

The Status of the New Hampshire Labor Market and Outlook for the State's Economy

Joint House and Senate Ways and Means Economic Briefing

January 19, 2021

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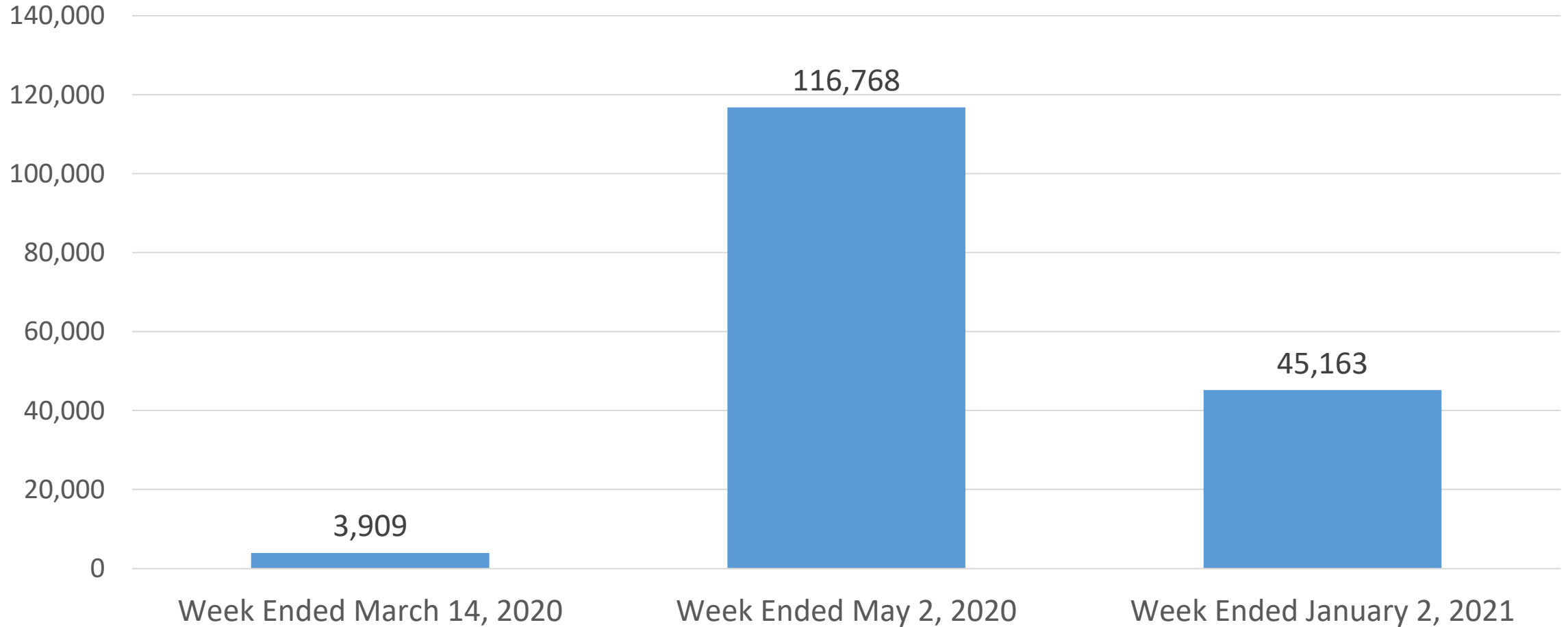
Brian Gottlob, Director, NH Economic and Labor Market Information Bureau

Overview

- The U.S. Economy is struggling and New Hampshire is not immune from regional and national economic trends.
- Employment could fall in coming months as the pandemic surges.
- Short-term (3-4 months) the outlook is weak, longer-term NH forecast risk is to upside.
- The \$900 billion stimulus will stave off falling back into recession and the (likely) additional stimulus has moderately increased the outlook
- High probability that it will be at least 2022 before jobs in NH recover to pre-pandemic levels
- NH's downside risks are mostly shorter-term and related to the path of the pandemic (hospitality and consumer spending requiring in-person contact, but also business investment nationally), longer term risks are up to the upside with improving migration and increases in innovative and technology industries
- There are challenges but the post-pandemic recovery should go better than the recovery after the financial crisis when it took almost a decade for the NH economy to return to full employment.
- Labor force growth, training, retraining, and reallocating labor from jobs no longer in demand are key
- Actions have been taken to Keep NH's Unemployment Trust Fund solvent through 2021 while minimizing negative impacts of higher unemployment insurance taxes on employers financially weakened during the pandemic

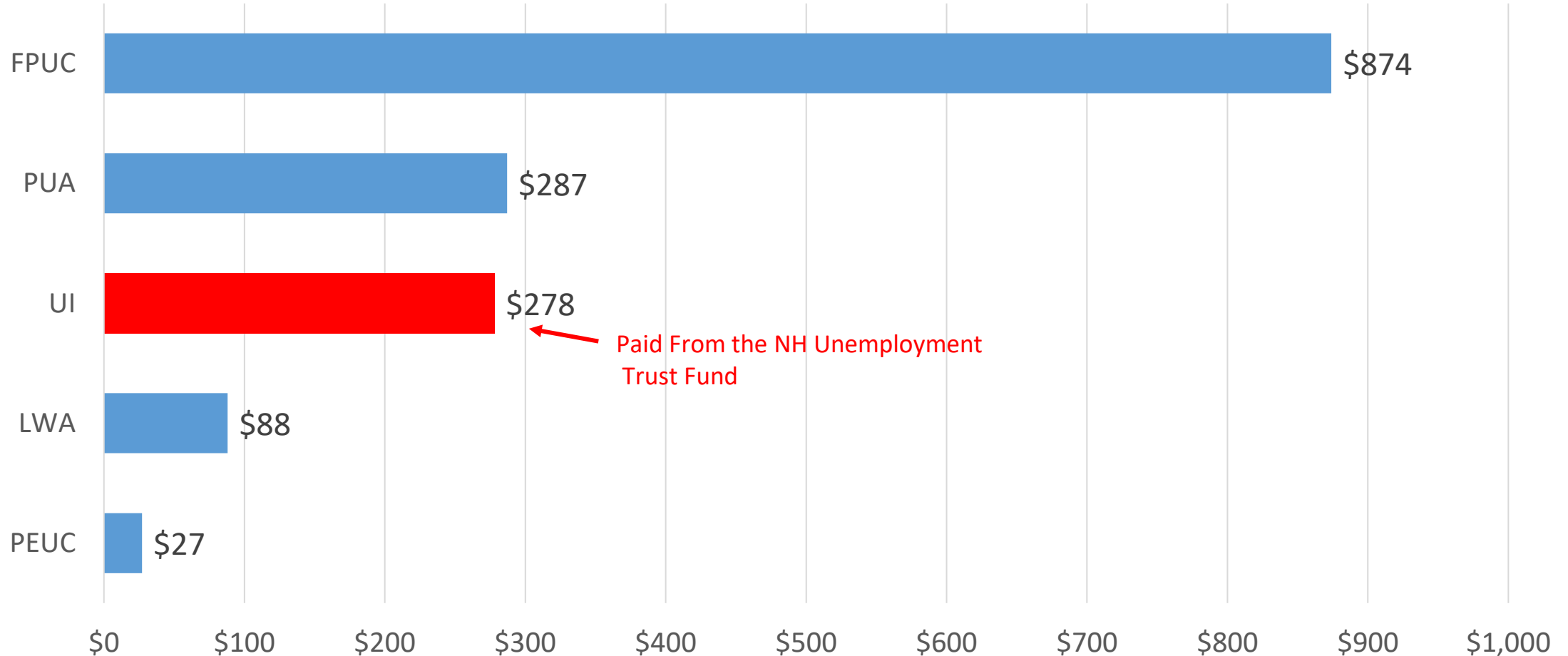
Weekly Paid Claims Peaked in Early May and Have Declined, but They Remain Elevated

