

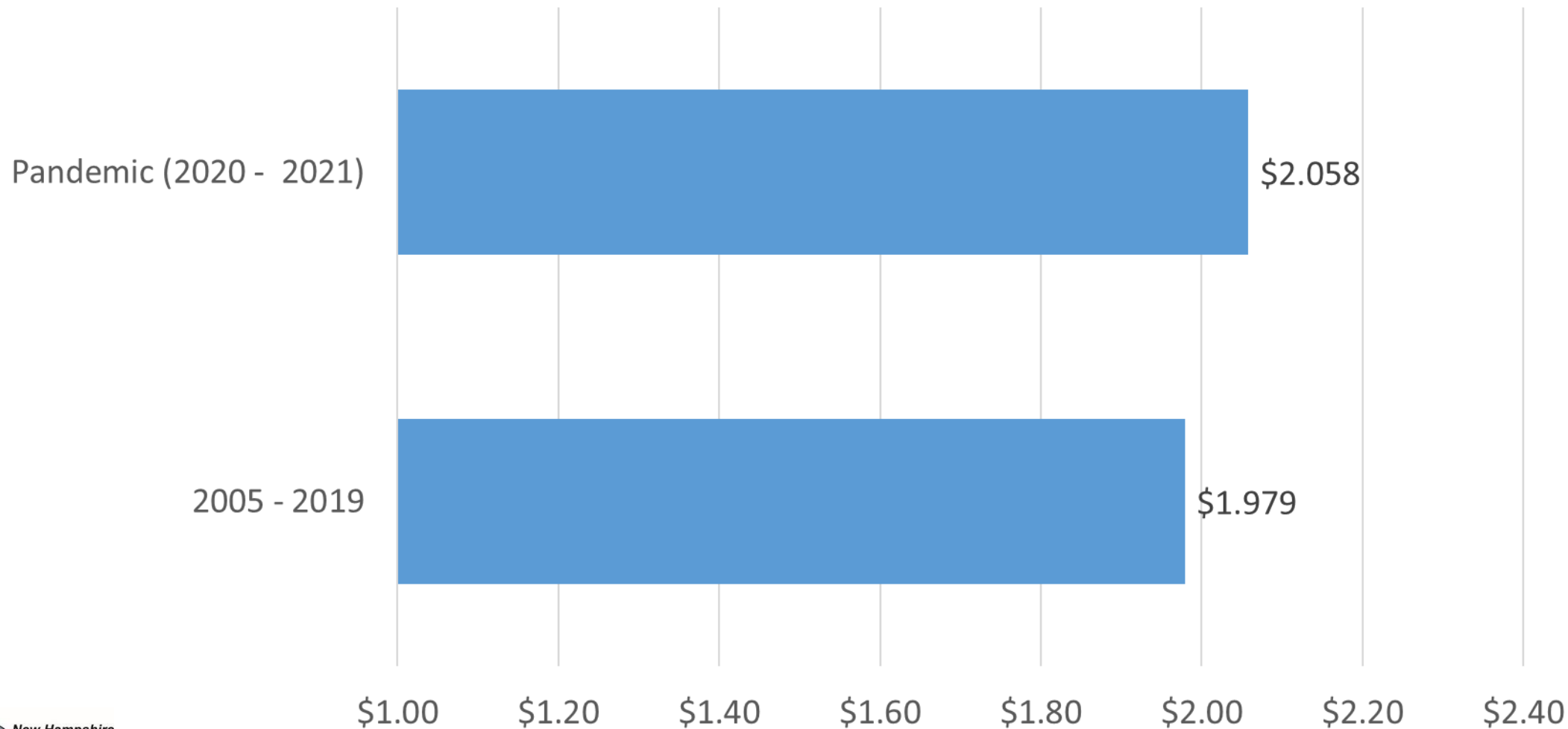
The State of the New Hampshire Labor Market and Economy in 2022 and Beyond

Joint House and Senate Economic Briefing
January 28, 2022

Richard Lavers, Deputy Commissioner, NH Dept. of Employment Security
Brian Gottlob, Director, NH Economic and Labor Market Information Bureau

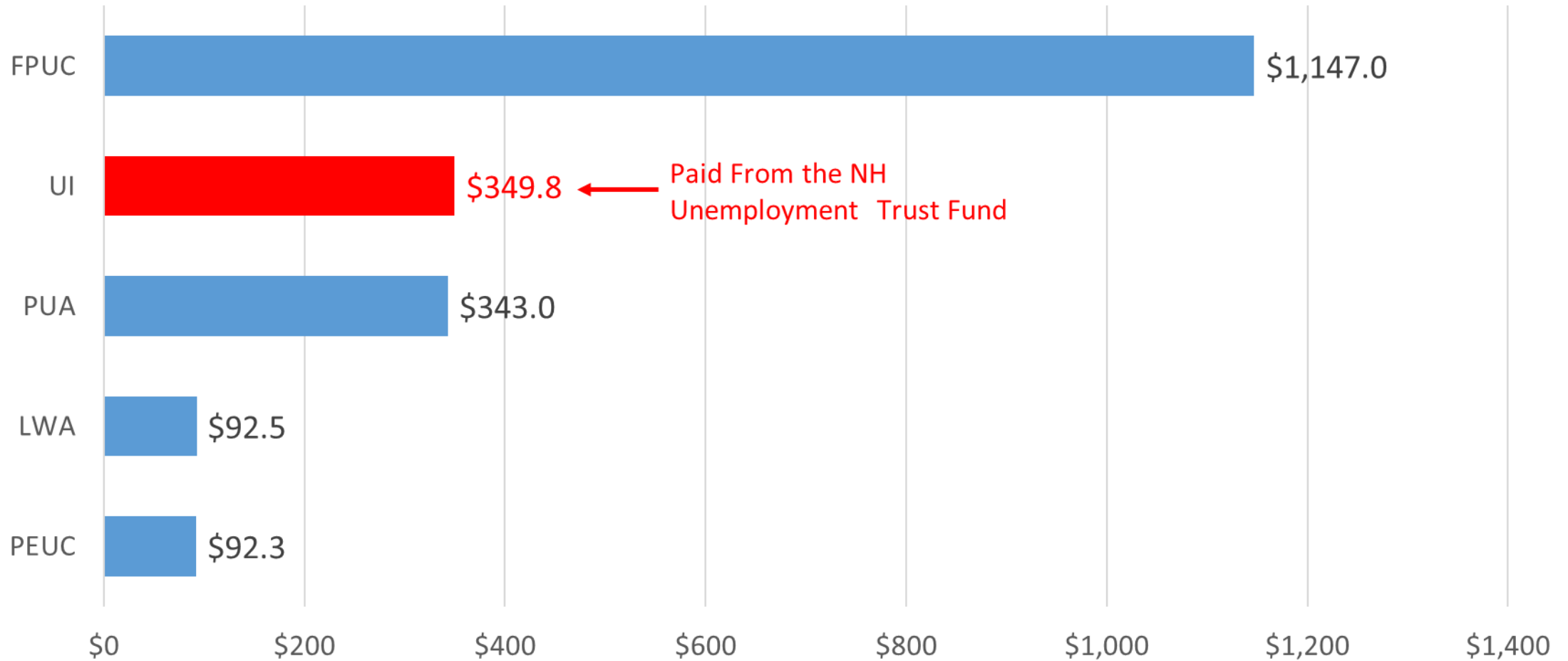
More Unemployment Benefits Have Been Paid During the Pandemic Than During the Entire 15 Years Prior

Total Unemployment Benefits Paid (\$ Billions)



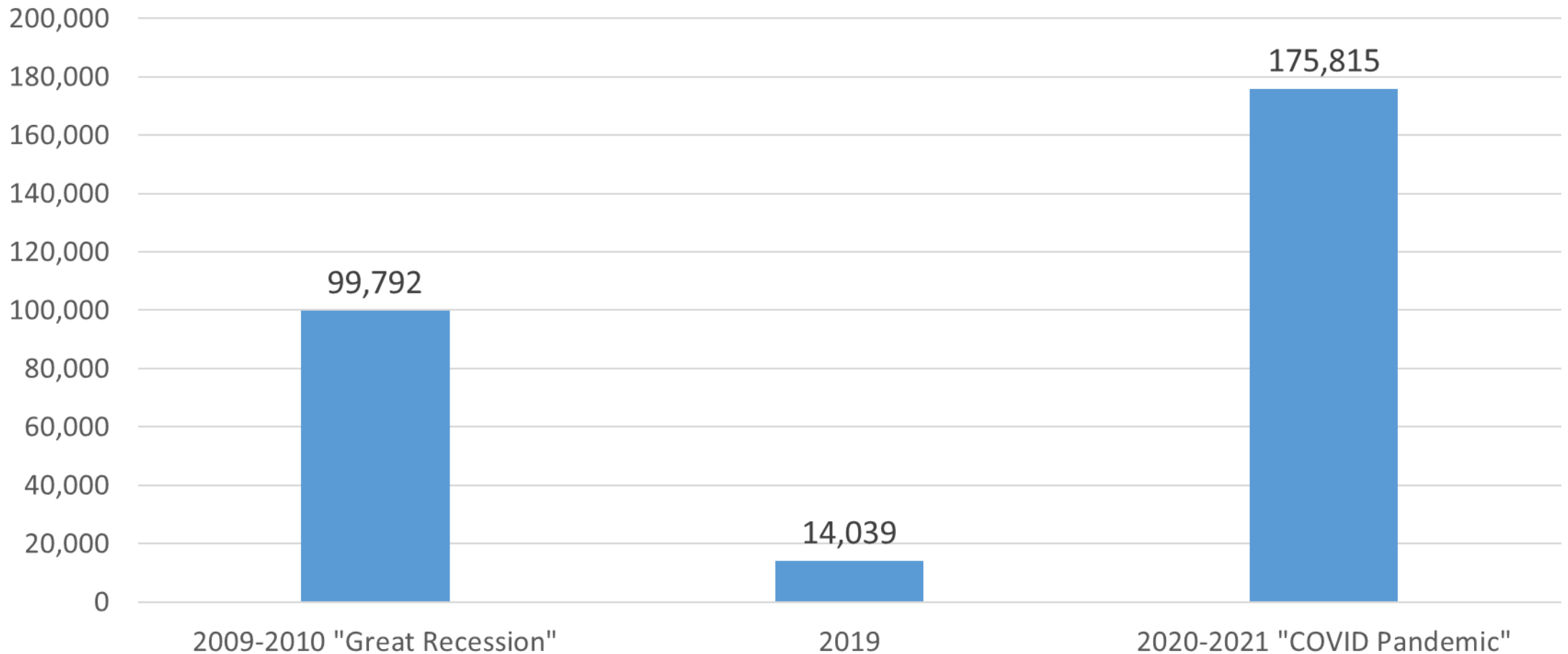
Of the \$2.05 Billion in Unemployment Benefits Paid, \$349.8 Million Have Come From the New Hampshire Unemployment Trust Fund

Unemployment Benefits Paid During the Pandemic - to Date (\$ Millions)



