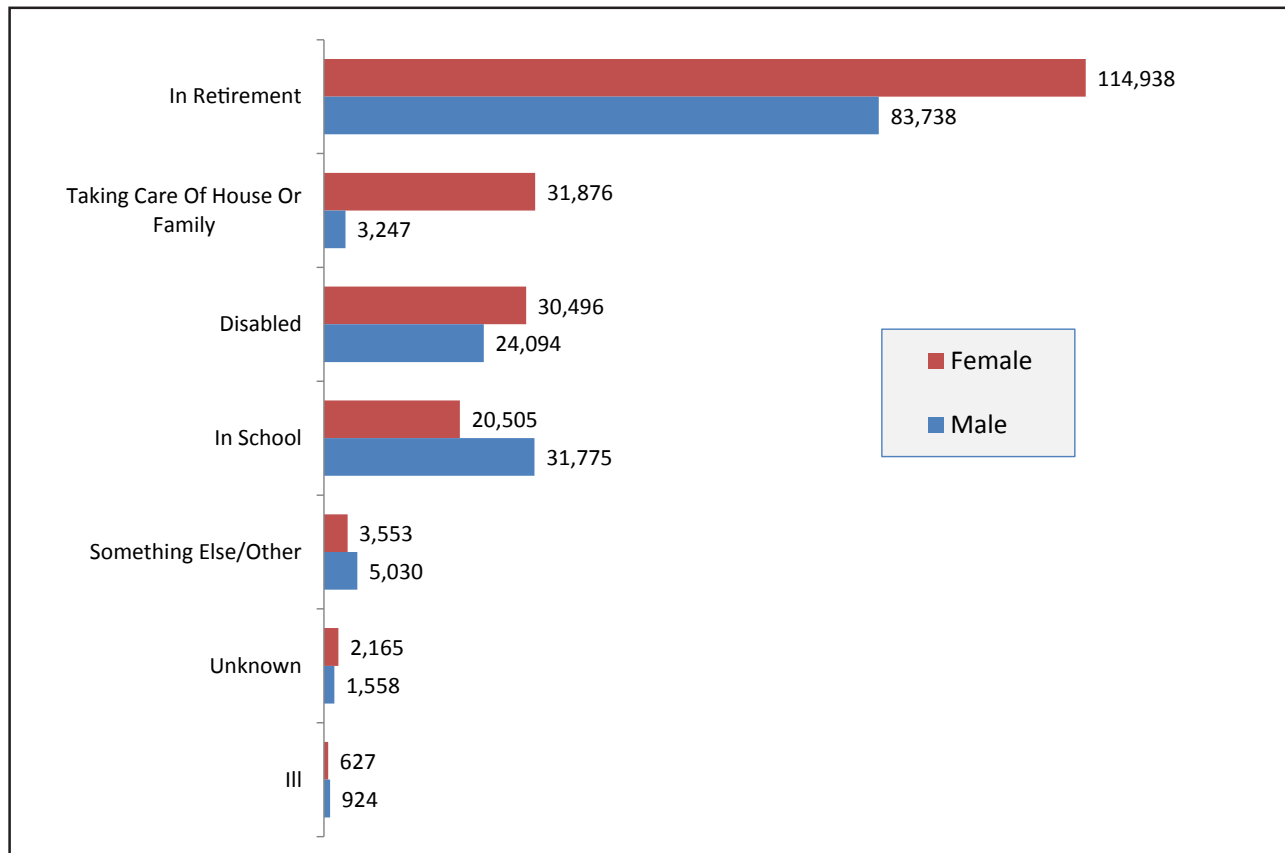
Source: U.S. Census Bureau, unpublished Current Population Survey data, 12 months average

The high concentration of baby boomers (those aged 53 to 71 in 2017) in New Hampshire, who fall into the age 55 to 64 and 65 to 74 cohorts, dominate both those in the labor force and those not in the labor force. Despite these age cohorts participating in the labor force at higher rates, there are also more of them (in numbers) that are not participating in the labor force, and a larger share of the non-participants are disabled.