Continued (Weekly) Claims for Unemployment Insurance in NH

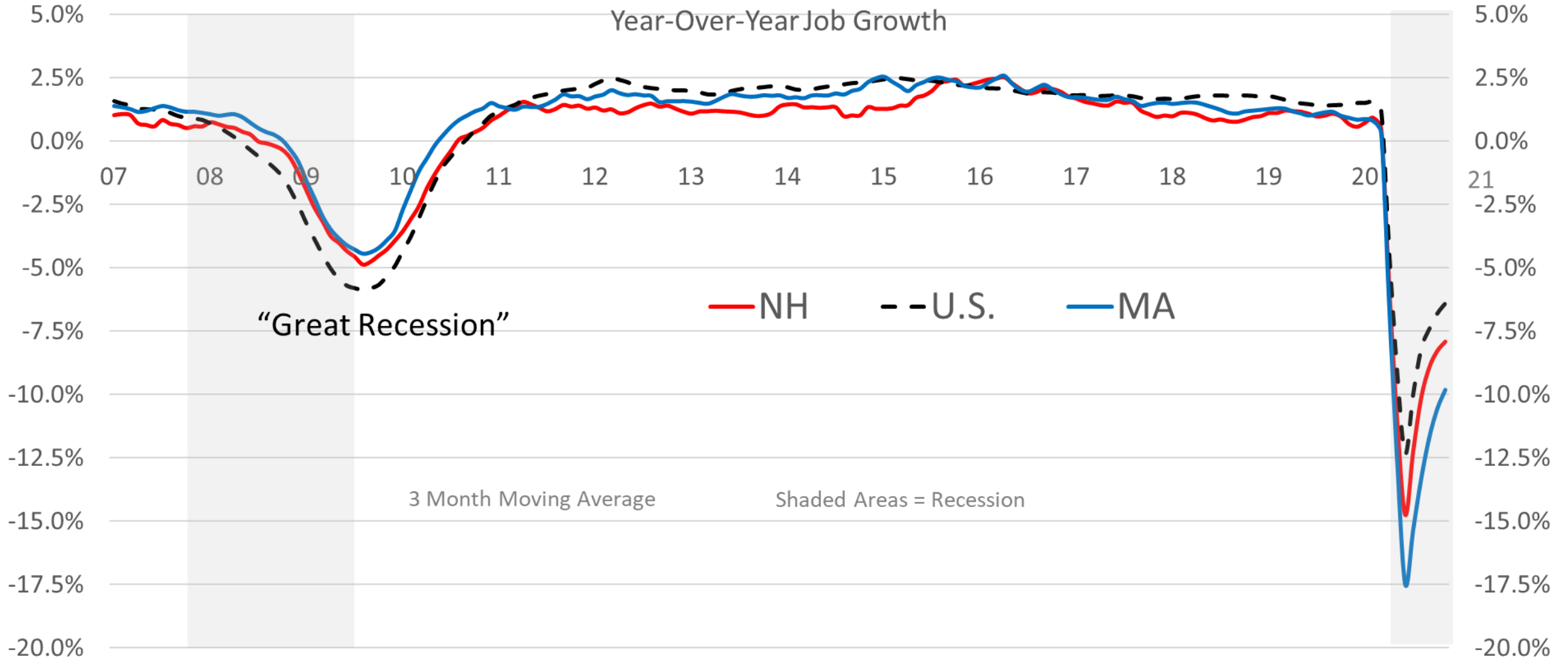


Over \$1.55 Billion in Unemployment Benefits Have Paid, \$278 Million From the New Hampshire Unemployment Trust Fund

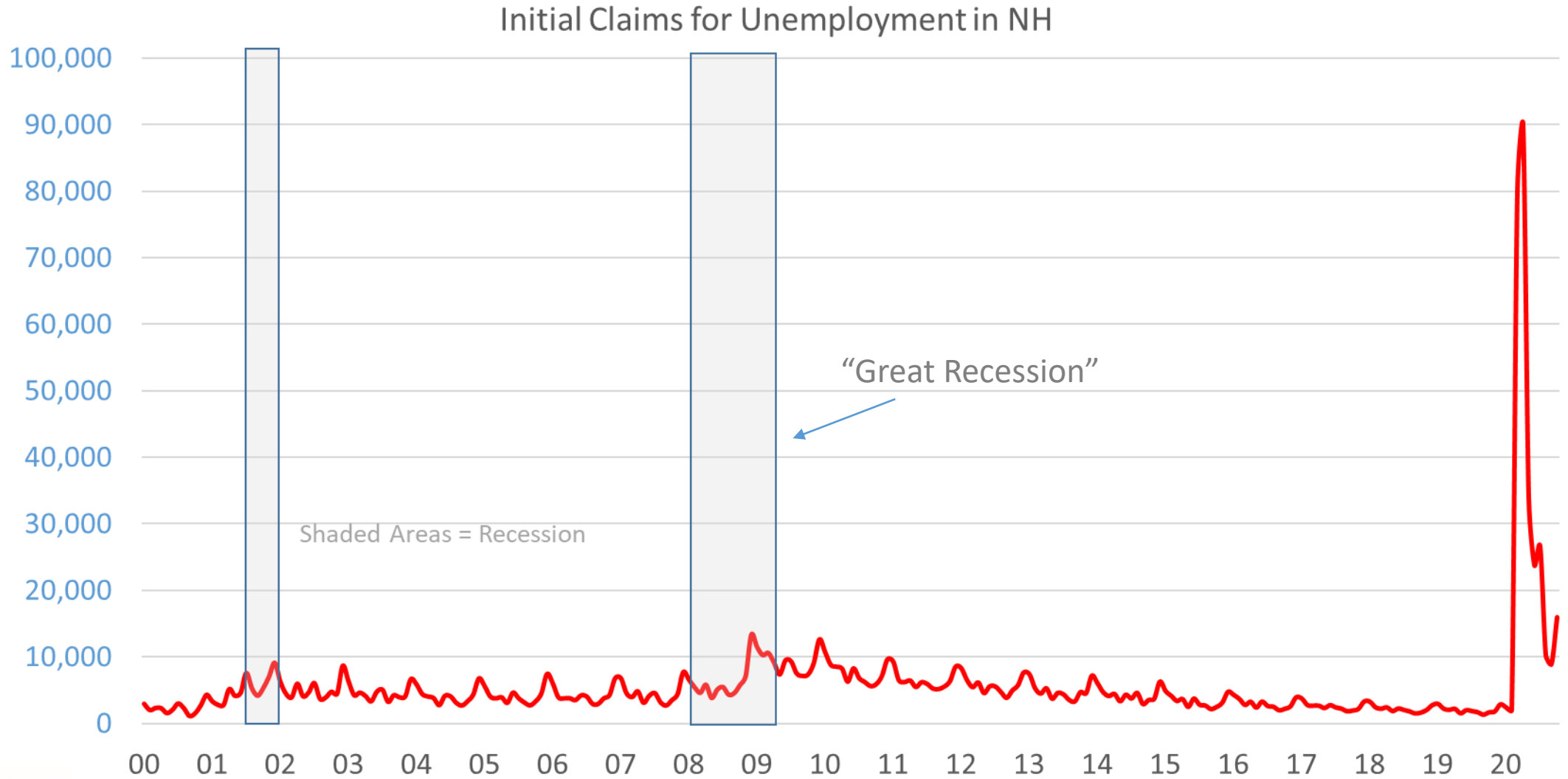
Unemployment Benefits Paid to Date (\$ Millions)



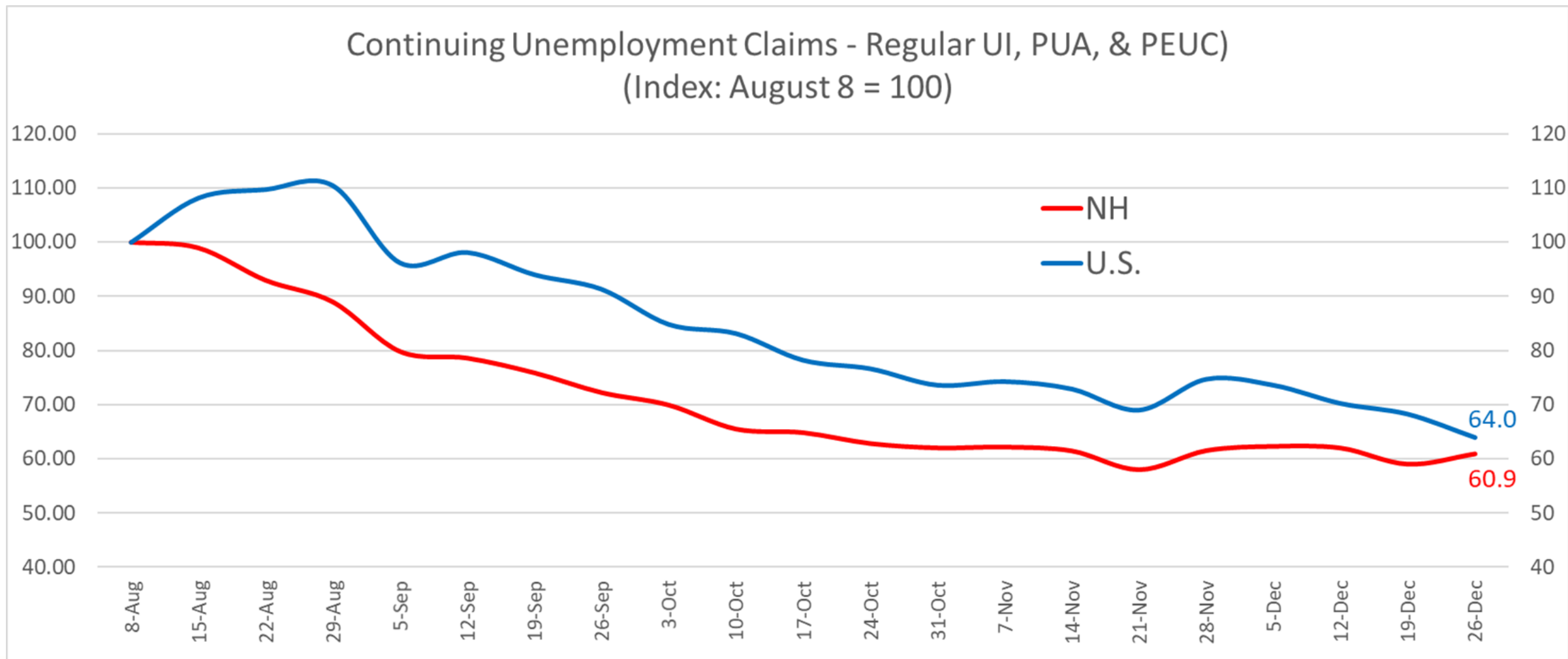
The Swiftness and Severity of Job Losses During the Pandemic is Unprecedented



