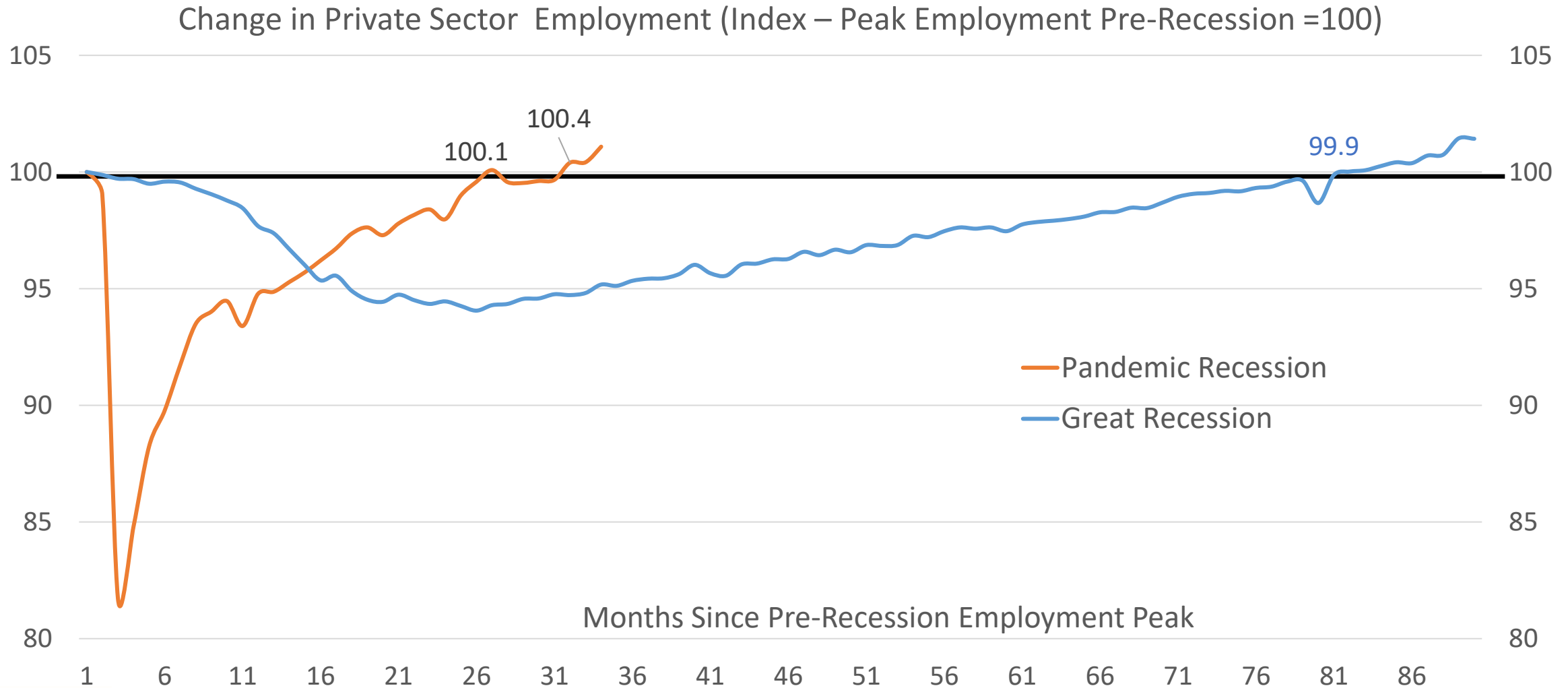


# Entering 2023: The Outlook for the New Hampshire Labor Market and Economy

Joint House and Senate Ways and Means Economic Briefing  
January 11, 2023

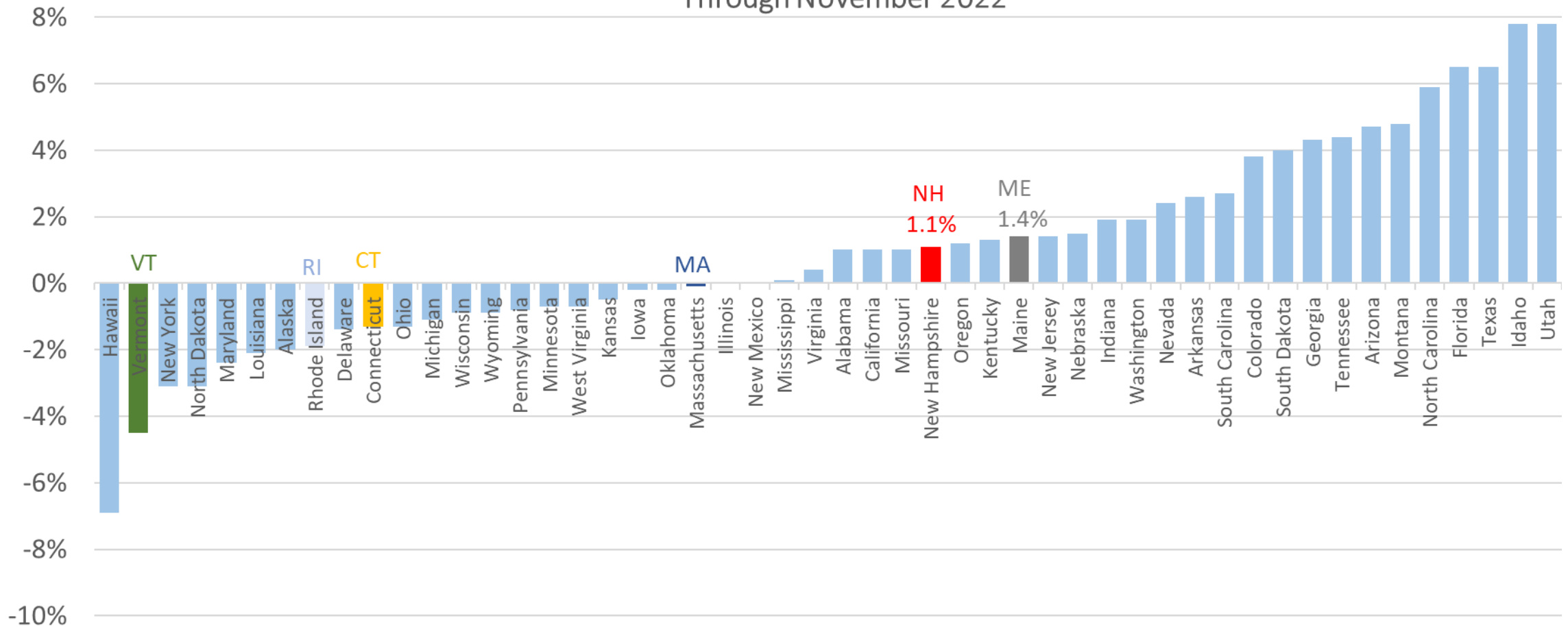
Richard Lavers, Deputy Commissioner, NH Dept. of Employment Security  
Brian Gottlob, Director, NH Economic and Labor Market Information Bureau

# A Tale of Two Recessions: It Took Almost 7 Years to Recover Private Sector Employment After the “Great Recession” but Just 30 Months After the Pandemic