The number of residents not in the labor force due to disability in the age 25 to 34 cohort more than doubled from 2,400 to 5,900. More detailed information is needed, but with current labor force shortages, these residents represent a potential source of labor.

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REASONS FOR NOT IN THE LABOR FORCE BY GENDER IN 2017



Source: U.S. Census Bureau, unpublished Current Population Survey data, 12 months average

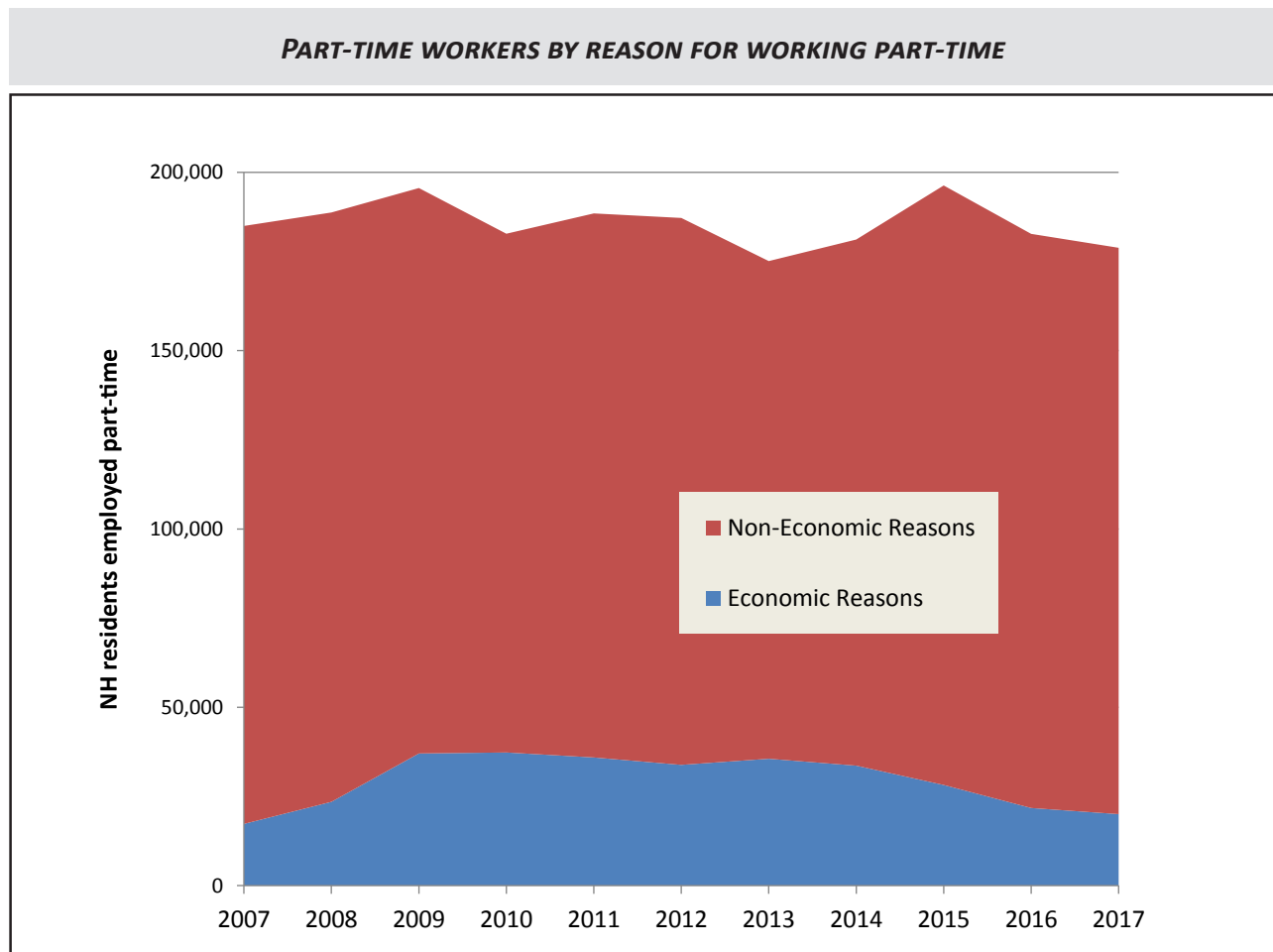
Overall, there are more female residents than male residents not participating in New Hampshire’s labor force. Among those not participating in the labor force, retirement is the reason for a majority of both females and males. In 2017, 56.3 percent of females not in the labor force were not participating due to retirement. Similarly, 55.7 percent of males not in the labor force were not participating due to retirement. Over the last ten years, the number of females not in the labor force grew from 188,335 to 204,162. Over that period, there was an increase in the number of females not participating in the labor force due to retirement and due to being disabled. Conversely, there were fewer females not participating in the labor force due to taking care of house or family and due to attending school. The number of males not in the labor force increased as well over the period 2007 to 2017, from 119,149 to 150,366. However, there was not a significant change in reasons for not participating in the labor force among males. The shift in female cohorts from caregiver/homemaker to retiree is largely due to the aging of New Hampshire’s population.