The Volume of Individuals Claiming Unemployment Benefits During the Pandemic is Like Nothing New Hampshire Has Experienced Before

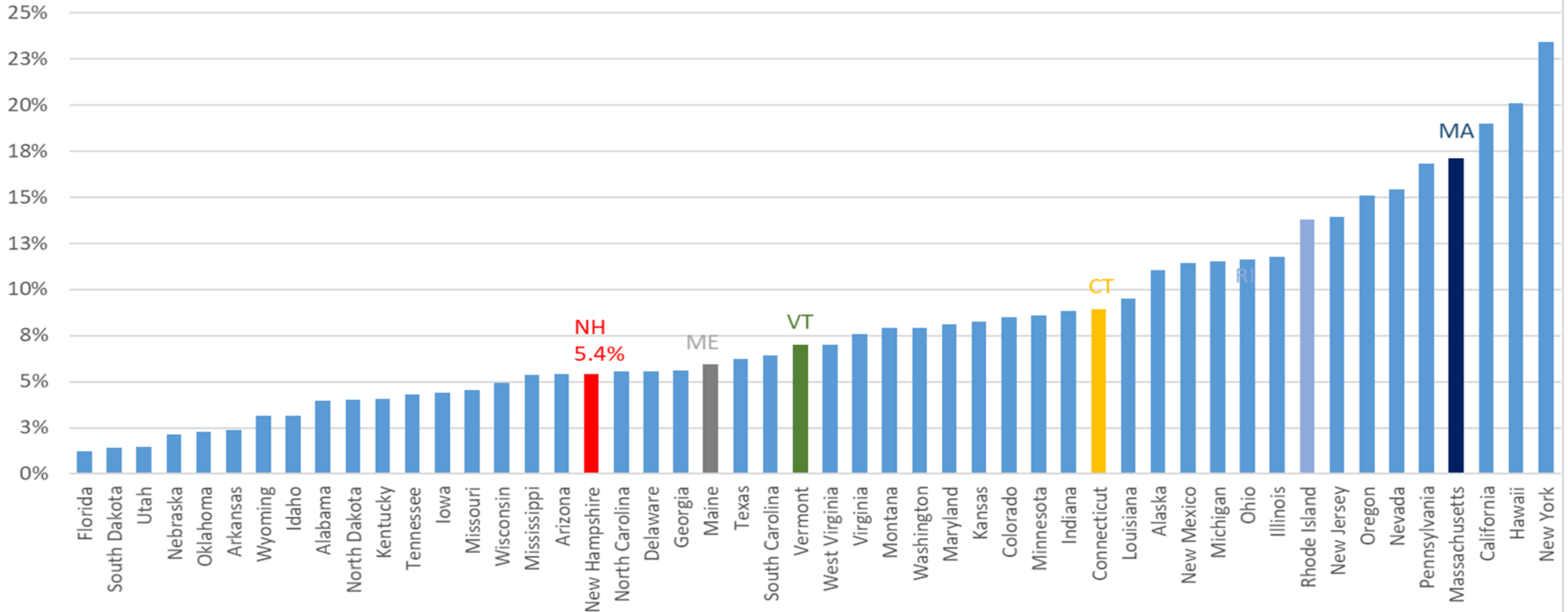


Continued (Weekly) Unemp. Claims in NH Have Remained Stubbornly High After Falling Faster Than in the Nation Overall, We Expect a Difficult Next Few Months



Still, Compared to Most States and all New England States, New Hampshire Has a Relatively Low Percentage of its Labor Force (Pre-Pandemic) Collecting Weekly Unemp. Benefits

All Continued Claims (Regular UI, PUA and PEUC) as a % of the State's Pre-Covid 19 Workforce (as of December 26th)

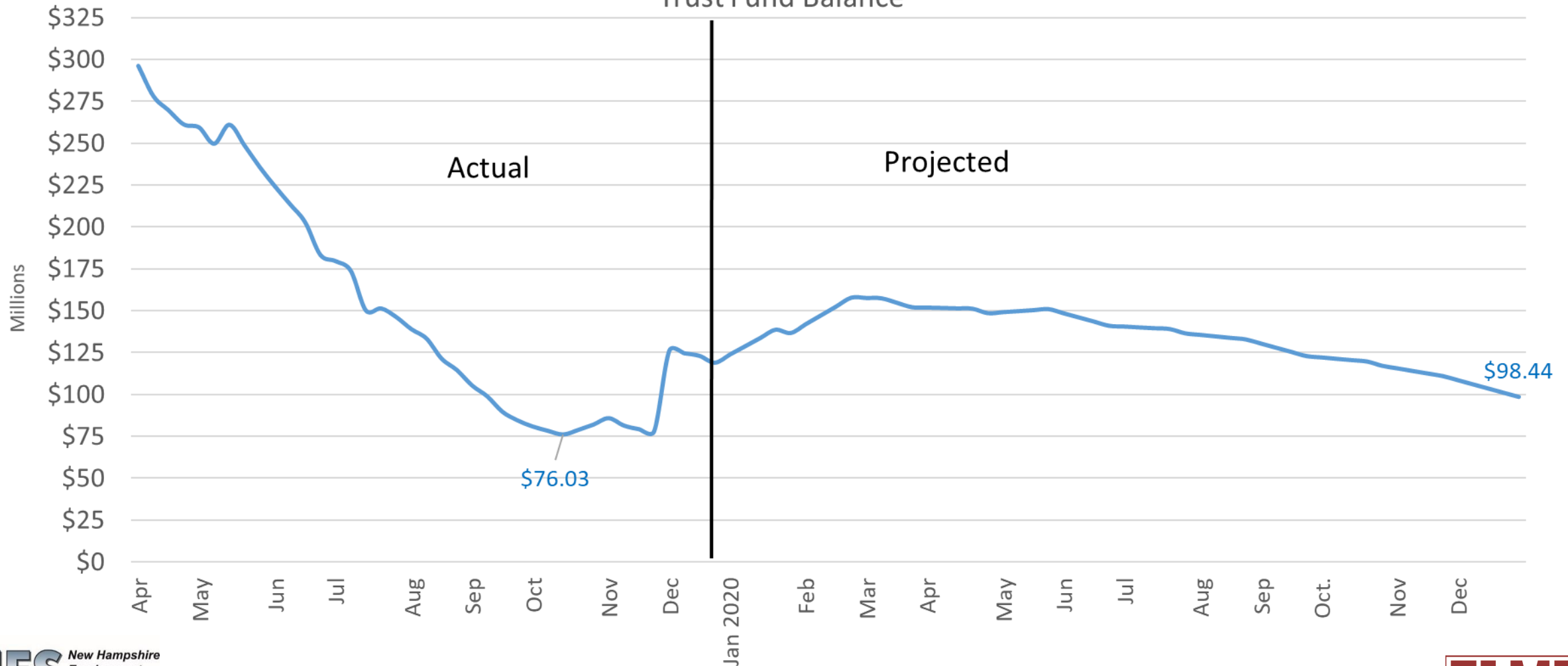


The Pandemic Has Had a Significant Impact on the Unemployment Compensation Trust Fund and on Employers

- **Eighteen States Had Depleted Trust Funds in Q3 of 2020 – NH Remains Solvent**
- **Higher Unemployment Insurance Tax Rates:**
 - Loss of 1.5% Legislatively Mandated “Fund Balance Reduction”
 - Q3 and Q4 2020 0.5% Surcharge Tax Rate
- **Steps Taken to Minimize Impact on NH Employers:**
 - Surcharge Applied in the Third and Fourth Quarter Of 2020 Was Removed for the First Quarter of 2021
 - \$50 million in Federal CARES Act Funds Injected Into the Trust Fund, allowing...
 - A Second 0.5% Surcharge to be Avoided
 - Combined These Measures Avoided About \$65 Million in Employer Taxes
 - Finally, Layoffs During the Pandemic are Not Being Factored Into the Calculation of Each Employer’s Tax Rate.