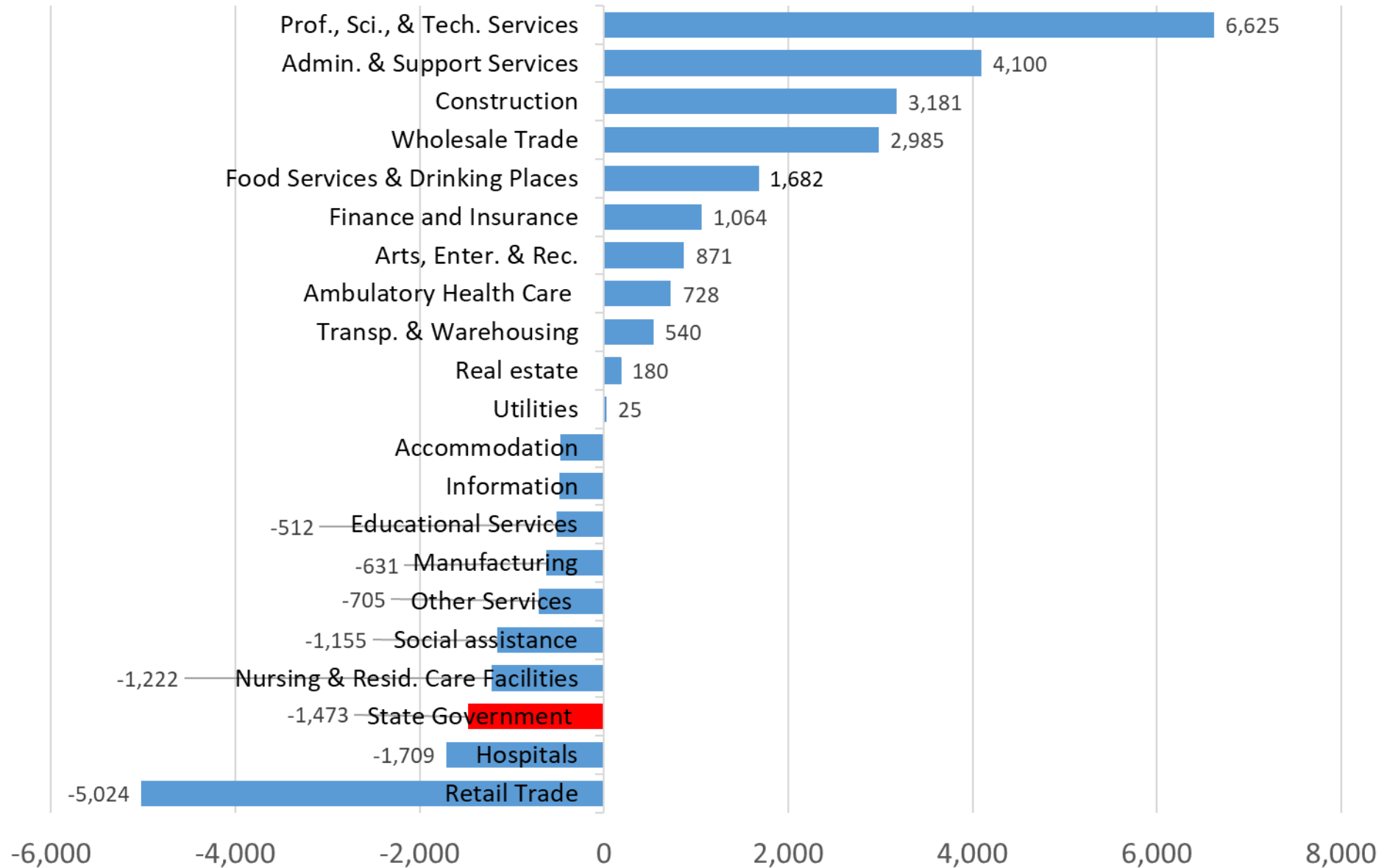


# Compared to Most States With Severe Pandemic-Related Disruptions, New Hampshire Has