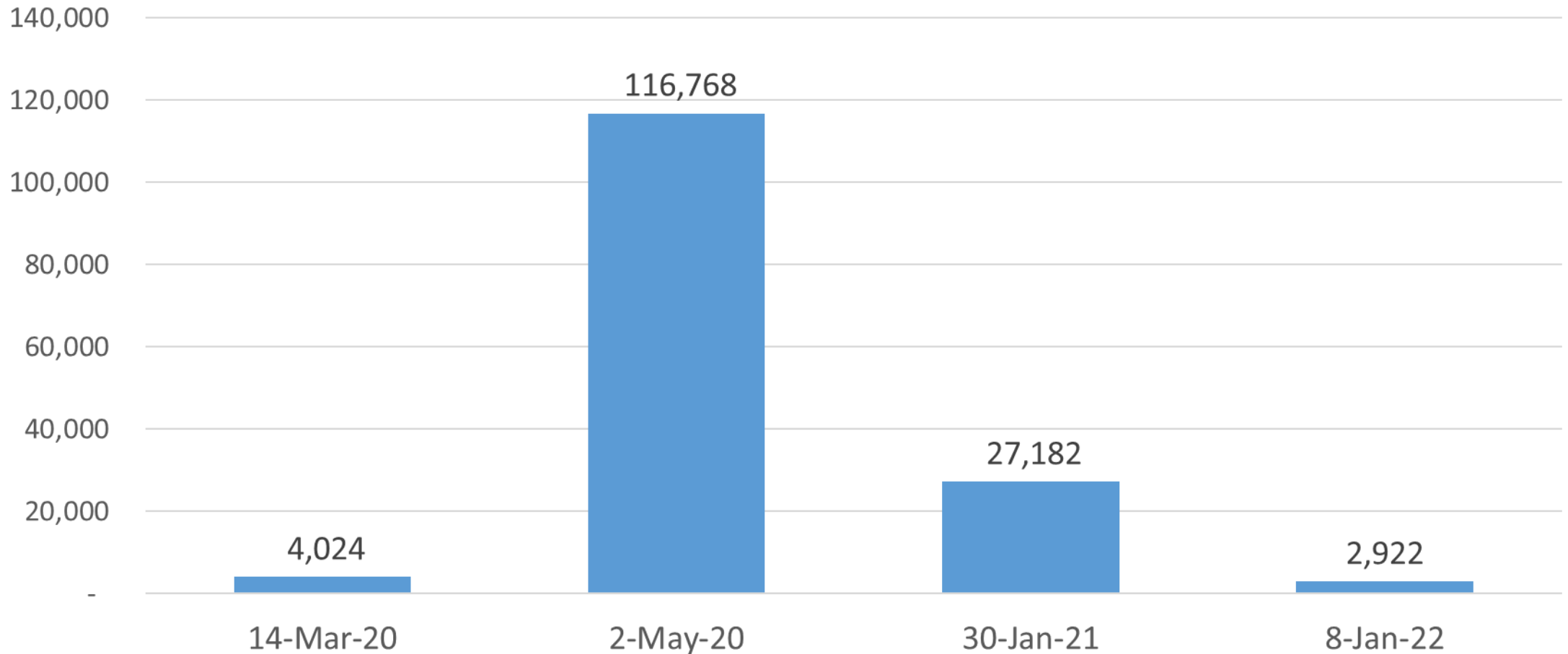
About 13% of New Hampshire's Labor Force Collected Unemployment Benefits at Some Point During the "Great Recession." Over 23% of the Labor Force Collected Benefits at Some Point During the COVID-19 Pandemic.

Total Number of Individuals Paid Unemployment Benefits

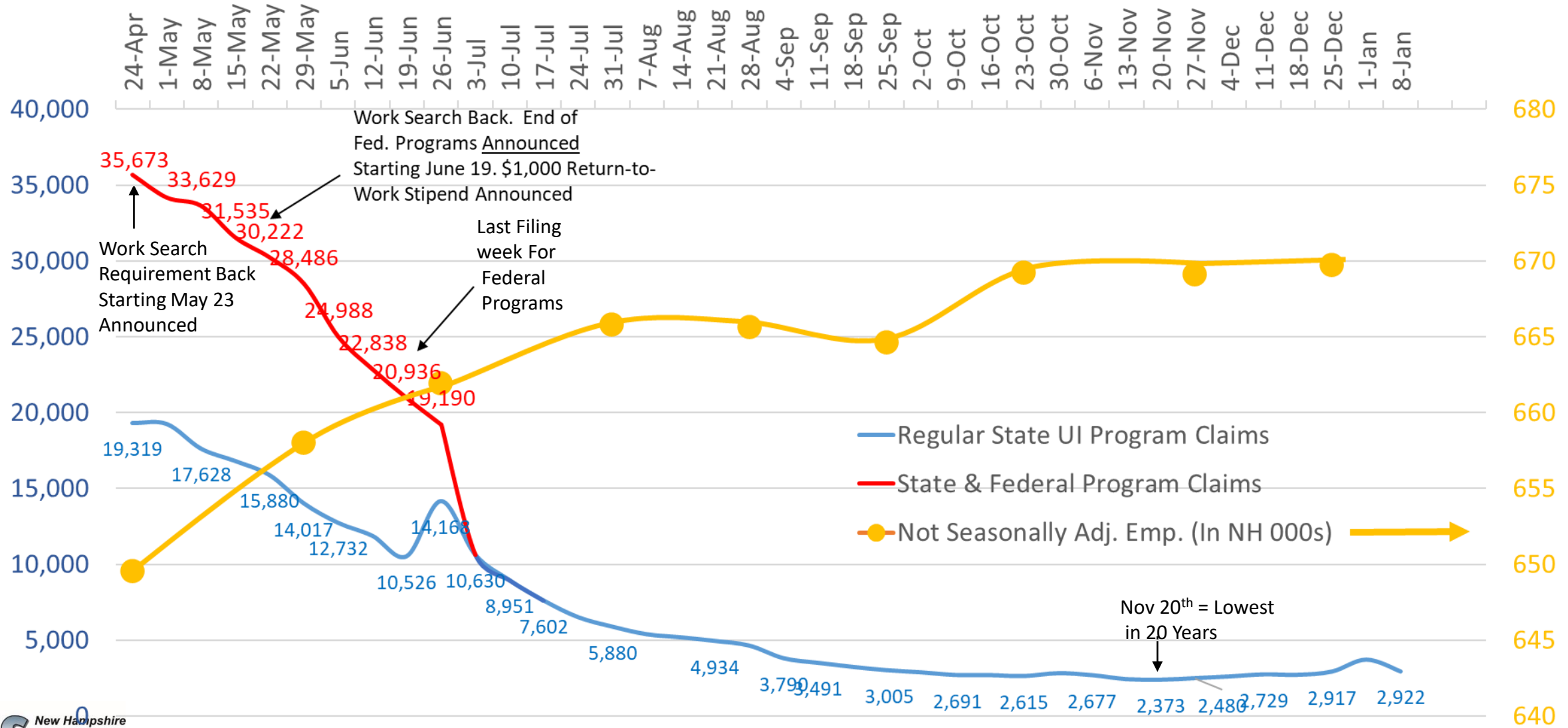


At Their Peak, Paid Benefit Claims Were Nearly 30 Times Pre-Pandemic Levels, Now They are Below Pre-Pandemic

Paid Claims For Weekly Unemployment Benefits

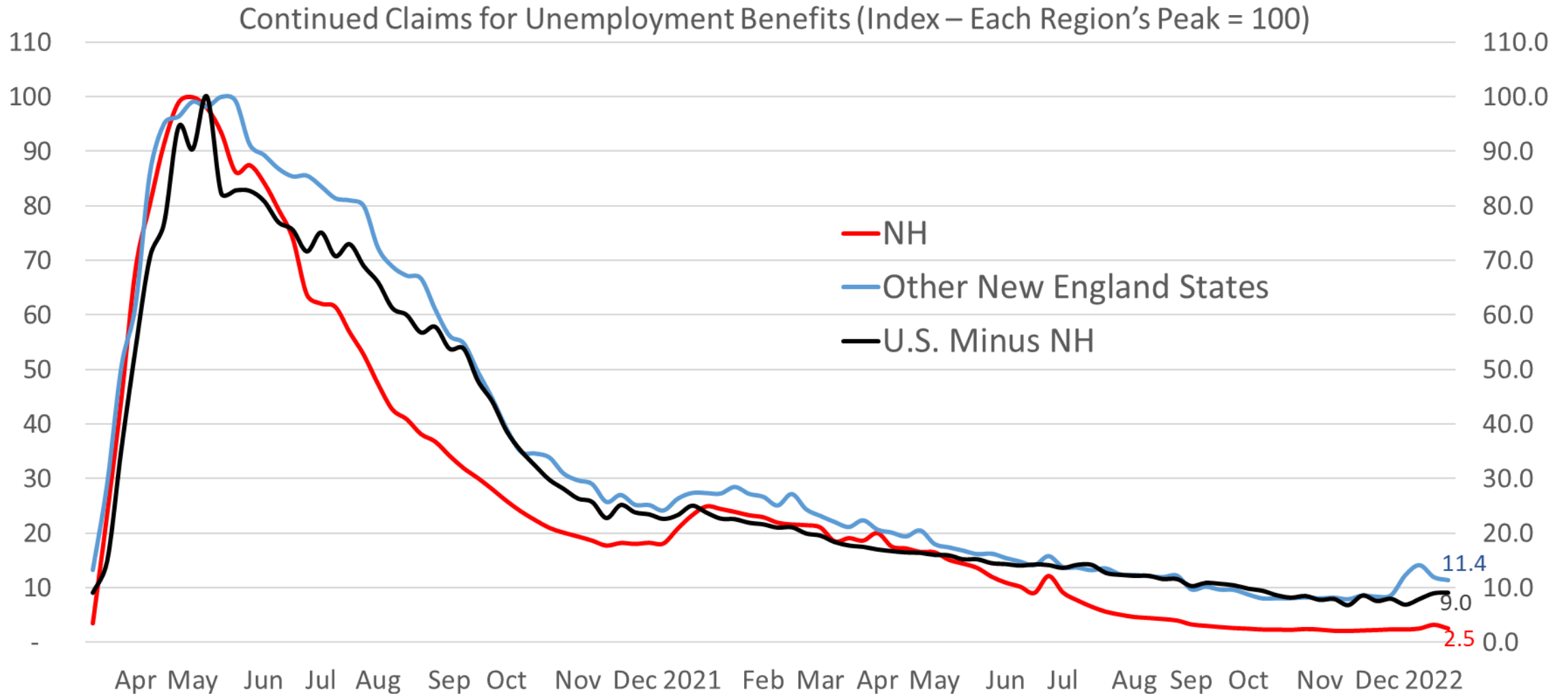


Continued Unemployment Claims Have Fallen Sharply (Regular State UI Claims are Down 70% Since Federal Benefits Ended in June)