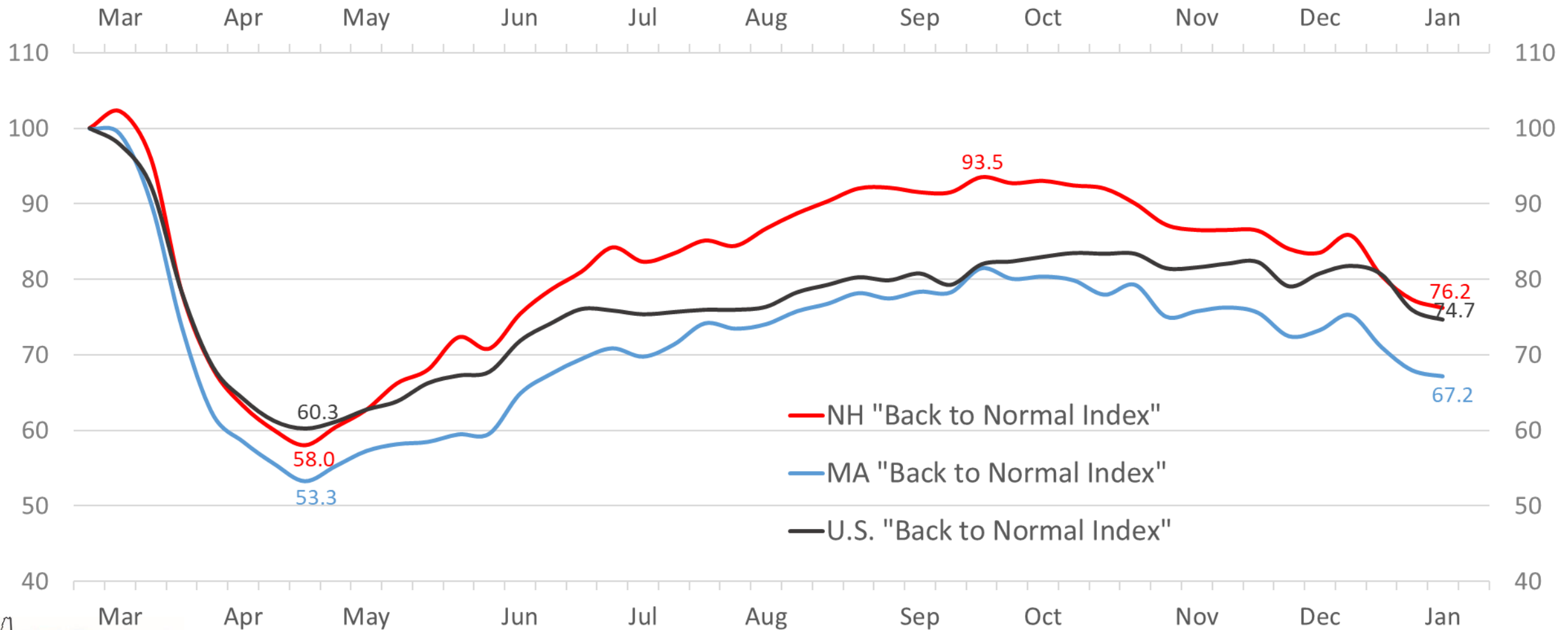
Our Current Projections Show the Trust Fund Remaining Solvent Throughout 2021 – Without Actions That Would Dramatically Increase Employer Tax Rates

New Hampshire Unemployment Trust Fund Balance

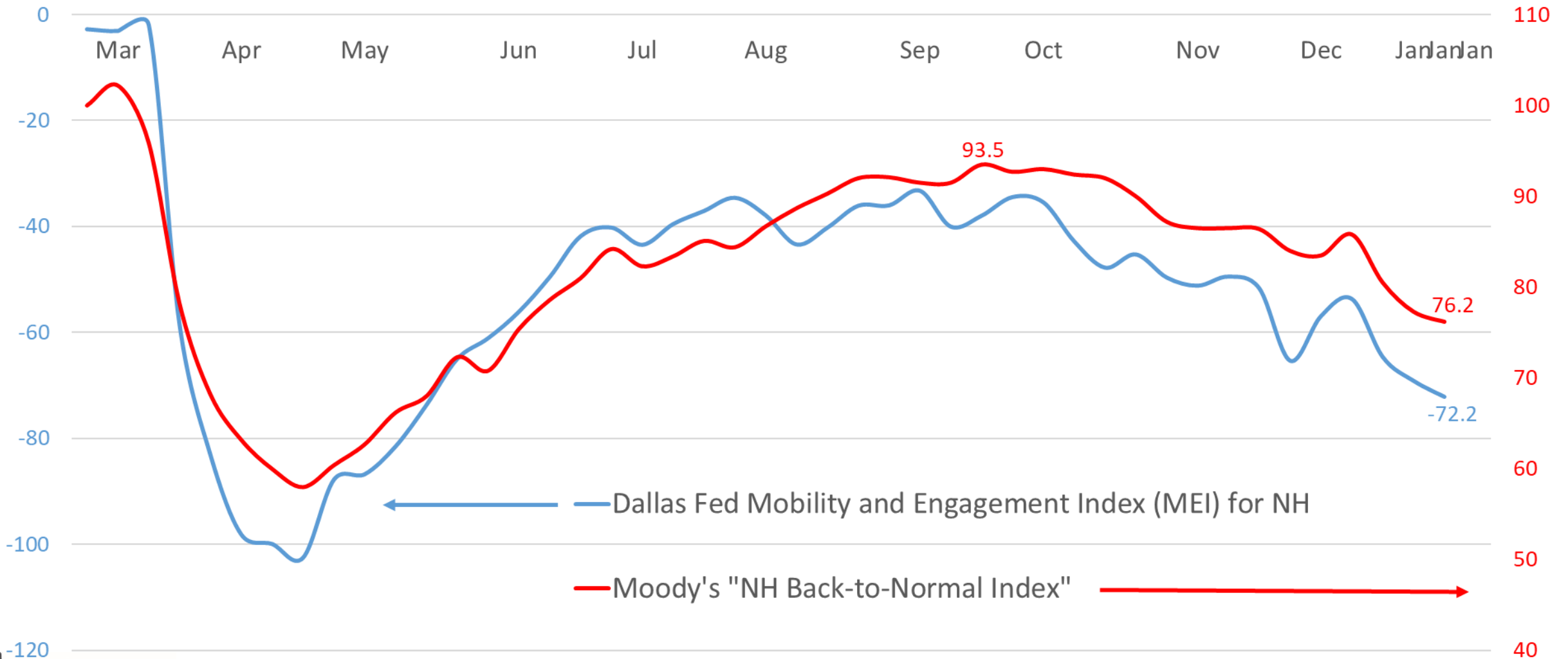


The NH Economy Progressed Further and Faster in Returning to “Normal” but, Like Most States, a Resurgence in the Pandemic is Hampering Recovery

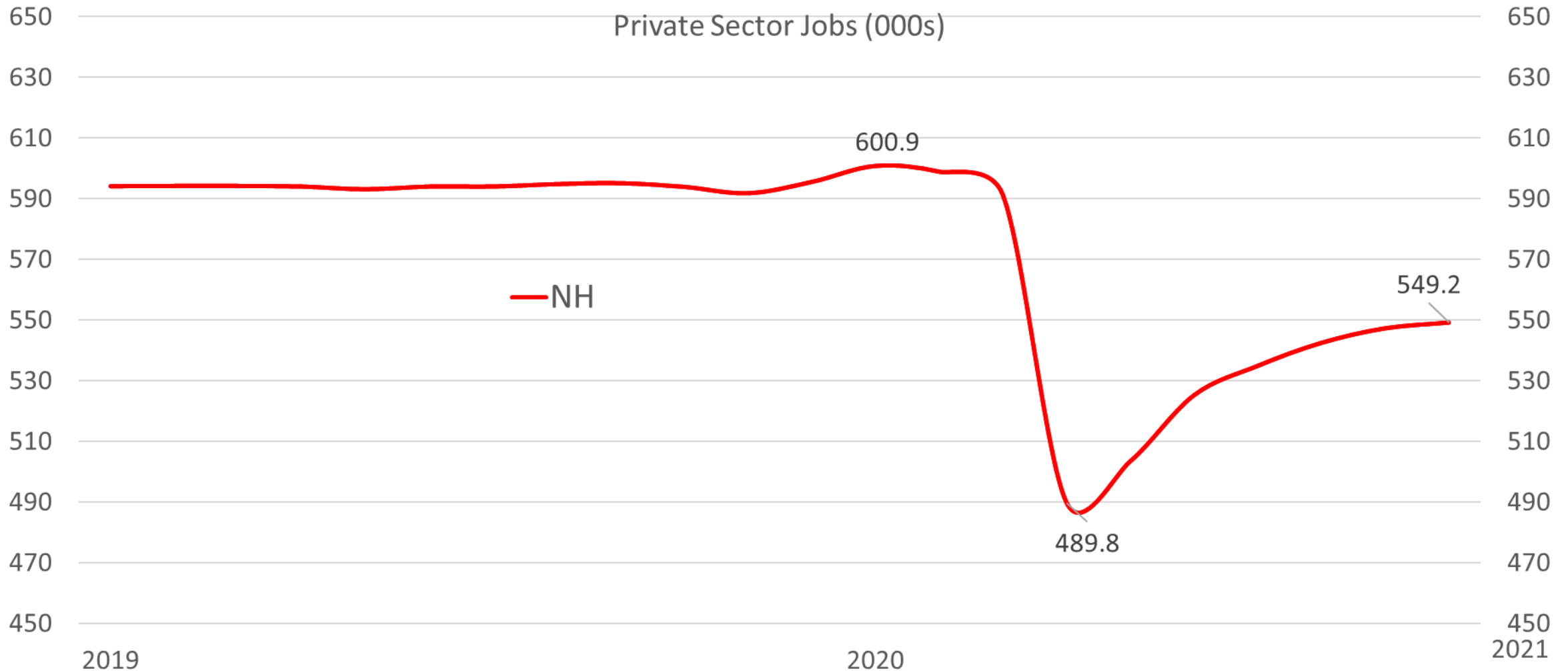
Moody's Analytics/CNN Business “Back-to-Normal” Economic Index