Recovered Jobs Faster

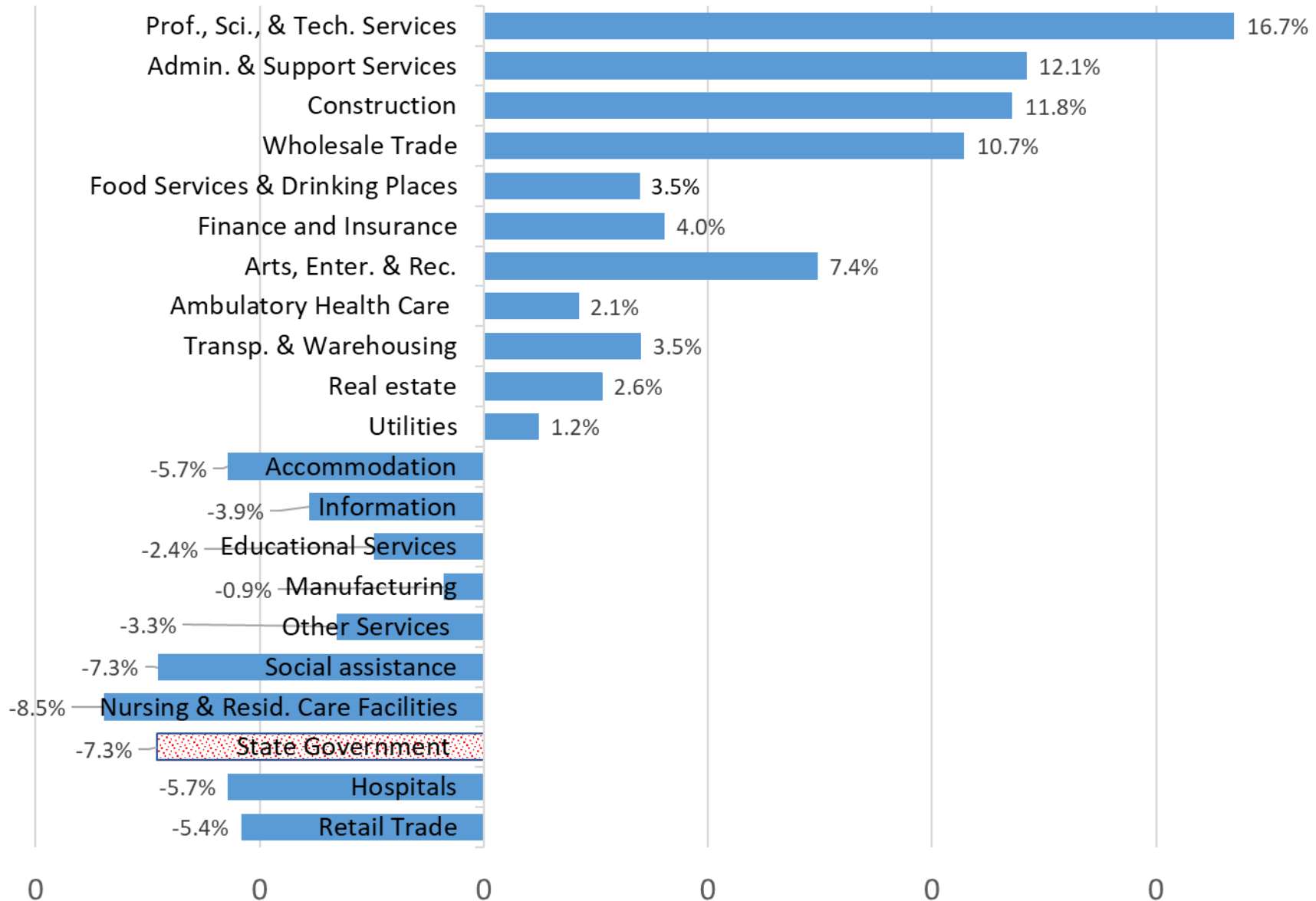
How Close Each State is to Recovering Pre-Covid Peak Level of Private