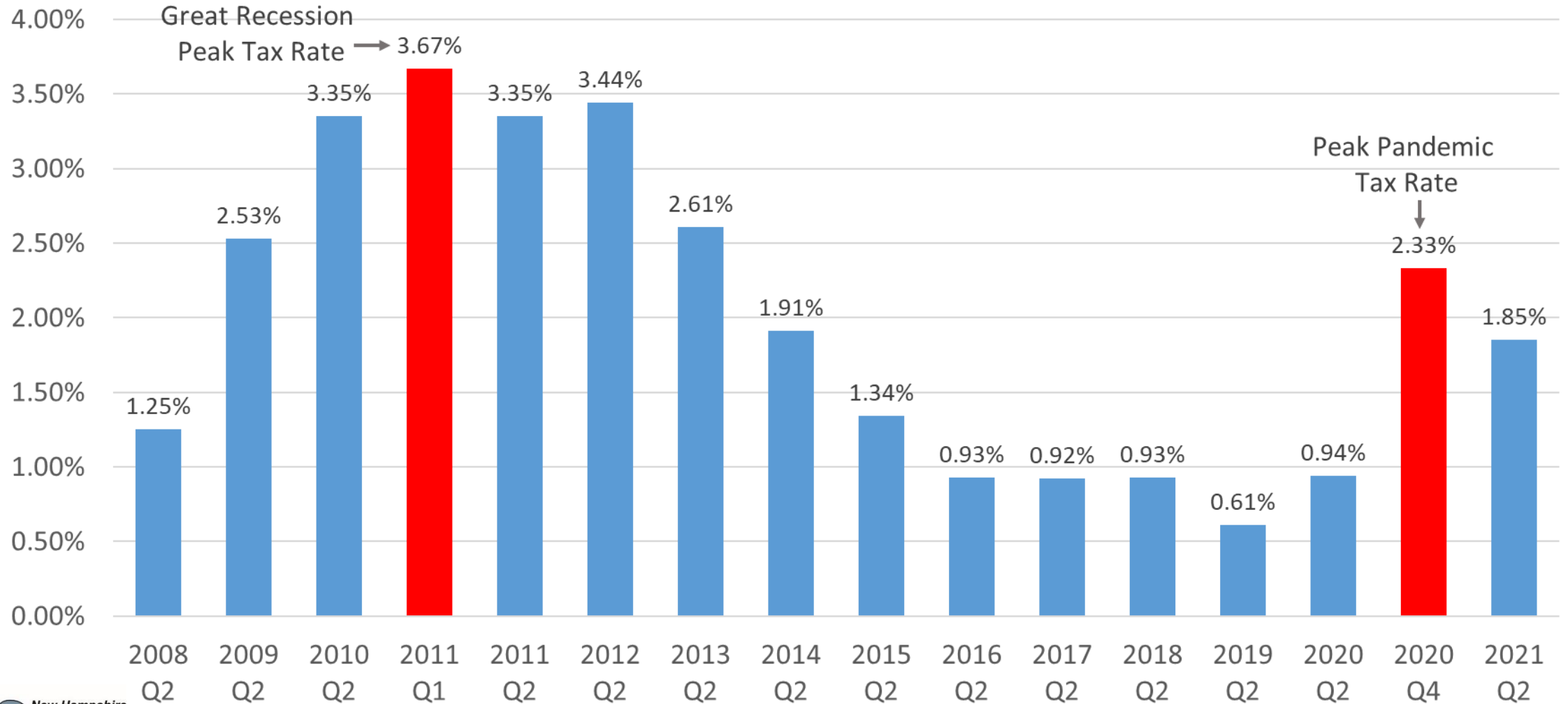
Source: NHES

Continued (Weekly) Claims for Unemployment Benefits Have Declined Faster and Further in New Hampshire



Despite an Unemployment Rate That Was Twice as High as During the “Great Recession,” UI Taxes on Employers Were Kept Well Below Great Recession Levels and the Trust Fund Remained Solvent

Unemployment Insurance Employer Tax Rates



Source: NHES

Our Trust Fund Forecasting Tool Allows for Quickly Modeling the Impact on the Fund of Changing Economic Conditions and Key Policies

Create a Forecast Scenario

(Make Selections in Yellow Dropdown Boxes)

Year	Qtr.	Trends In Quarterly Paid Continued Claims	Fund Balance Reduction Triggers (\$000s)	Taxable Wage Base? ##	Starting in What Year?	Starting in What Quarter	Infusion into the Trust Fund (\$000s)	Year of Infusion	Quarter of Infusion
2021	Q3	-35%	1st \$ 250,000,000	\$14,000	2021	1	\$0		
	Q4	-35%	2nd \$ 350,000,000						
2022	Q1	5%	3rd \$ 400,000,000						
	Q2	2%							
	Q3	0%							
	Q4	0%							
2023	Q1	3%							
	Q2	3%							
	Q3	3%							
	Q4	3%							
2024	Q1	5%							
	Q2	5%							
	Q3	5%							
	Q4	5%							

Forecast Date: 1/21/2022

Scenario Comments:

This scenario assumes continued claims for unemployment rise in the first quarter of 2022 as the Omicron variant surges. Claims then decline in the second quarter of 2022 and remain stable through Q4 2022, before gradually rising in 2023 and 2024. This Scenario assumes no CARES Act infusions.

See Forecast Results

Our Current Baseline Scenario Forecast

Scenario Results

Create a New Scenario

Print Scenario

Scenario Date

1/21/2022

Scenario Values

Trends In Quarterly Paid Continued Claims

2022	2023	2024
<u>Q1</u>	<u>Q1</u>	<u>Q1</u>
5%	3%	5%
<u>Q2</u>	<u>Q2</u>	<u>Q2</u>
2%	3%	5%
<u>Q3</u>	<u>Q3</u>	<u>Q3</u>
0%	3%	5%
<u>Q4</u>	<u>Q4</u>	<u>Q4</u>
0%	3%	5%

Fund Balance Reduction Triggers

\$250,000,000 \$350,000,000 \$400,000,000

Wage Base	Start Yr.	Start QTR.
\$14,000	2021	1

Fund Infusion	Year	Qtr.
\$0	0	0

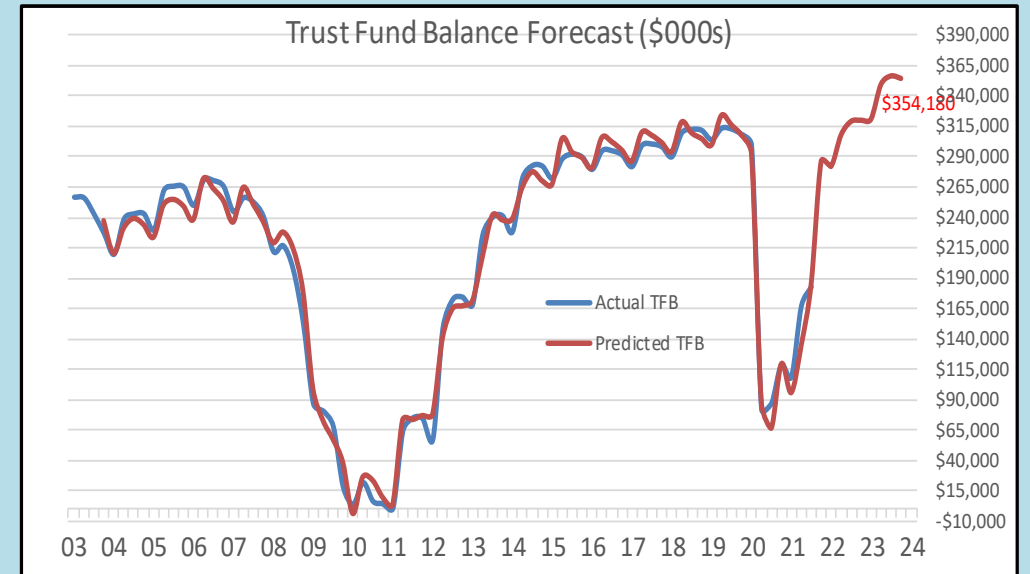
Year	QTR.	FBR	Balance
2022	1	0.0%	\$197,683,699
2022	2	0.0%	\$236,038,412
2022	3	0.0%	\$252,385,159
2022	4	0.0%	\$285,907,131
2023	1	0.5%	\$281,747,777
2023	2	0.5%	\$307,629,002
2023	3	0.5%	\$318,741,105
2023	4	0.5%	\$319,701,017
2024	1	0.5%	\$320,584,822
2024	2	0.5%	\$349,238,405
2024	3	0.5%	\$356,174,222
2024	4	0.5%	\$354,179,531

Avg. Paid Reg.

UI CCFs/Week
3,674
3,748
3,748
3,748
3,860
3,976
4,095
4,218
4,429
4,651
4,883
5,127

Compare Scenario With Baseline Forecast

Baseline Forecast:	\$354,179,531
Current Scenario Forecast:	\$354,179,531
Difference:	\$0

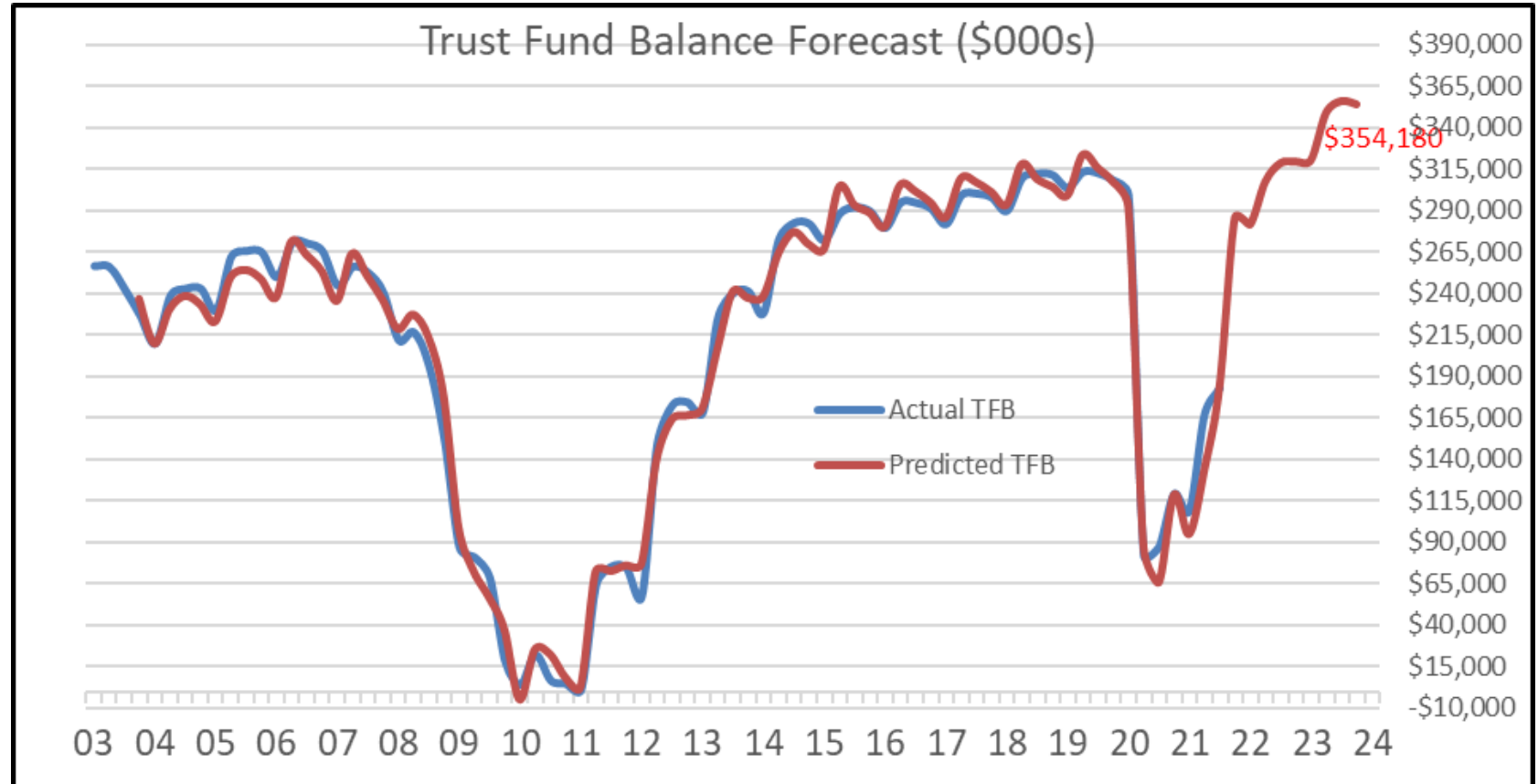


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Our Baseline Forecast Has a “Fund Balance Reduction” in Employer Tax Rates Kicking-In Q1 2023 and a Second in Q1 2025 (But Easily Could be Q4 2024)