The Sooner the Pandemic is Controlled and NH Residents Feel Safe in Freely Moving About Engaging in Regular Economic Activities, the Sooner NH Recovers. There is a Strong Relationship Between Mobility and Economic Conditions

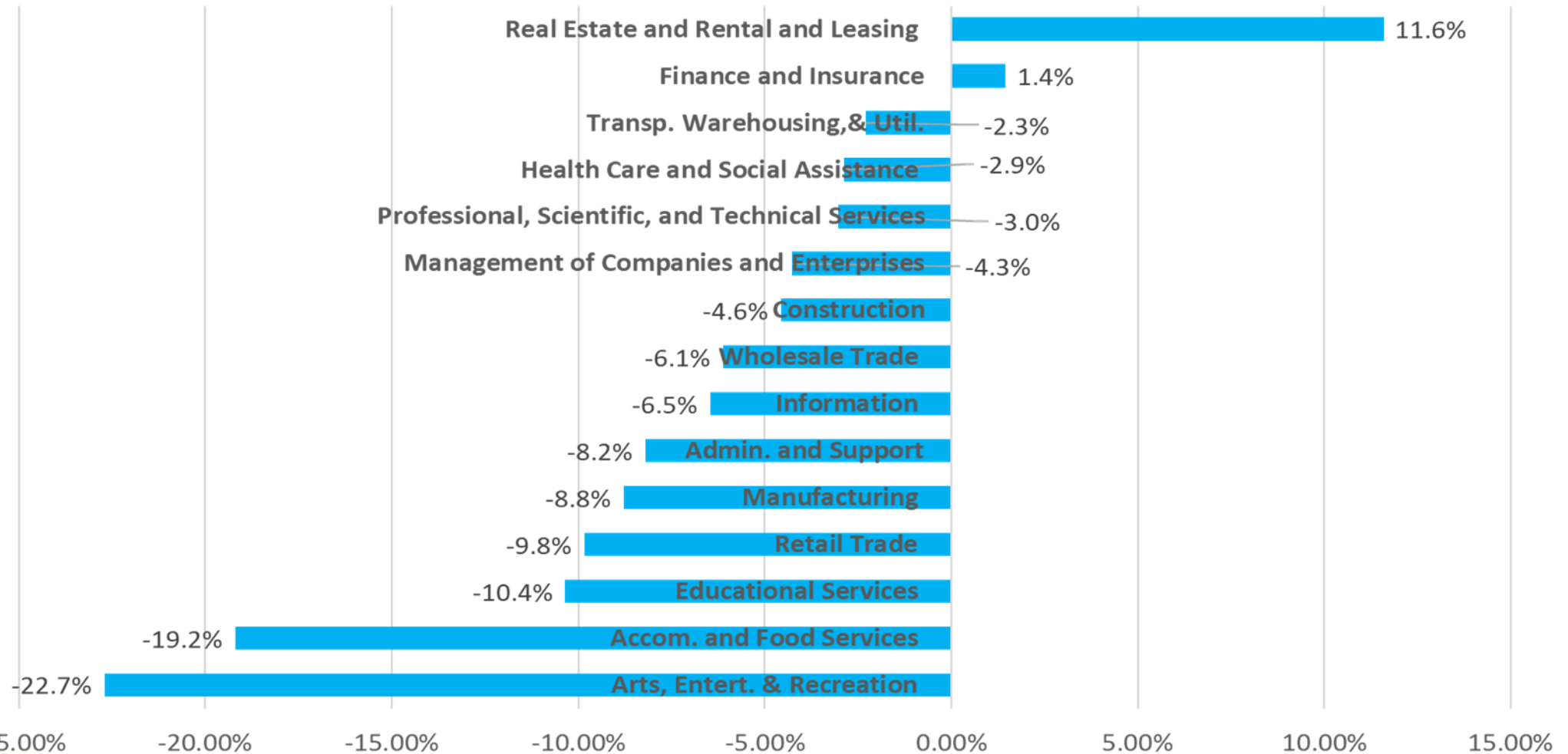


Through November, NH Has Regained About One-Half of the Private Sector Jobs Lost During the Pandemic (a “Swoosh Recovery”)



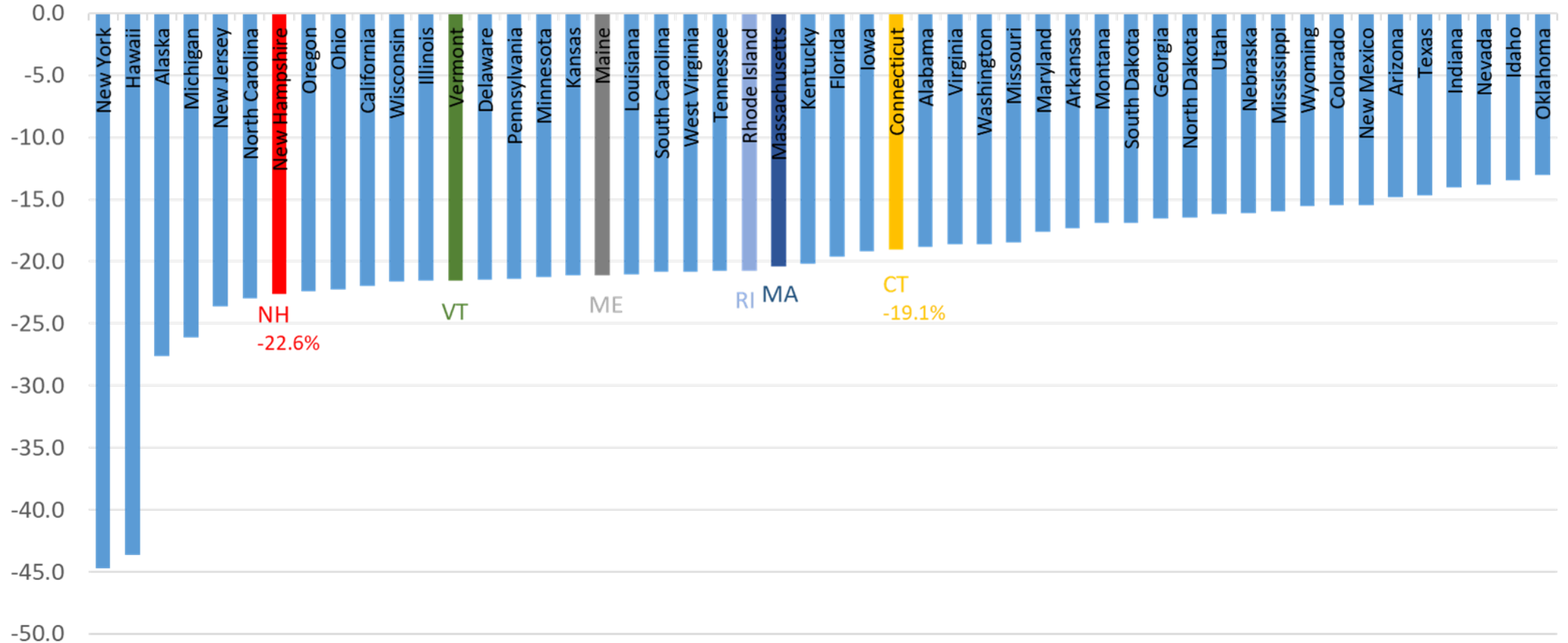
Industries With the Greatest Pct. Job Losses Over the Year Require Higher Levels of Person-to-Person Contact (They Also Employ a High Percentage of Lower Wage Workers)