Employment Through November 2022



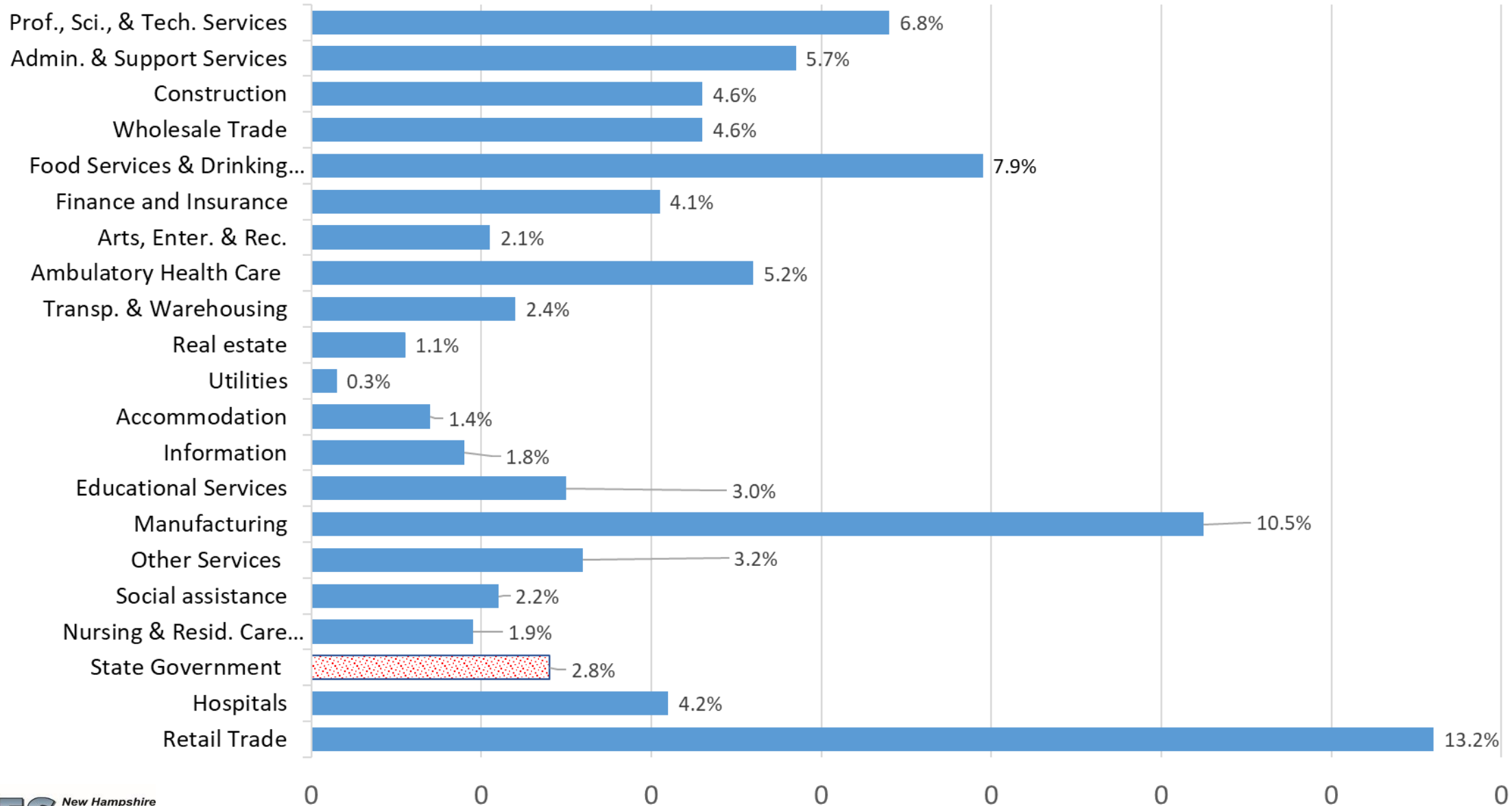
# Employment Gains and Losses Pre-Pandemic to Q2 2022