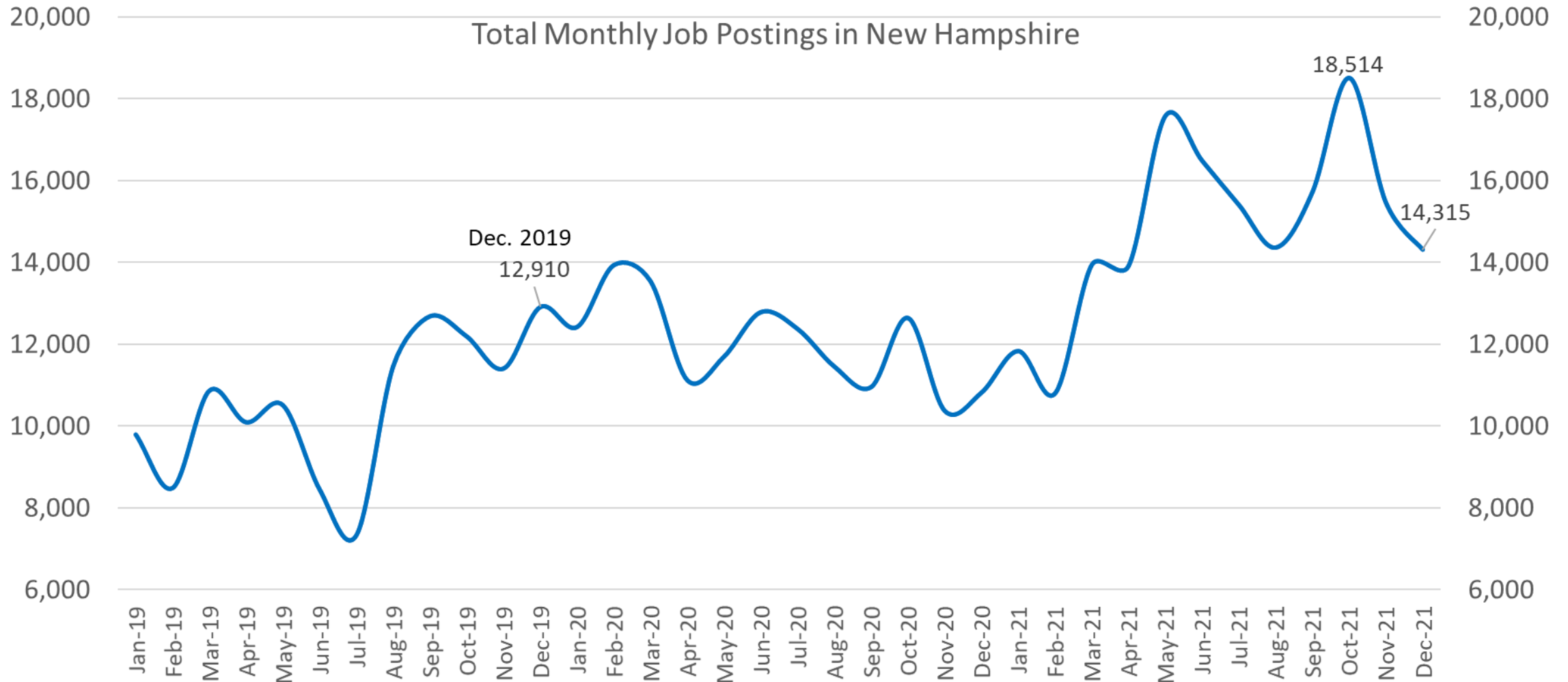
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The New Hampshire Labor Market: Key Themes

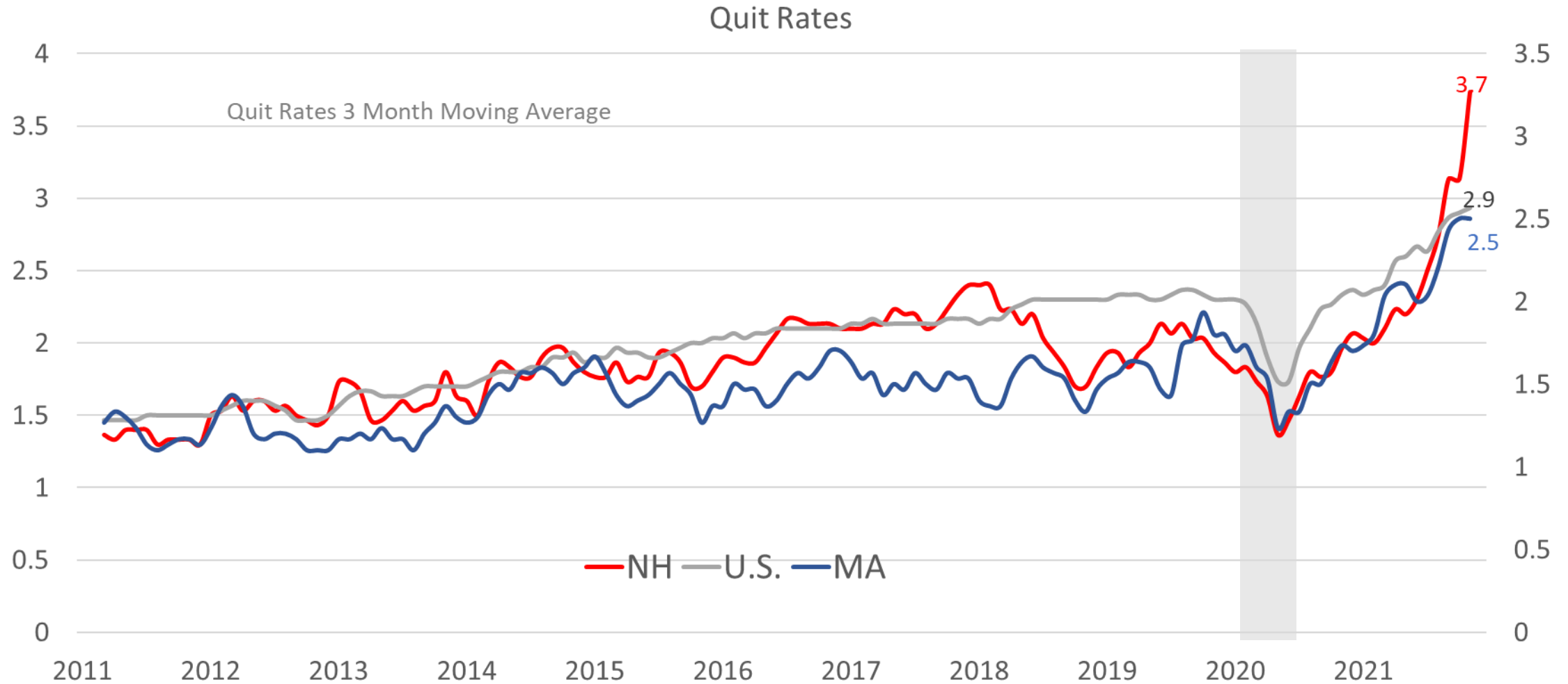
- Higher # of Job Openings Than Pre-Pandemic and Higher Percentage of Jobs That are Open Compared to the U.S. (Also Higher Quit Rates)
- Job Growth Accelerated in the State During the Second Half of 2021 but January Could Disappoint (Causing Undue Concerns Over a Faltering Labor Market)
- The U.S. Bureau of Labor Statistics Continues to Undercount New Hampshire Job Growth
- We Will Get Back to Pre-Pandemic Employment Levels Before the End of 2022
- The Omicron Variant is Exacerbating Labor Shortages and Temporarily Impeding the Economy's Recovery
- The Labor Force Remains Below Pre-Pandemic Levels and Will Likely Remain So...
- Making It More Critical Than Ever to Match Individuals With Occupations in Demand
- State-to-State Migration Trends are Helping to Ease NH's Demographic Challenges and Could Help With Labor Shortages but Housing Availability Will Constrain New Residents

Job Openings are at Record Highs – But Labor Force Participation Has Declined and Fewer are Available or Looking for Work

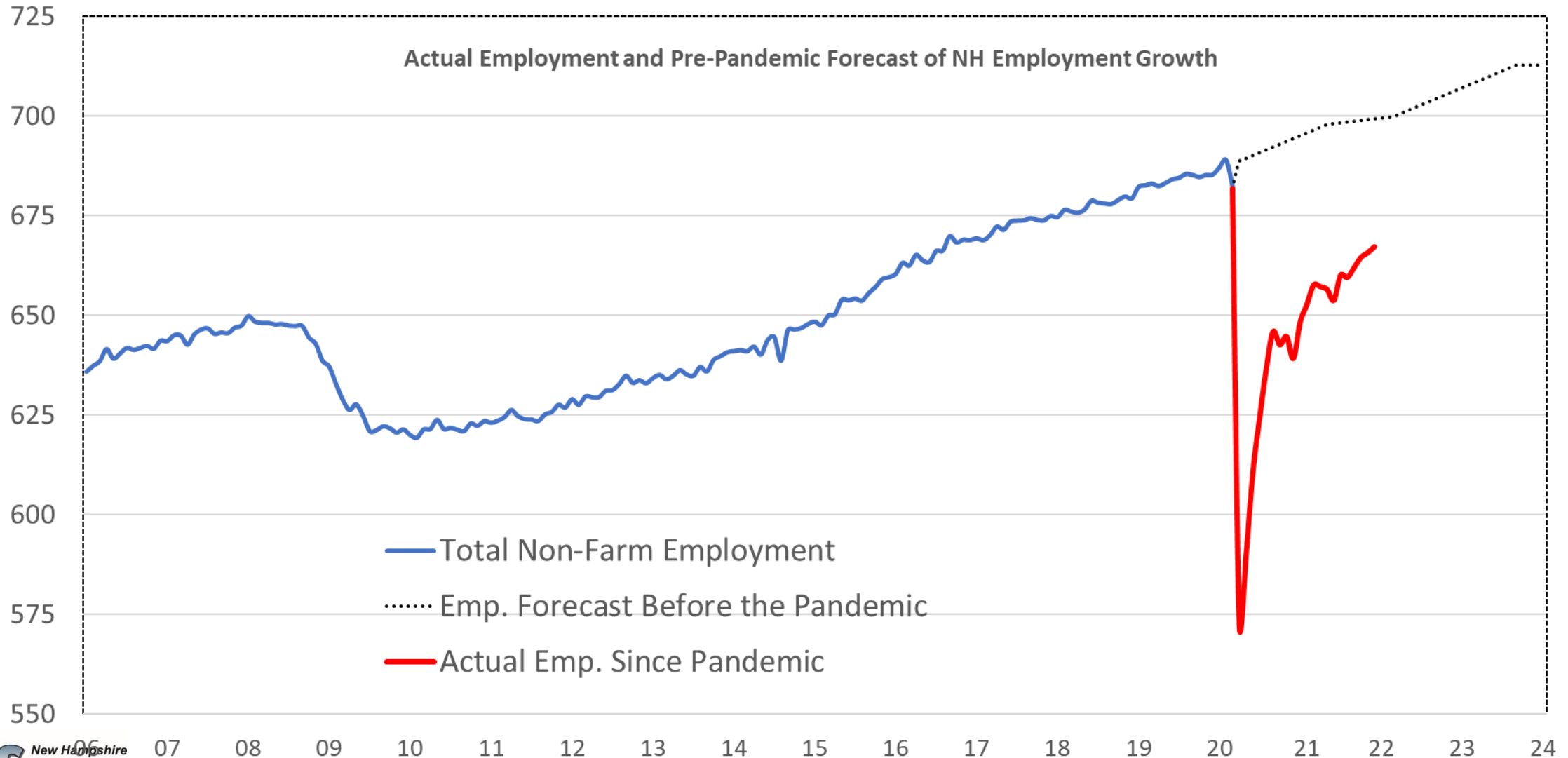


Source: ELMI, Burning Glass/EMSI

One Reason There are So Many Job Openings - “Quit Rates” Have Risen More and Faster in NH Than the U.S. Average Since the Pandemic