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The increase in the labor force participation rate from post-World War II until the rate's peak around the year 2000 was mainly due to females joining the labor force.⁸ To enhance the ability of females to join the labor force, there was some policy focus on how to improve childcare options for working families.⁹ It might be harder to determine if there are policies that might lure residents out of retirement or to forestall retirement.

Exploring part-time workers as an additional supply of labor

One source of labor supply would be to shift workers from a part-time to a full-time work schedule. Those working part-time for economic reasons, also known as involuntary part-time workers, are those workers that would like to have more hours of work but are not able to find full-time positions or have had their hours reduced by their employer. In the aftermath of the Great Recession, the number of New Hampshire residents working part-time for economic reasons grew to about 37,300 in 2010. By 2017, the number of persons working part-time for economic reasons was down to about 20,000, roughly 3,000 above the 2007 level.



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

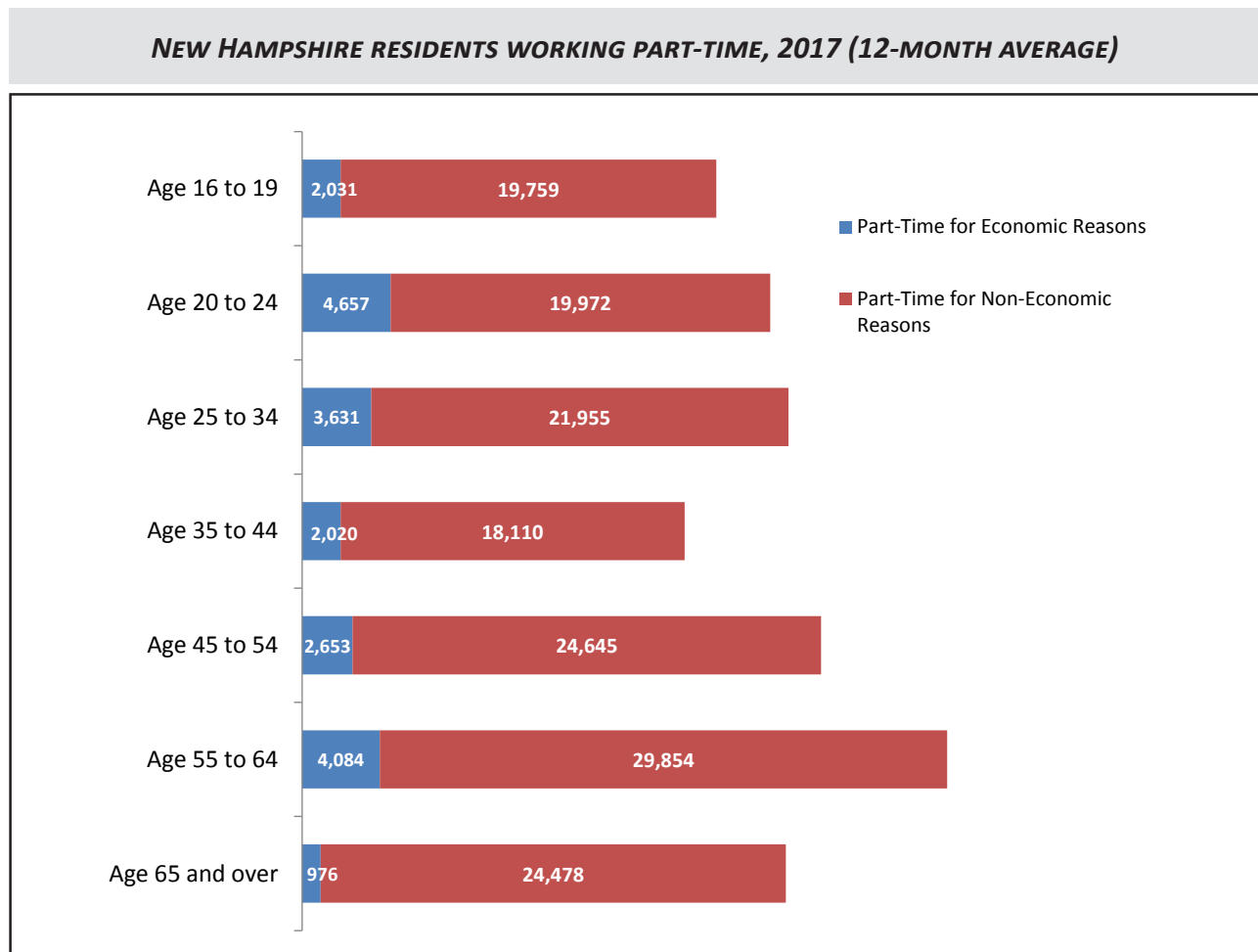
⁸ The labor force participation rate for females (civilian population age 16 and over) in New Hampshire was 52.1 percent in 1976, in comparison with the rate in 2000 at 66.7 percent. This data series is not available for New Hampshire prior to 1976. The labor force participation rate for females (civilian population age 16 and over) for the U.S. was 32.7 percent in 1948 and peaked in 1999 at 60.0 percent.

⁹ Morgan, Kimberly J. Summer 2005. The "Production" of Child Care: How Labor Markets Shape Social Policy and Vice Versa. P.248. Accessed on October 30, 2018 at <www.cas.ed.ac.uk/_data/assets/pdf_file/0014/10166/KimberleyMorgan_05_TheProductionofchildcare.pdf>

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Economists consider these part-time workers to be representative of some elasticity or “slack” in the labor supply. However, among part-time workers, the larger pool is those working part-time for non-economic reasons. These part-time workers choose to work part-time for a variety of reasons, such as attending school or family caretaking responsibilities.

The two age cohorts with the largest number of residents working part-time for economic reasons are those in the age 20 to 24 and 55 to 64 cohorts. Workers in the age 20 to 24 cohort might not have acquired a sufficient level of skills or educational attainment for many positions and are more likely to rely on jobs in occupations requiring lower levels of education. Many of those jobs are in Food preparation and serving related occupations, the occupational group with the highest share of part-time workers employed part-time for economic reasons. As there are many workers in the age 55 to 64 cohort, the high number of workers working part-time for economic reasons represent only 2.7 percent of all workers (full-time and part-time) in this specific age cohort, which is much lower than the percentage of workers in the age 20 to 24 cohort, at 7.4 percent.