Nov.. 2019 to Nov. 2020 % Change in Industry Employment



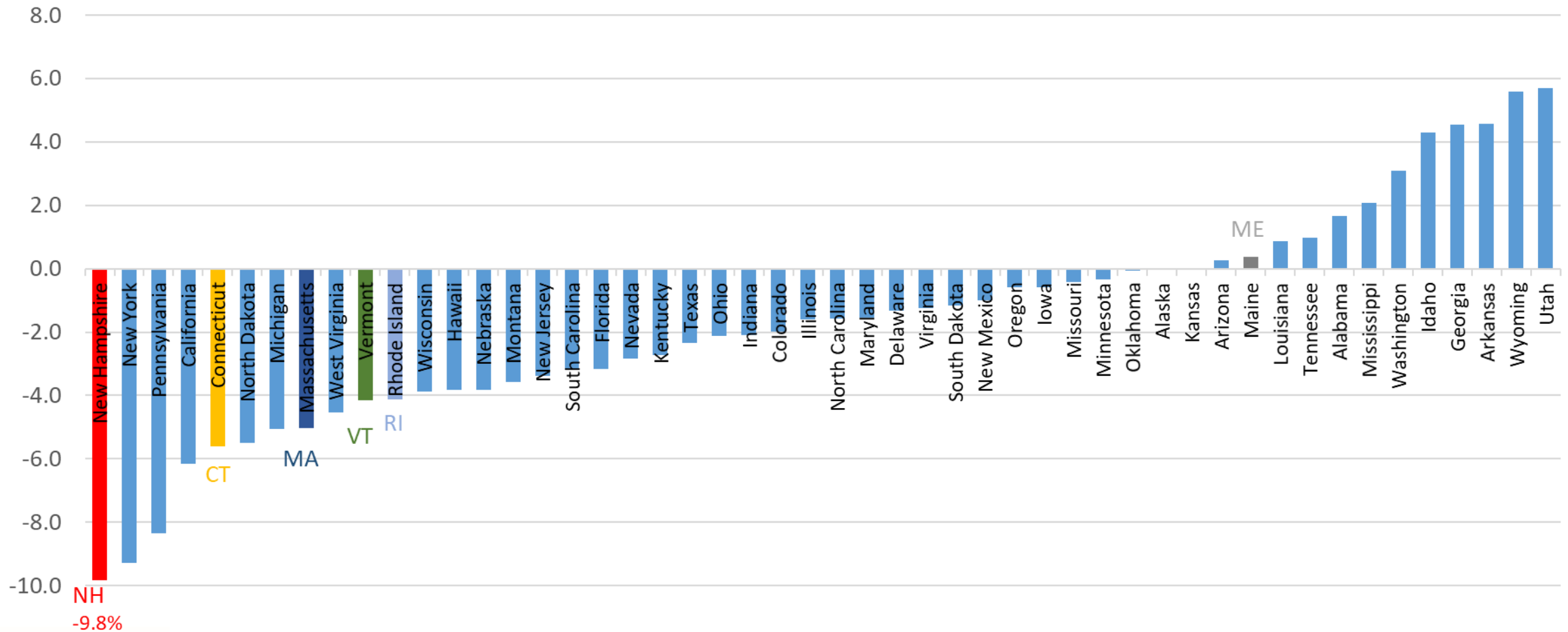
Hospitality Employment Losses are Similar Across New England, With More Tourism Dependent States Having Somewhat Greater Losses

Q3 2019 to Q3 2020 Pct. Change in Food Service and Accomodations Employment



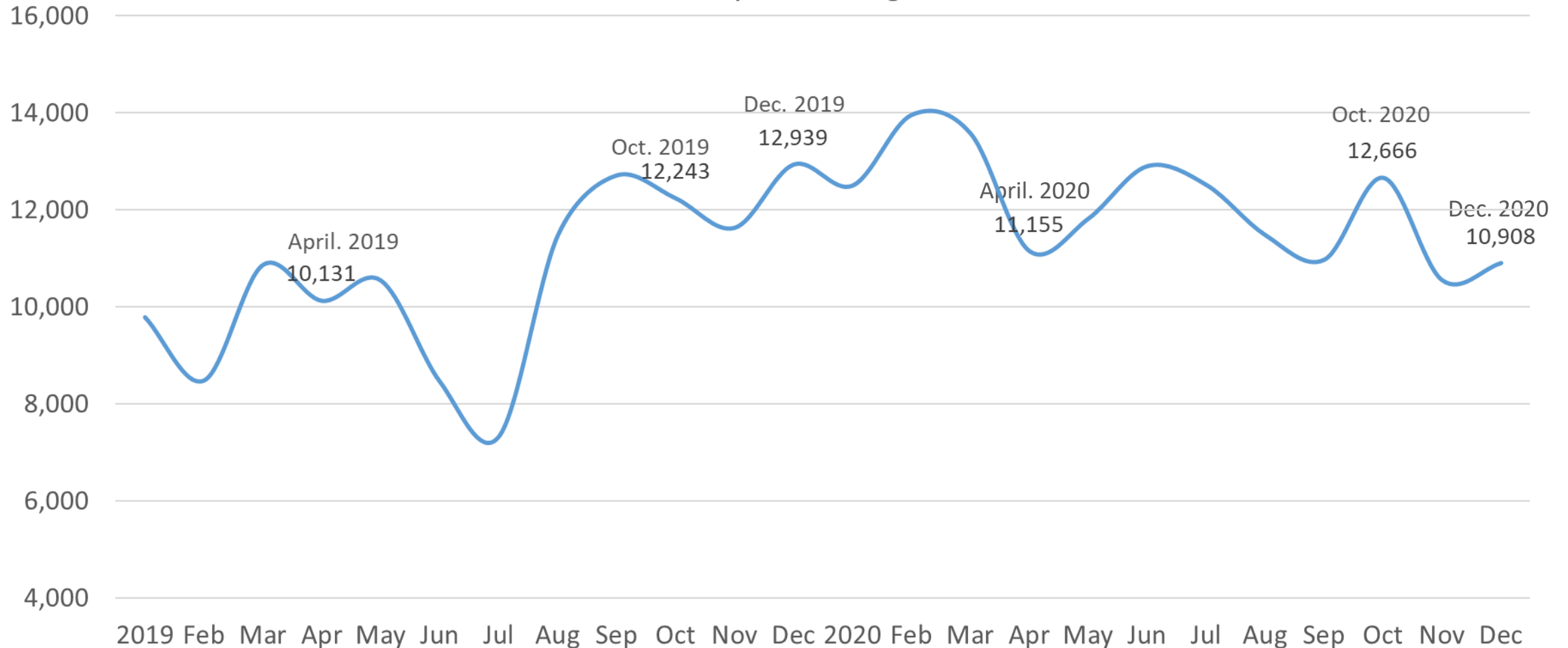
NH Has More Retail Emp. and Shopping is Also a Significant Tourism/Visitor Activity (Both Battered by the Pandemic)

November 2019 to November 2020 Pct. Change in Retail Employment



Jobs Have Been Available at Levels in Excess of 2019 Levels as the Pandemic Increased the Need to Replace Workers Leaving the Labor Force, but Typical Seasonal Hiring Was Lower This November and December