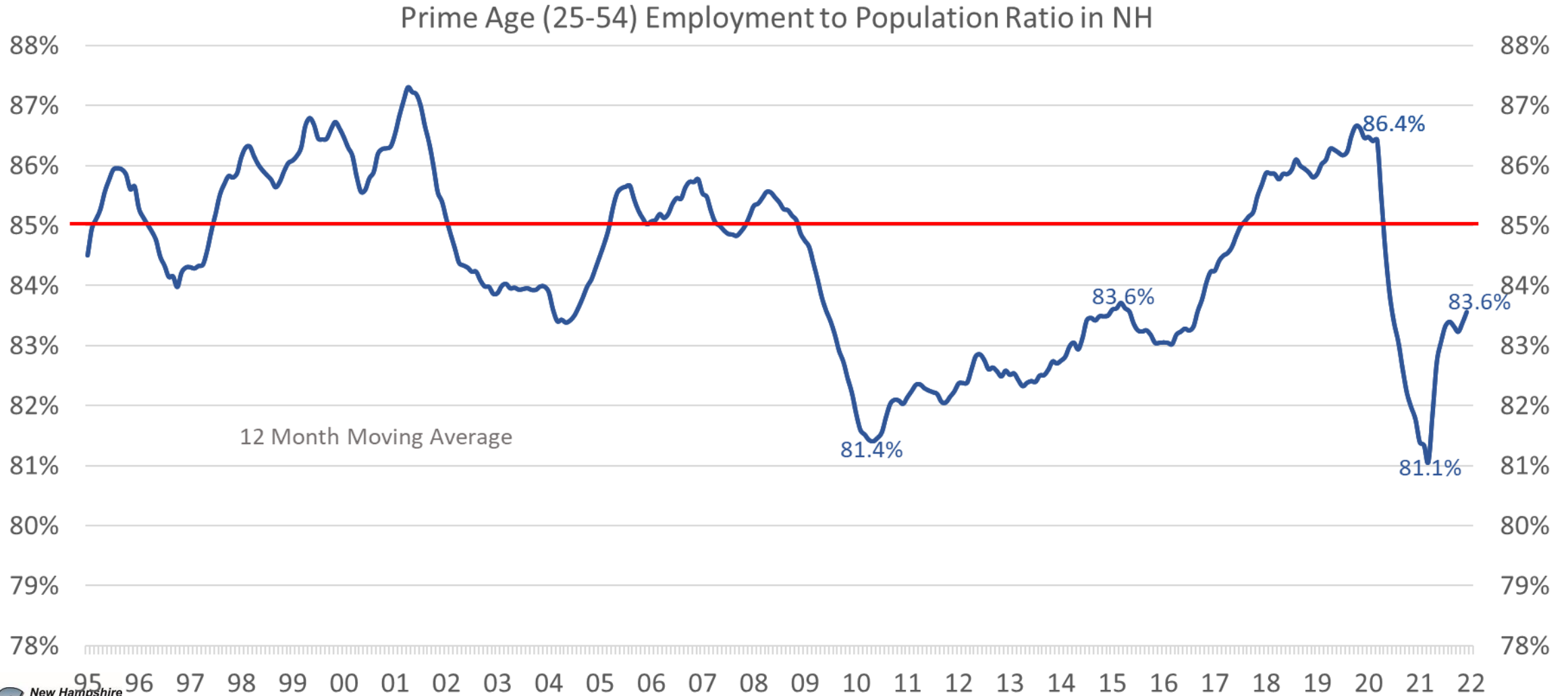


Although Undercounting of NH Employment Continues, We Continue to Believe NH is on Track to Recover Jobs Lost During the Pandemic Recession before the End of 2022. It Will Take An Additional Year to Return to Trend Growth



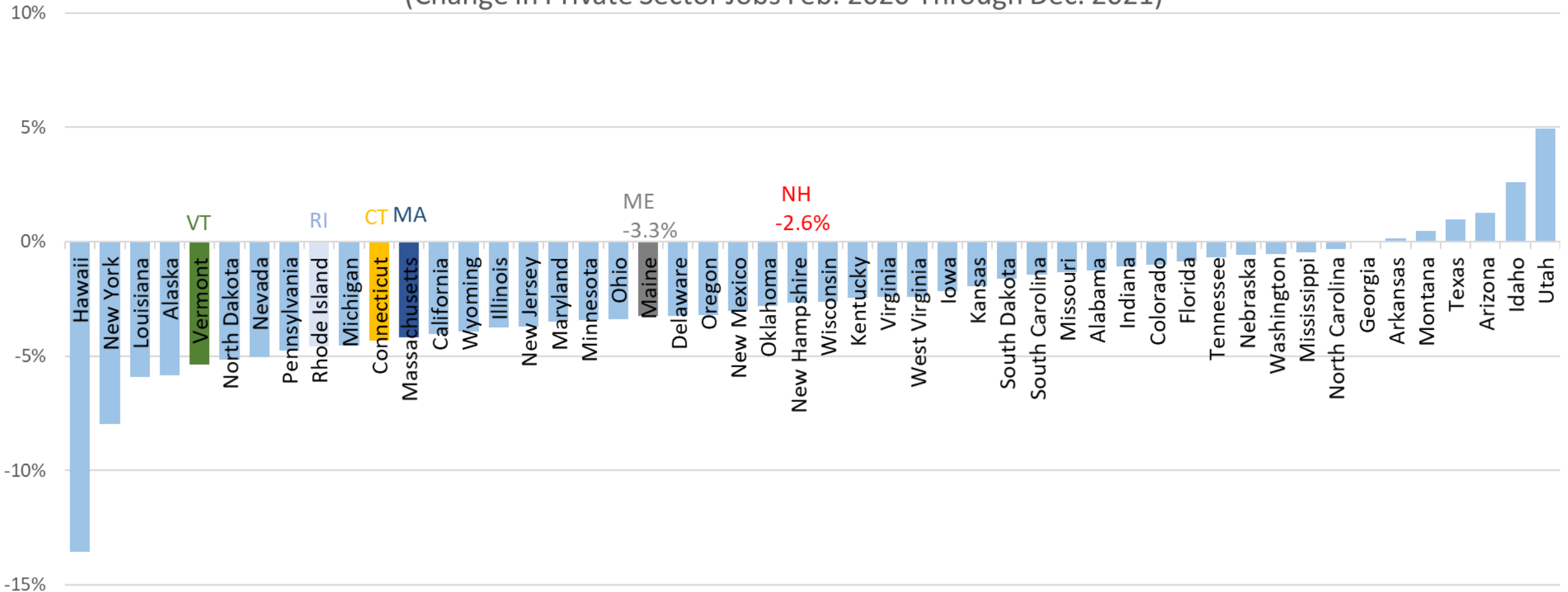
Source: U.S. Bureau of Labor Statistics, ELMi

The Best Measure of “Full Employment” in NH is the Employment to Population Ratio Among Individuals in the Prime Working Years (Ages 25-54) – it Remains About 1.4% Below What We View as Full Employment



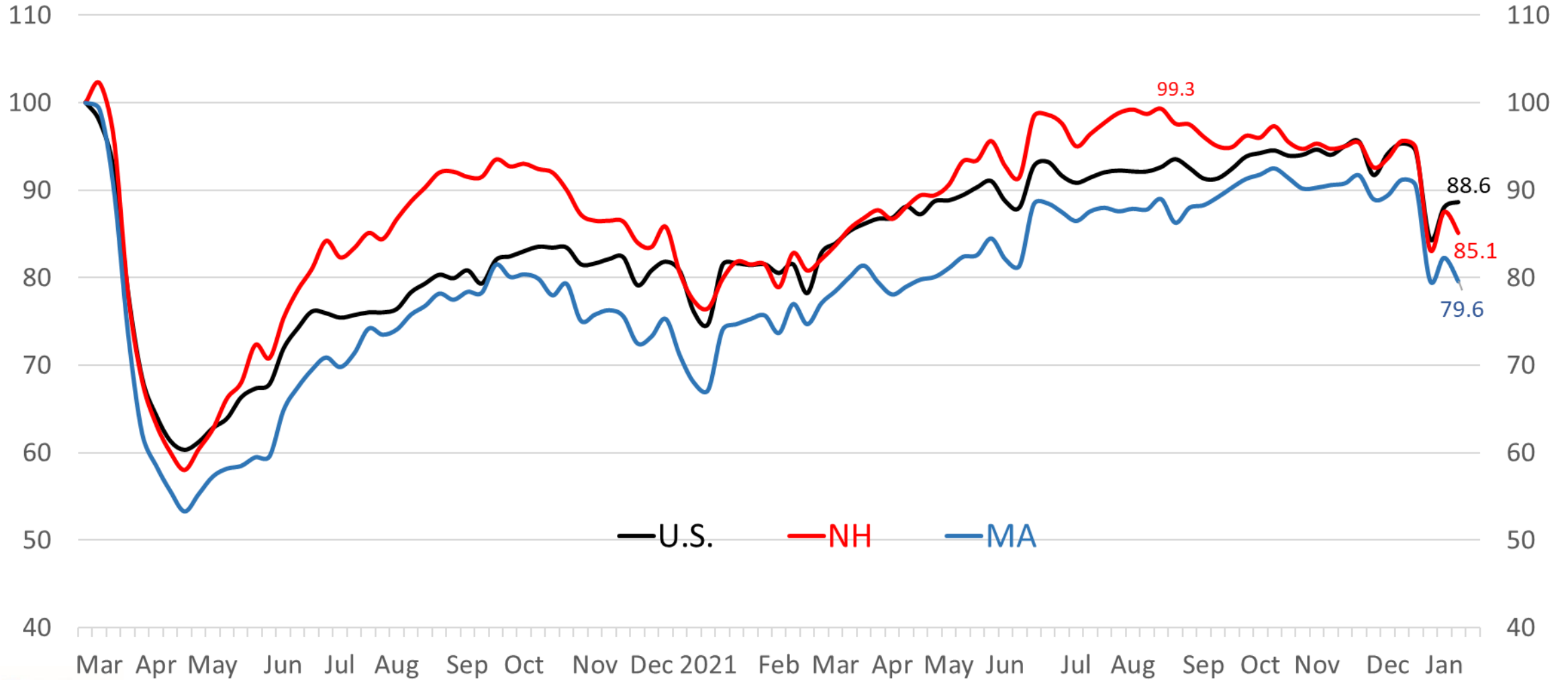
New Hampshire is Closer Than any State in New England or the Northeast to Recovering all the Private Sector Jobs it Lost Since the Pandemic

How Close Each State is to Recovering its Pre-Covid Level of Private Sector Jobs
(Change in Private Sector Jobs Feb. 2020 Through Dec. 2021)