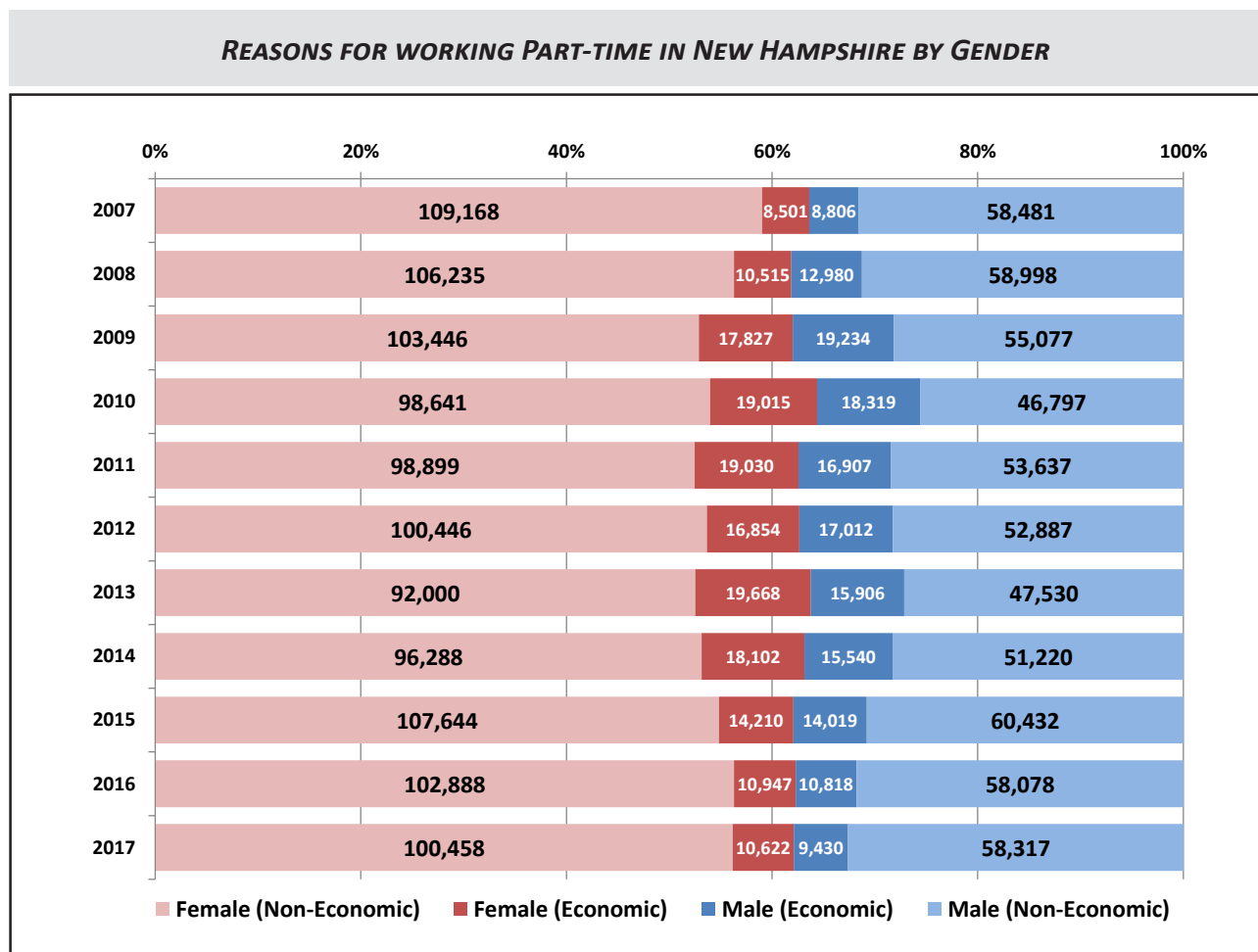
Source: U.S. Census Bureau, unpublished Current Population Survey data, 12 month average

New Hampshire 2018 Workforce Analysis - In Review

There are approximately the same numbers of male and female residents working part-time for economic reasons, yet females represent more than 60 percent of all part-time workers in New Hampshire. During the Great Recession, the numbers of both males and females working part-time for economic reasons were elevated.