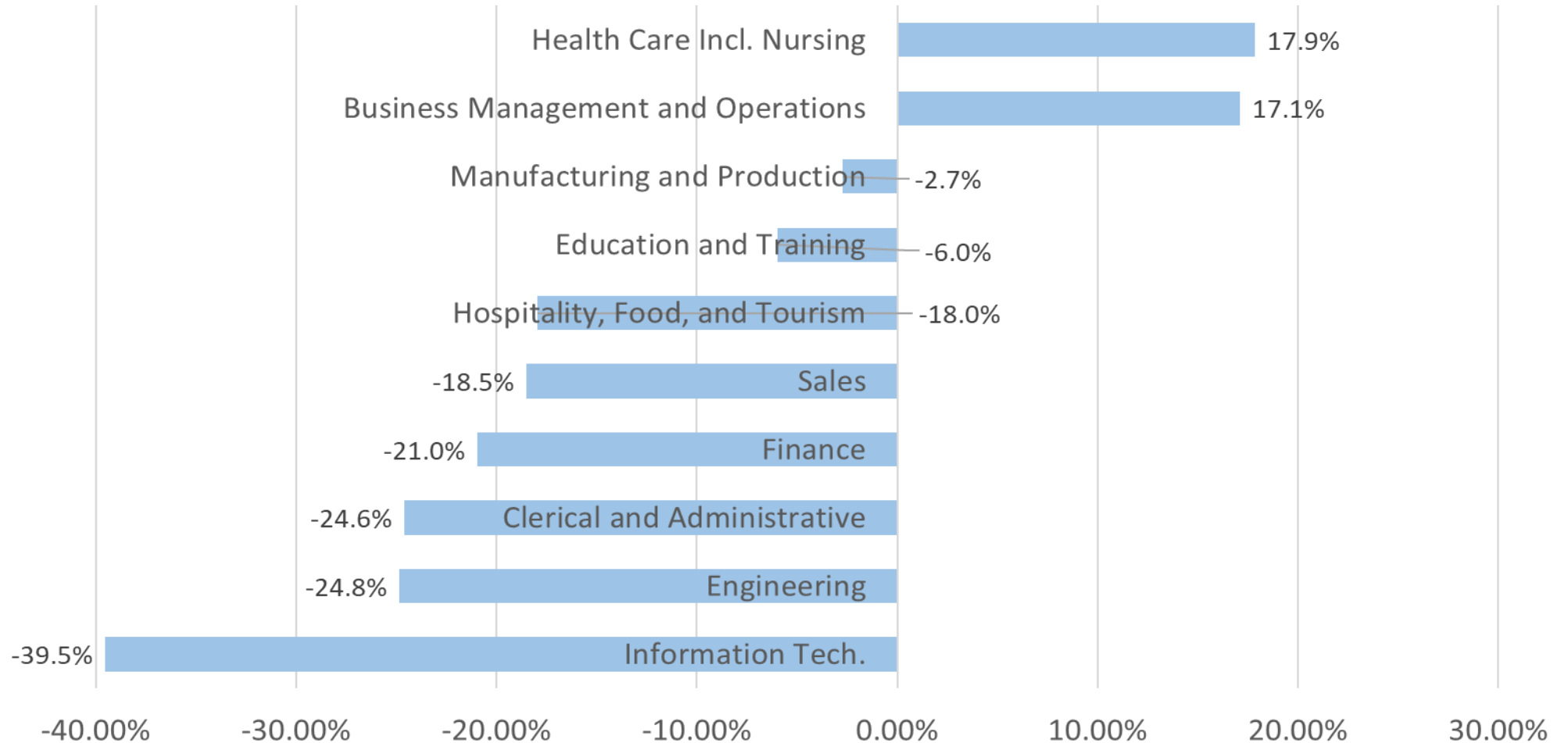
Total Monthly Job Postings in NH



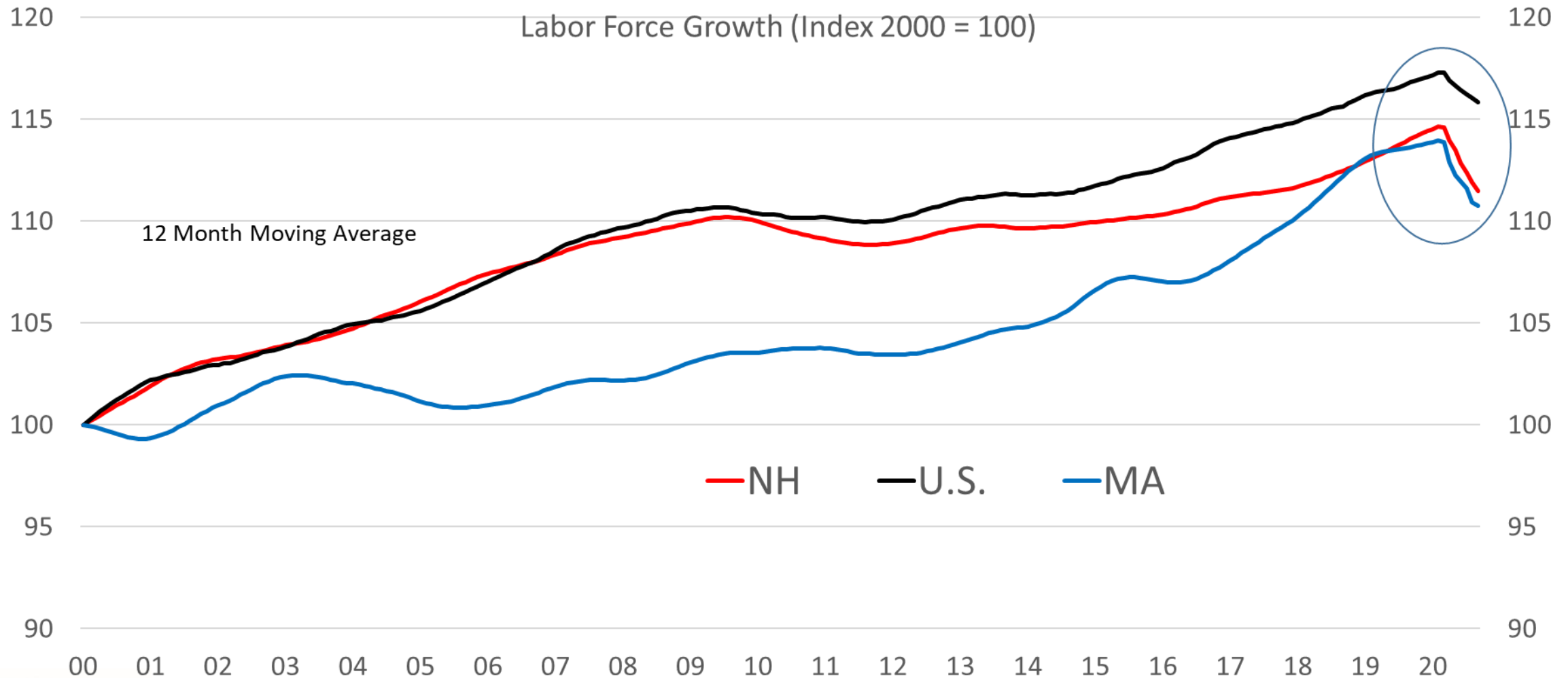
Early in the Pandemic Job Losses Were Concentrated in Several Industries but as Economic Weakness Has Continued, More Industries and Occupations Have Been Affected

(Difference in Most Recent Job Postings in NH for the Recent Three Months Compared to Same Period 2019 – Occupational Groupings with the Most Postings)

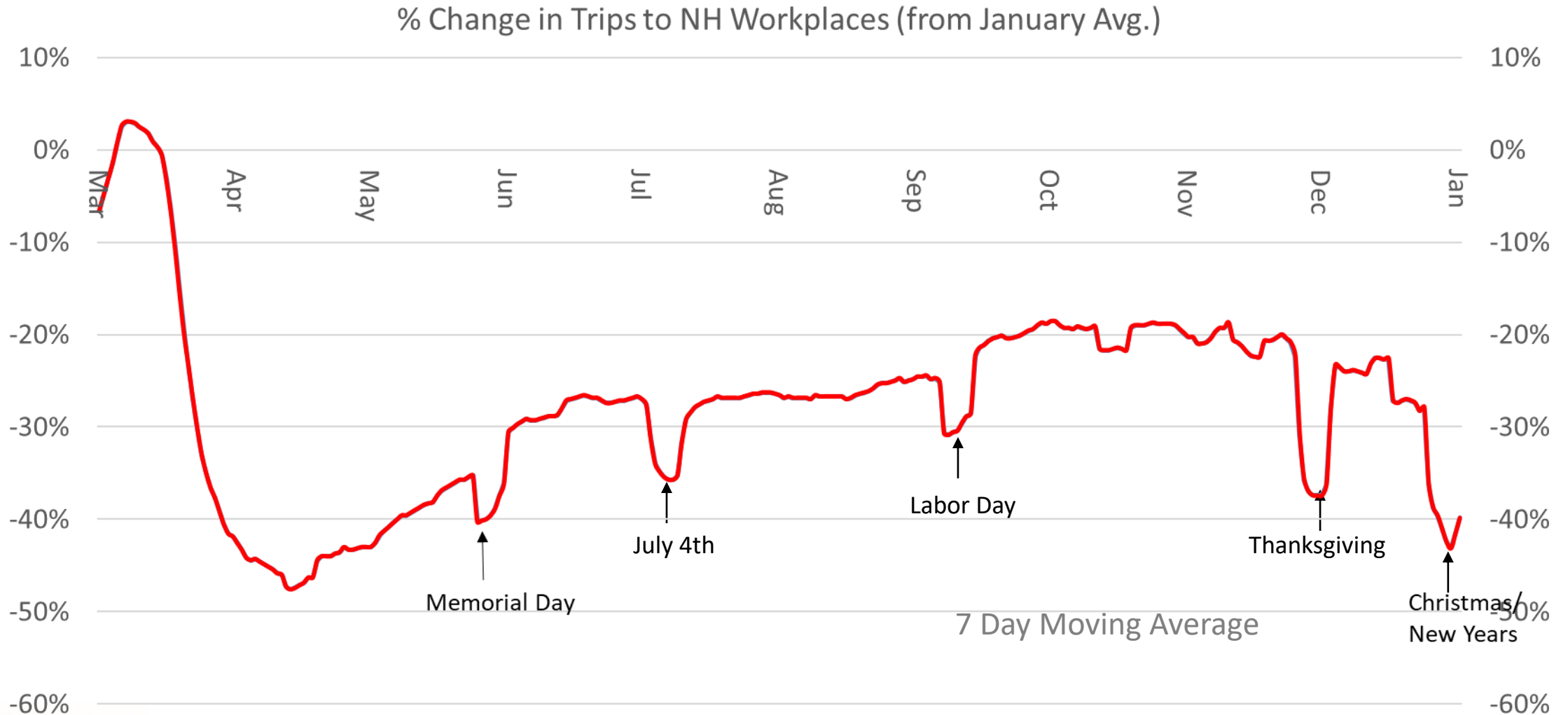
Change in Occupational Job Postings in NH Oct-Dec 2020 vs Oct-Dec 2019



One Reason There Have Been So Many Job Openings is NH's Labor Force. Like All States it Has Taken a Hit, Childcare and Health Concerns Affected Women and Older Workers Participation the Most - NH Has a High Percentage of Each in its Labor Force.