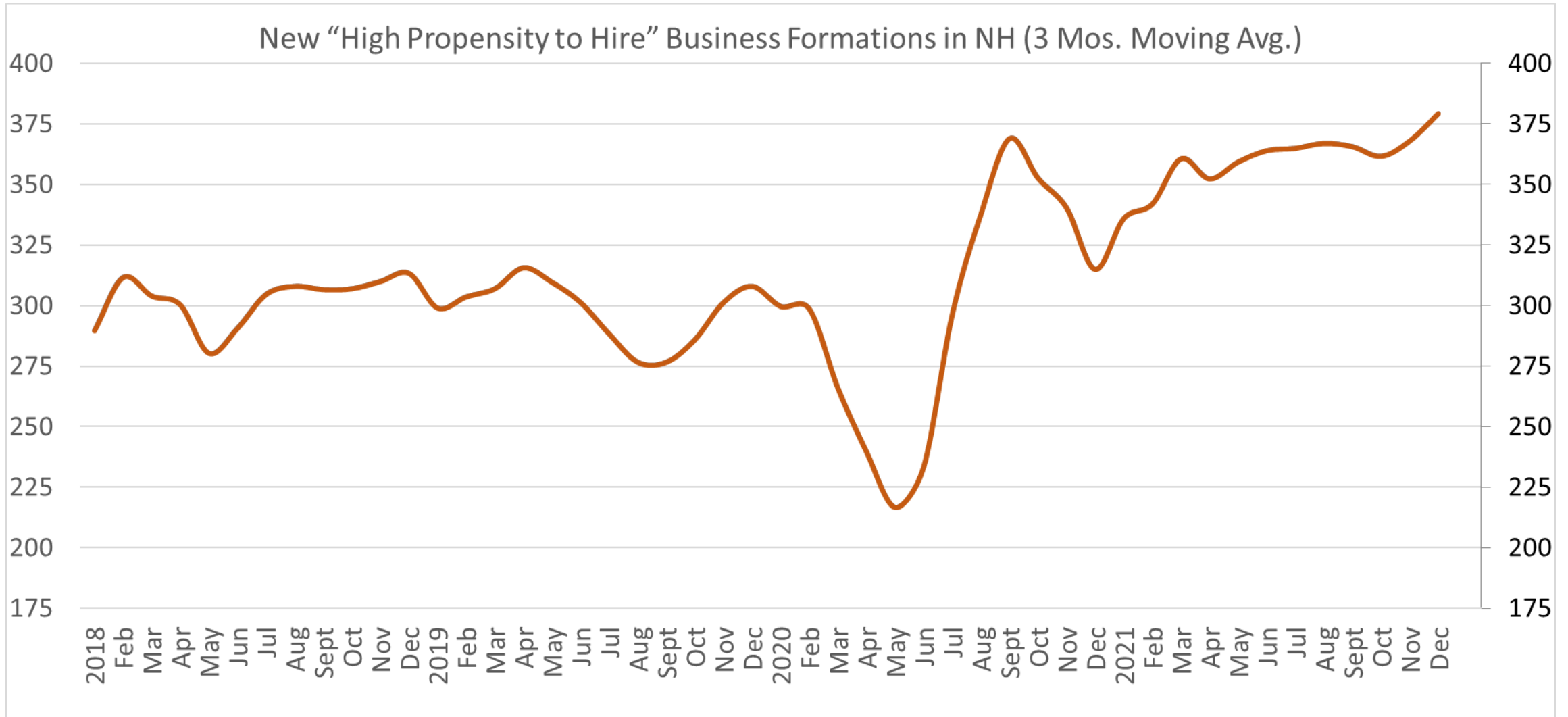


The Omicron Variant is Setting the State's and the Country's Recovery Back

Moody's Analytics/CNN Business "Back to Normal" Index

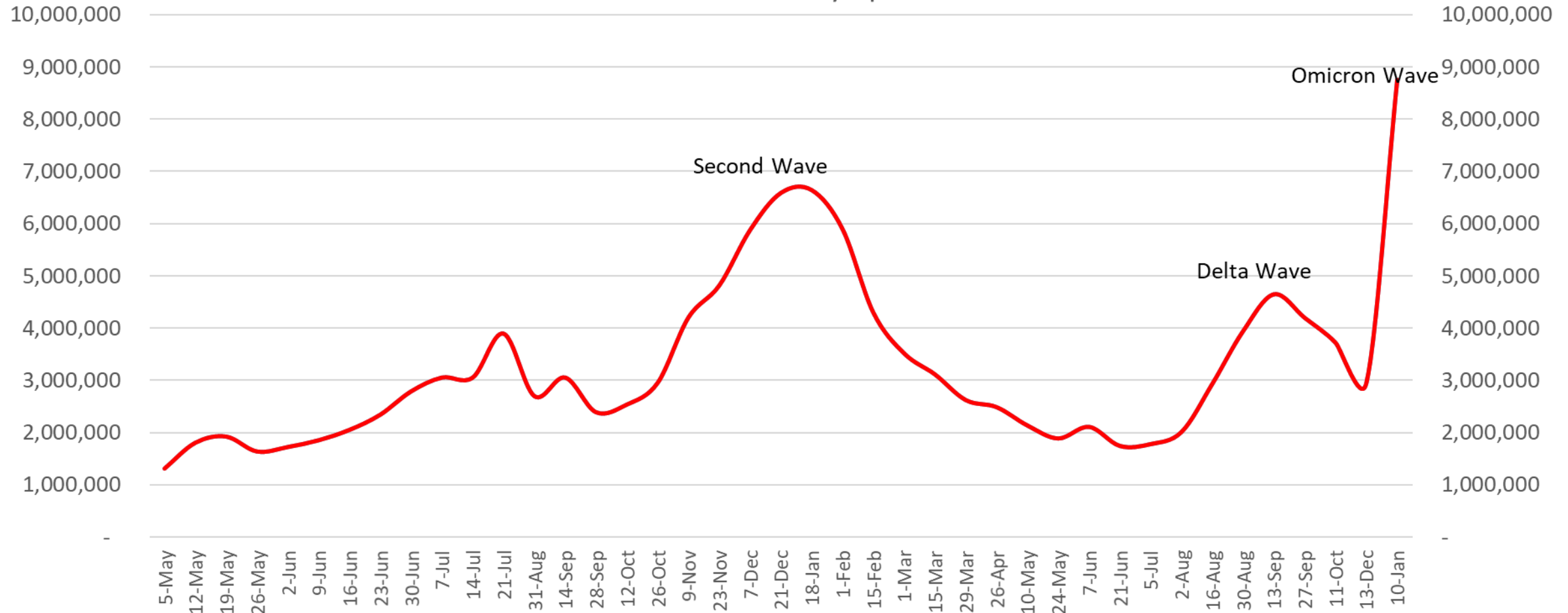


One Reason for the Undercount: New Business Formations Continue to Surge, It Takes 6-12 Months Before Their Hiring is Included in the Monthly Surveys That are the Basis for Employment Estimates



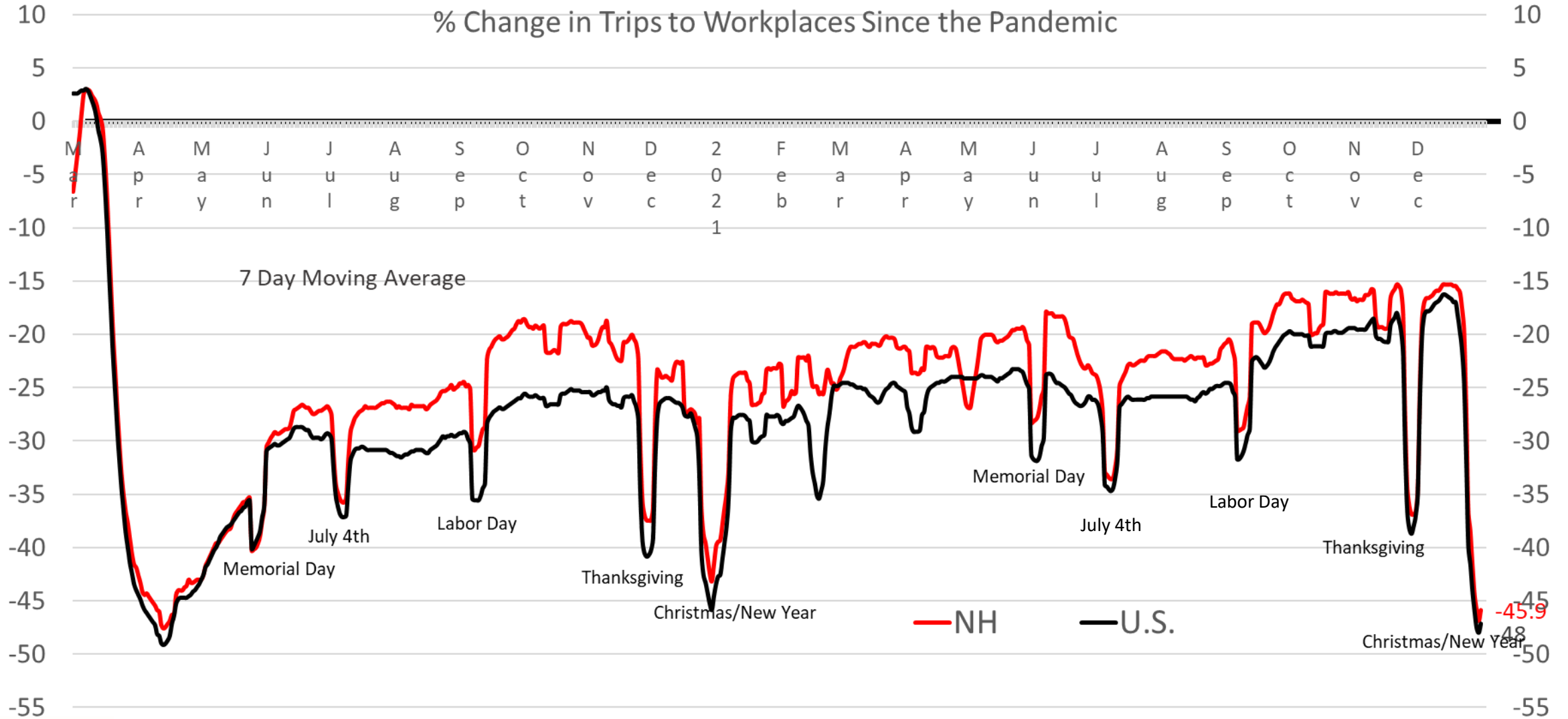
There is a Negative Correlation Between Job Growth and the # of People Who Say They are Not Working Because of Illness. The Omicron Variant is Dramatically Increasing Staffing Woes and January Employment Growth Numbers Nationally Could be Negative.

of Individuals Nationally That Did Not Work Because "I was caring for someone or sick myself with coronavirus symptoms"



Source: U.S. Census Bureau "Household Pulse Survey," ELMI

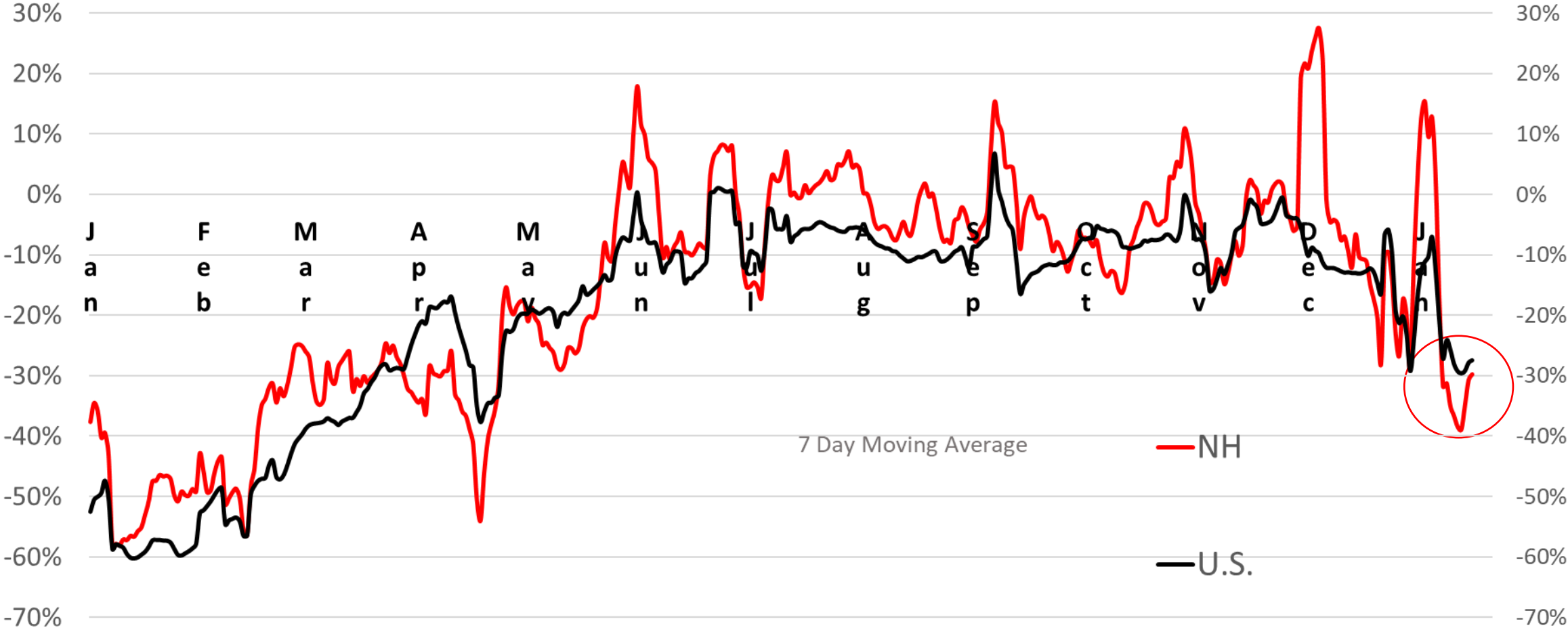
Daily Trips to Workplaces are Closer to Pre-Pandemic Levels Have Taken a Hit With Omicron