Over the ten year period from 2007 to 2017, the number of females working part-time for non-economic reasons declined from about 109,000 to about 100,500. Knowing that the number of females not in the labor force increased over that time, some female part-time workers likely left the labor force in order to retire. However, females working part-time for non-economic reasons as a share of all female working residents declined from 34.1 percent to 30.8 percent between 2007 and 2017. A higher share of female residents was working full-time in 2017 in comparison with 2007.

There are still a fair number of both male and female residents working part-time for non-economic reasons – a potential supply of workers that could work more hours.



Source: U.S. Census Bureau, unpublished Current Population Survey data, 12 month average

Increasing New Hampshire's Labor Force

New Hampshire employers currently face difficulties finding a sufficient number of workers to fill positions, which may inhibit the ability to expand. With population growth at a near stand-still in comparison to earlier decades, the pipeline of young people entering the labor in large enough numbers to replace those leaving the labor force is unlikely. More innovative and creative ways of attracting labor will be needed for the foreseeable future.

- **Out-Commuters.** In 2015, there were about 93,600 New Hampshire residents leaving the state for jobs in Massachusetts, while about 38,800 jobholders commuted to New Hampshire from Massachusetts for work.¹⁰ This interchange of labor is not a new phenomenon,¹¹ and a tight labor supply in Massachusetts combined with high housing costs will likely continue to promote out-commuting from New Hampshire.¹²
- **Housing.** Several large mixed-use developments (with large housing components) are planned in Salem and Londonderry, in anticipation that plenty of jobs will continue to be available in the greater Boston area and southern New Hampshire. These large housing developments will likely bring additional population to New Hampshire, and these new residents have the potential for being added to New Hampshire's workforce.
- **Immigration.** New Hampshire could engage in policies that would encourage more immigration of working-age adults. Encouraging the development of workforce housing would fall in that category. Due to low unemployment and aging population trends nationally, and especially in the northeast, other states are working on similar incentives.
- **Young Professionals.** Over the last couple years, Young Professionals Networks have sprouted up across New Hampshire. Currently there are twelve active Young Professionals Networks around the state.¹³ The idea behind these regional and industry-specific professional networks is to allow new and returning young professionals to connect with other young professionals in their region and/or industry.

¹⁰ The commuting flow between Vermont and New Hampshire and Maine and New Hampshire, both result in net in-migration of workers to New Hampshire's economy. In 2015, there were 7,312 New Hampshire residents leaving for Maine and 11,088 New Hampshire residents leaving for Vermont. However, New Hampshire gained 18,135 jobholders commuting into the state from Maine and 15,690 jobholders commuting to New Hampshire from Vermont. This net inflow of more than 15,400 workers from Maine and Vermont by far does not offset the net outflow of workers from New Hampshire to Massachusetts.

¹¹ As a share of total number of working residents, approximately 13 percent left New Hampshire for work in Massachusetts in 1990. Commuting flows, based on the American Community Survey 5-years estimates (2009-2013), show that 12.2 percent of New Hampshire's working residents commuted to Massachusetts for work.

¹² For more in-depth analysis of the interchange of labor between southern New Hampshire and Massachusetts, please see the *Nashua Inter-state Analysis* at <https://www.nhes.nh.gov/elmi/products/documents/nashua-interstate-analysis.pdf>.

¹³ <http://stayworkplay.org/stay/young-professional-networks/>

Conclusion

Over time, the aging population in New Hampshire has transformed both those in the labor force and those not in the labor force. The aging of the state's population is in some way a double edge sword, due to both a lower level of participation in the labor force overall, as well as the additional need for services that aging population might require, such as the need for additional workers in home care services.

This analysis shows that there are limits to the ability of attracting those not currently in labor force in New Hampshire. Attracting new working-age residents is pivotal for the state to meet its future labor demand.

Highlighting the economic possibilities and career opportunities that are available in New Hampshire is key to attracting more workers to the state.

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