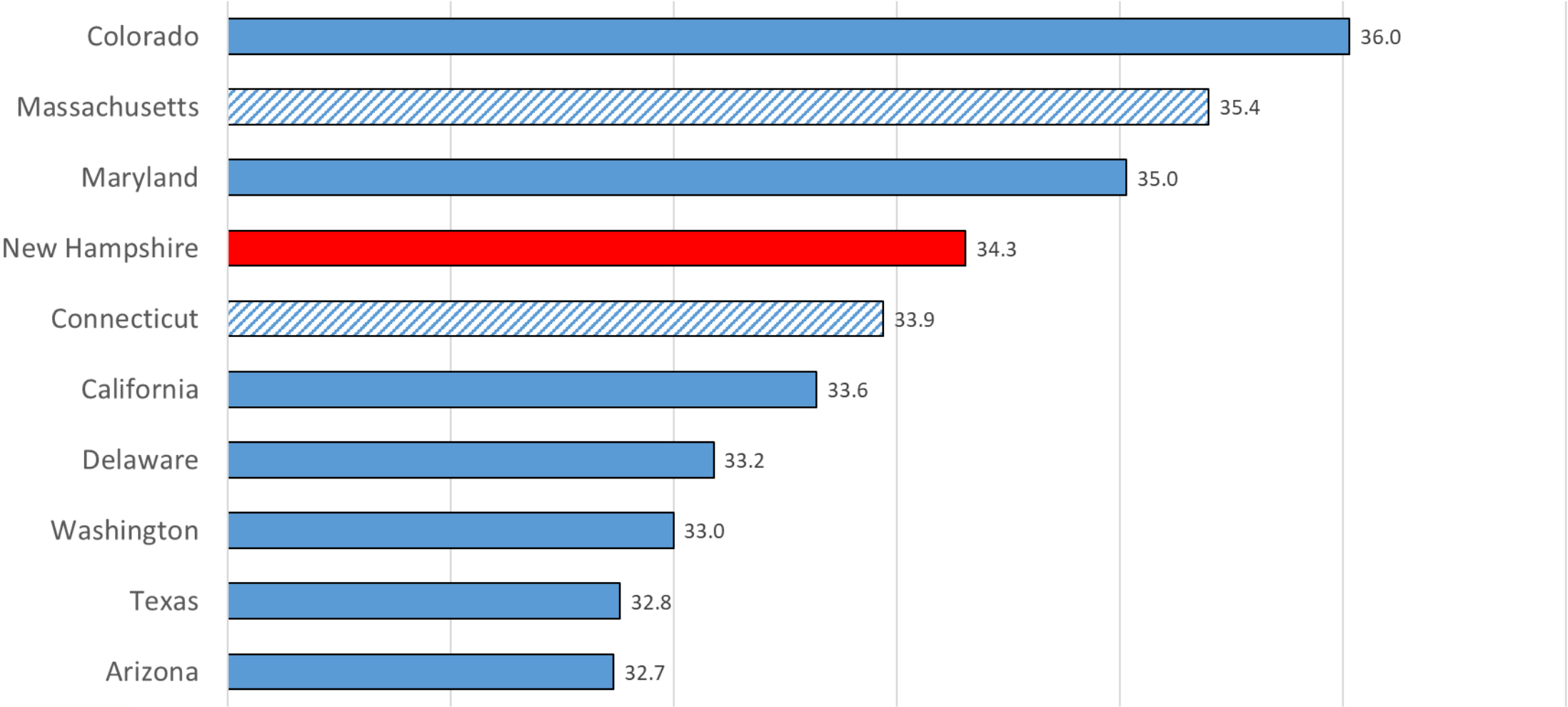


Daily Trips to Work in NH are Down and Will Not Return to Pre-Pandemic Levels as More Organizations Adapt to Telework

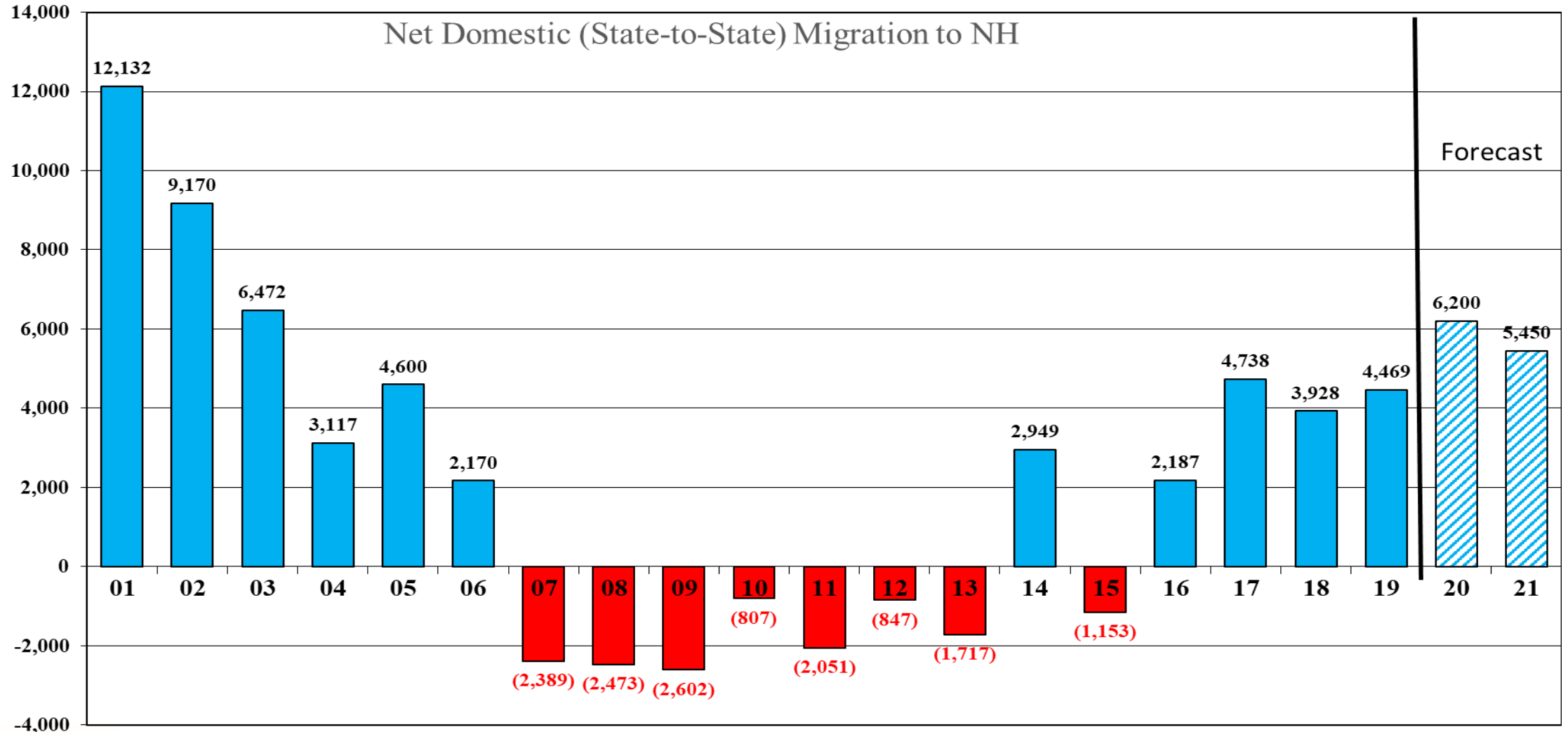


Separating Work From Place-of-Business (Teleworking) Will Help New Hampshire Address its Demographic and Labor Force Challenges

Percentage of Businesses That Have Increased Teleworking for Employees



The Pandemic is Providing a Boost to Net Domestic Migration as Individuals and Families Seek Lower Density From More Densely Populated Metro Areas in the Northeast – Telework Trends Help



It Will be the Second Half of 2021 Before NH and the U.S. Begin to See Substantial Job Gains and it Will be the Second Half of 2022 – Early 2023 Before NH Regains the Number of Jobs Lost in the Pandemic

Forecast of Total Non-Farm Job Growth