Source: Google Community Mobility Reports, ELMI

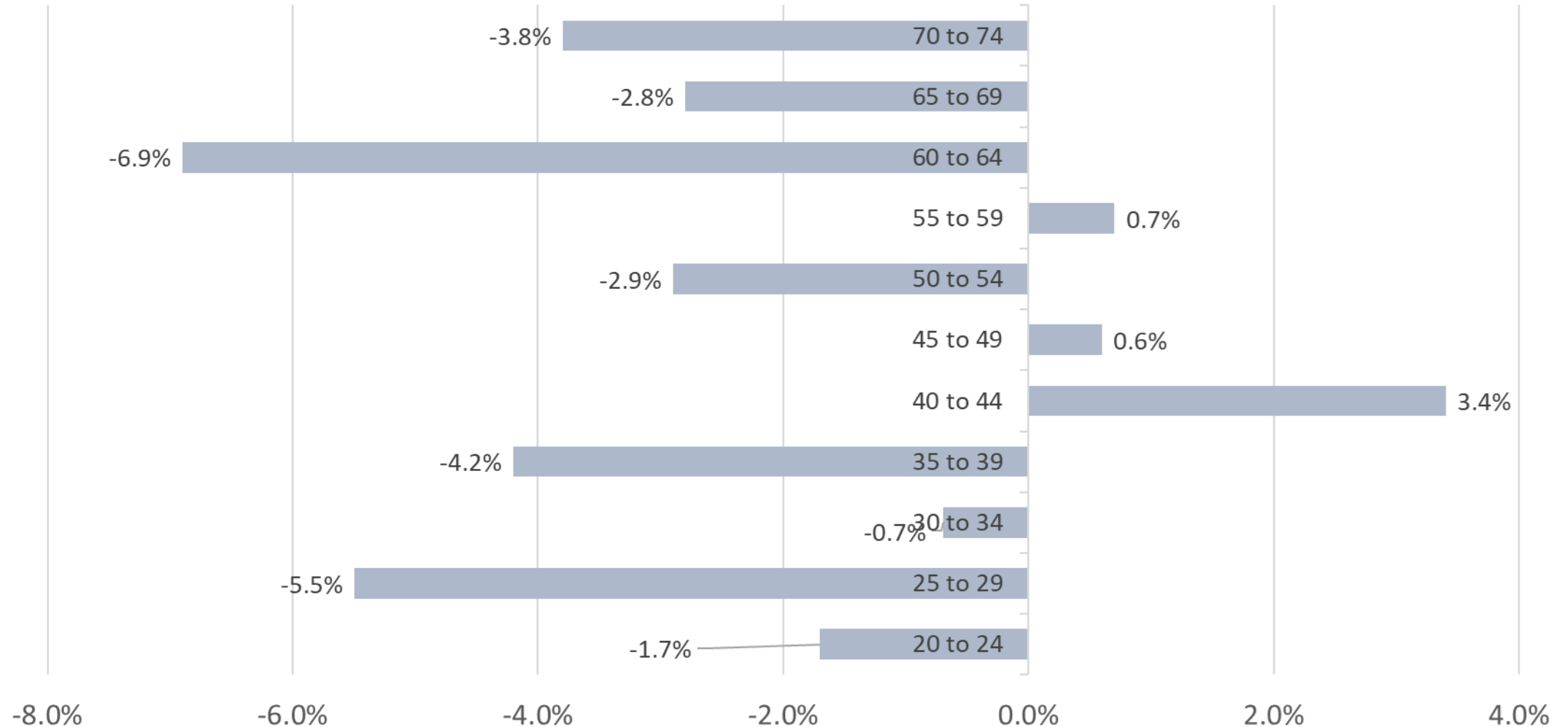
Omicron is Clearly Impacting Economic Activity – Until Recently, Less So in New Hampshire

Seated Dinner Reservations Compared to Same Day in 2019

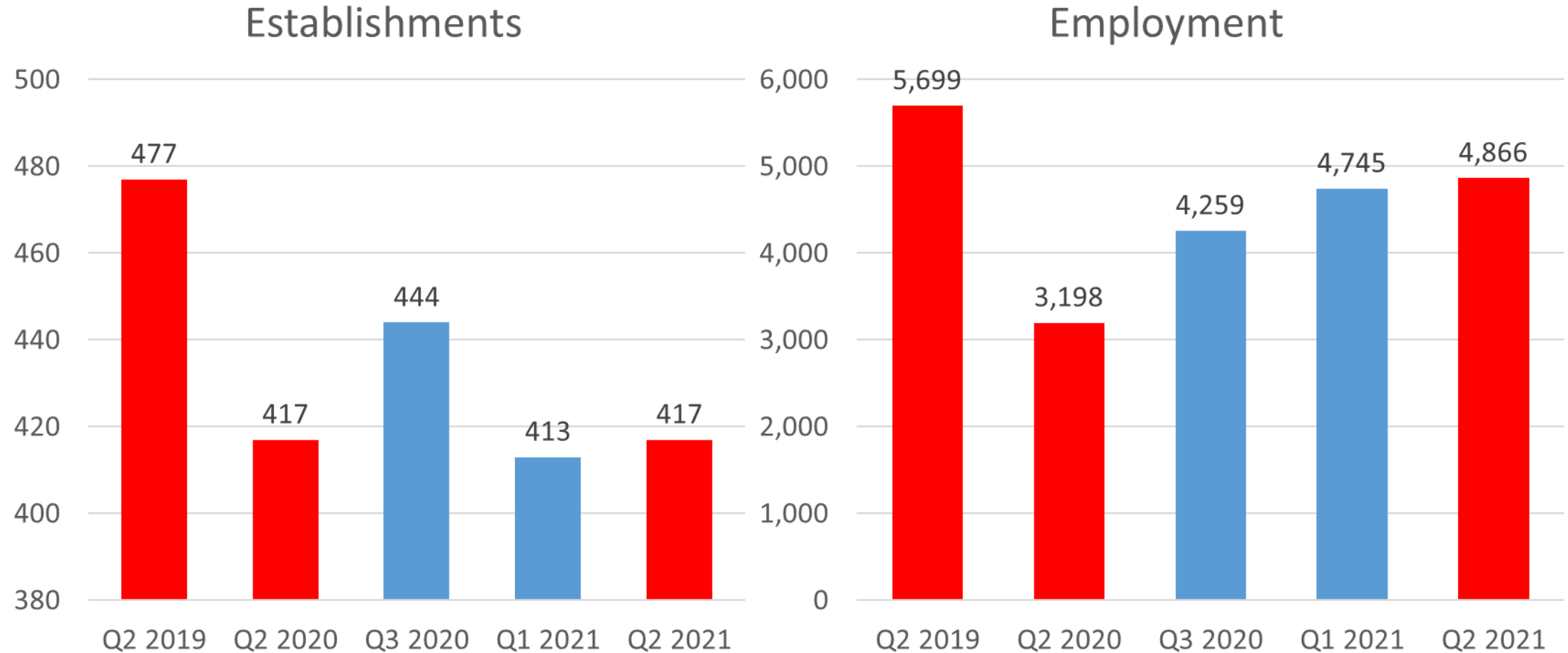


New Hampshire's Labor Force Has Not Recovered -Older and Younger Workers Have Had the Largest Declines in Labor Force Participation Post-Pandemic

% Change in NH's Labor Force Participation Jan. to Dec. 2021 vs Jan. to Dec. 2019

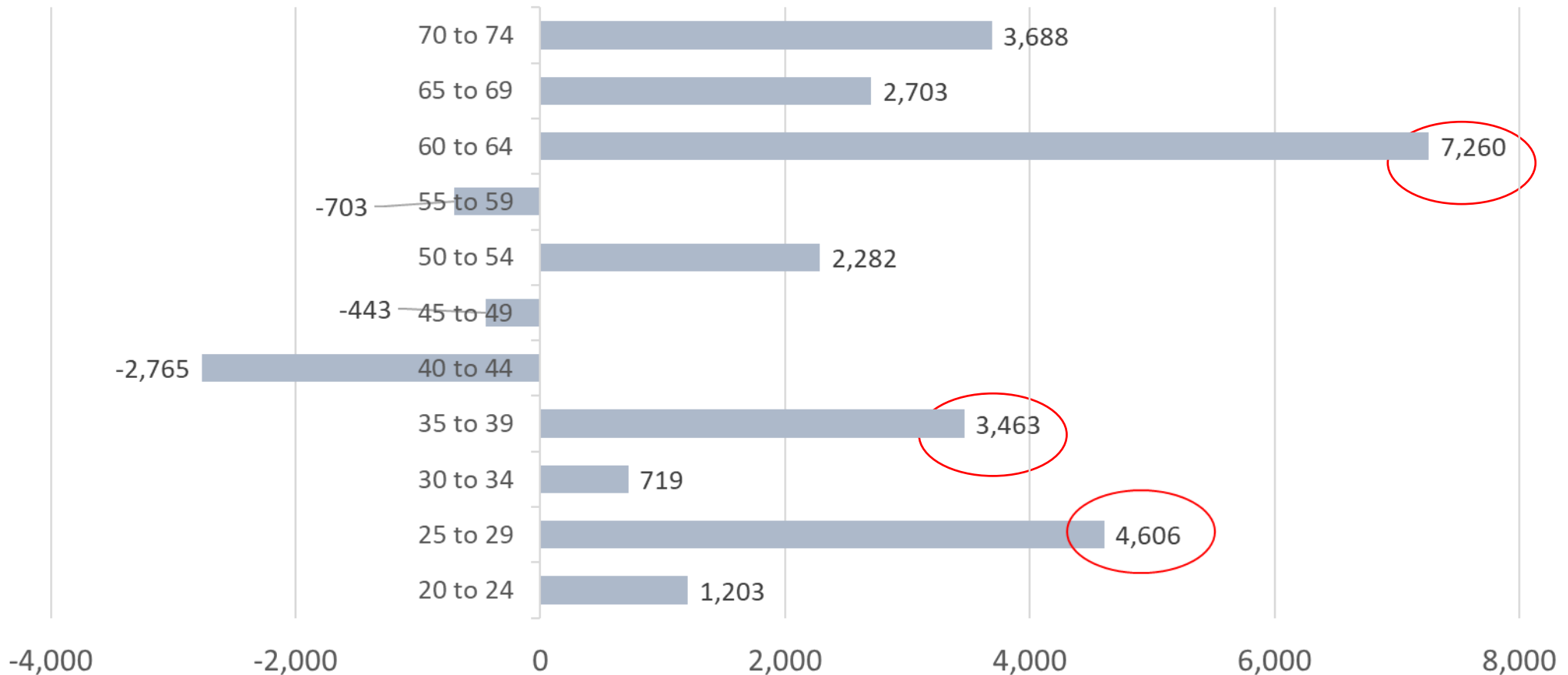


The Pandemic Decimated the Child Care Industry in New Hampshire – The Number of Providers (W/Payroll Emp.) has not Recovered While Employment has Partially Rebounded



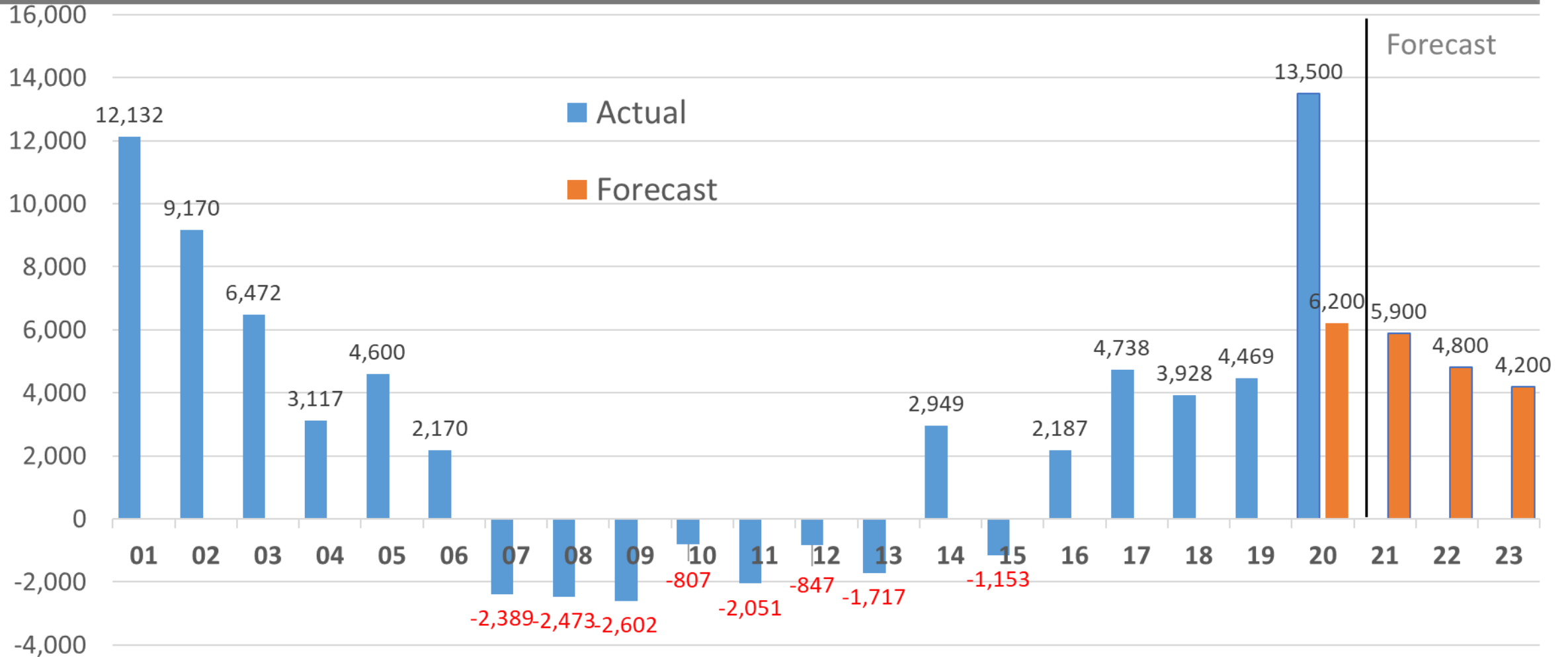
NH Would Have Over 22,000 More Individuals in the Labor Force if Labor Force Participation Rates in 2021 Were the Same as in 2019

Change in Labor Force if Jan. to Dec. 2021 Participation Rates Were the Same as Jan. to Dec. 2019 Participation Rates



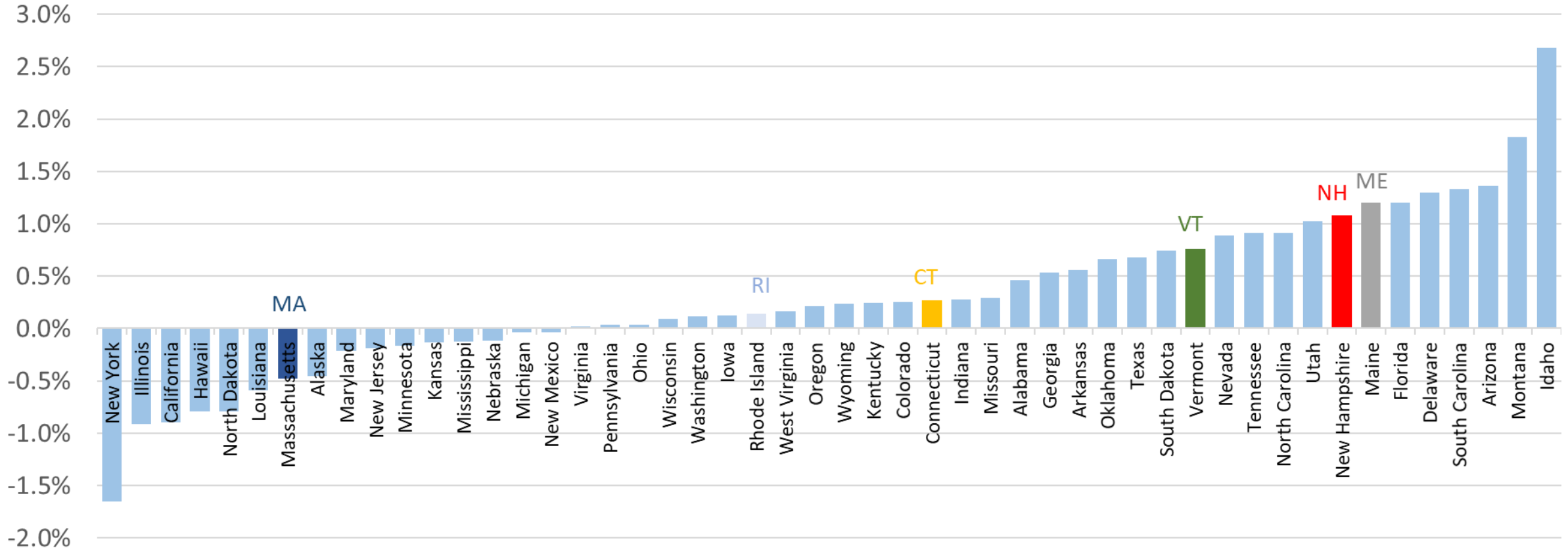
Increases in Teleworking and a Post-Pandemic Desire for Less Density Provided an Even Larger Boost to NH's Net Migration Than We Had Forecast

Net Domestic (State-to-State) Migration to NH

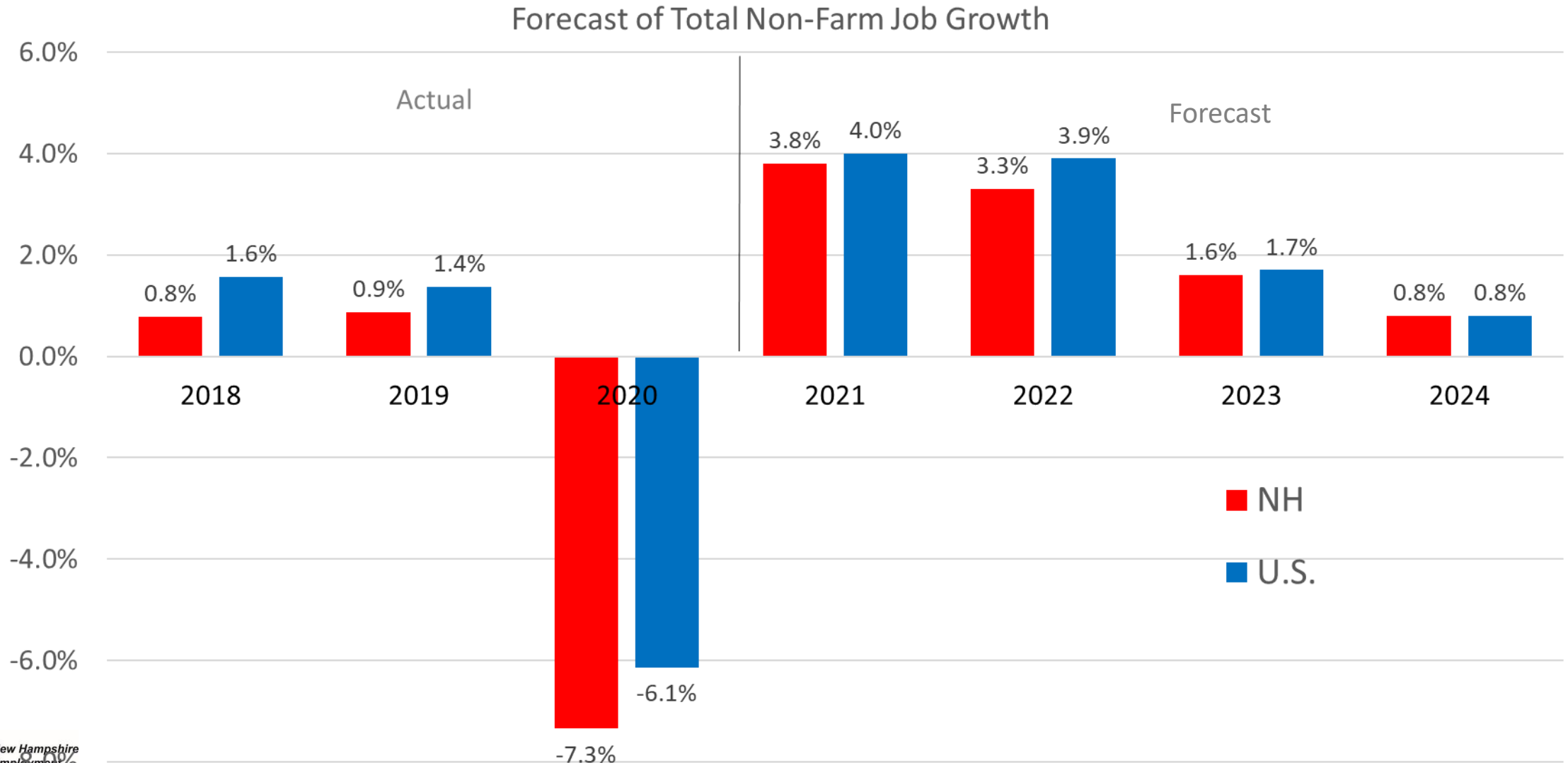


Northern New England, New Hampshire and Maine in Particular, Have Benefited From a Desire for Less Density Since the Pandemic

Net State-to-State Migration (July 2020 to July 2021) as a % of 2020 Population



Both New Hampshire and the U.S. Will Recover all Jobs Lost During the Pandemic in the Second Half of 2022



Source: ELMI