# Percentage Employment Gains and Losses Pre-Pandemic to Q2 2022

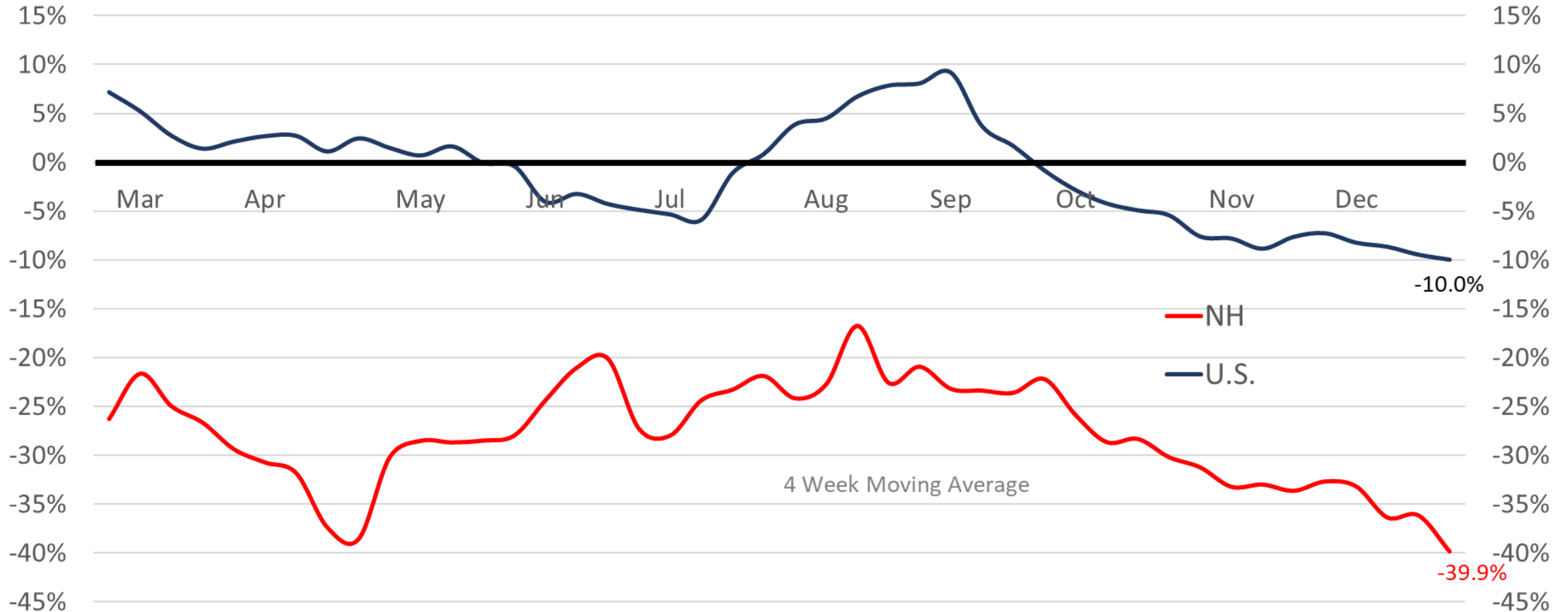


# Share of Total Employment in NH Q2 2022



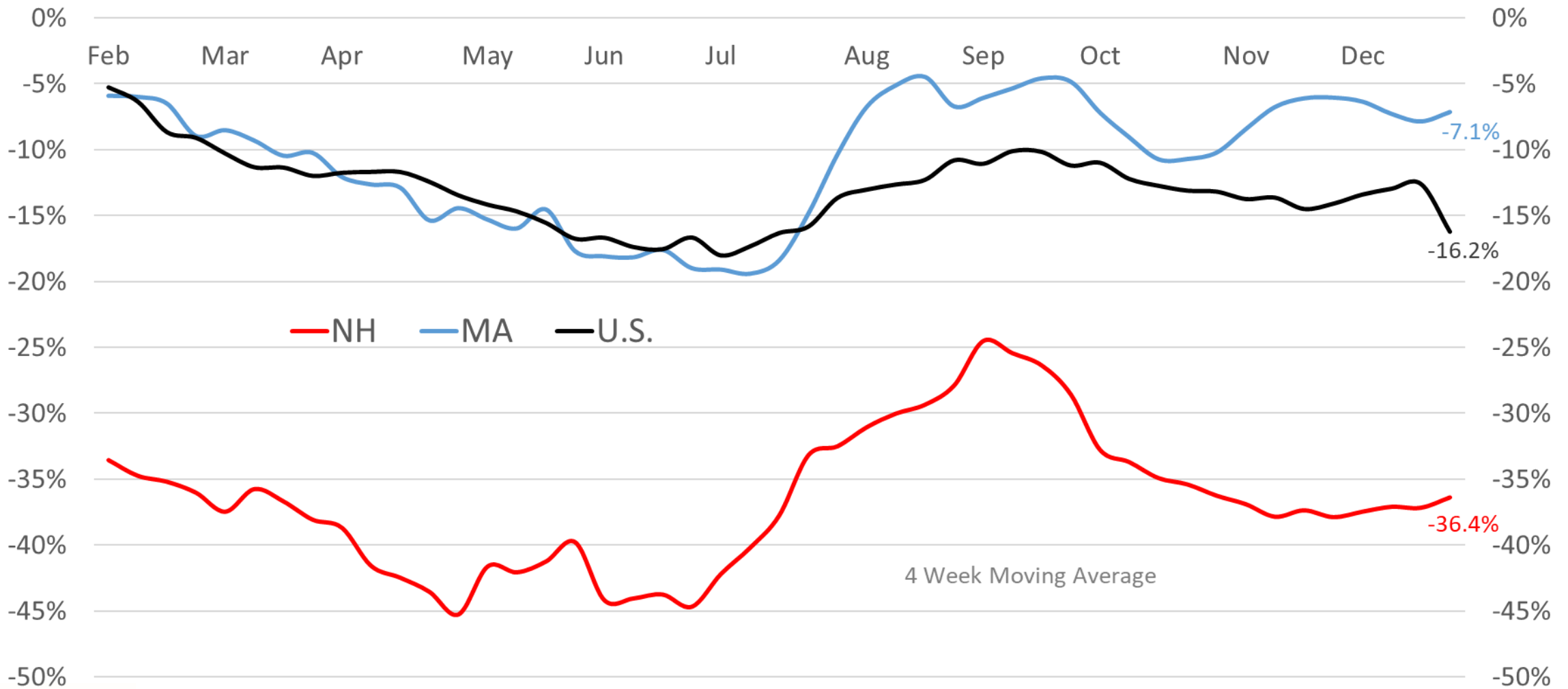
# Initial Claims for Unemployment Insurance are Now 30-40% Lower in New Hampshire Than They Were in the Pre-Pandemic Year of 2019

% Change in 2022 Initial Unemp. Claims Compared to the Same Pre-Pandemic Week in 2019



# Continued Claims are Also 30-40% Below the Same Time Period in the Pre-Pandemic Year of 2019

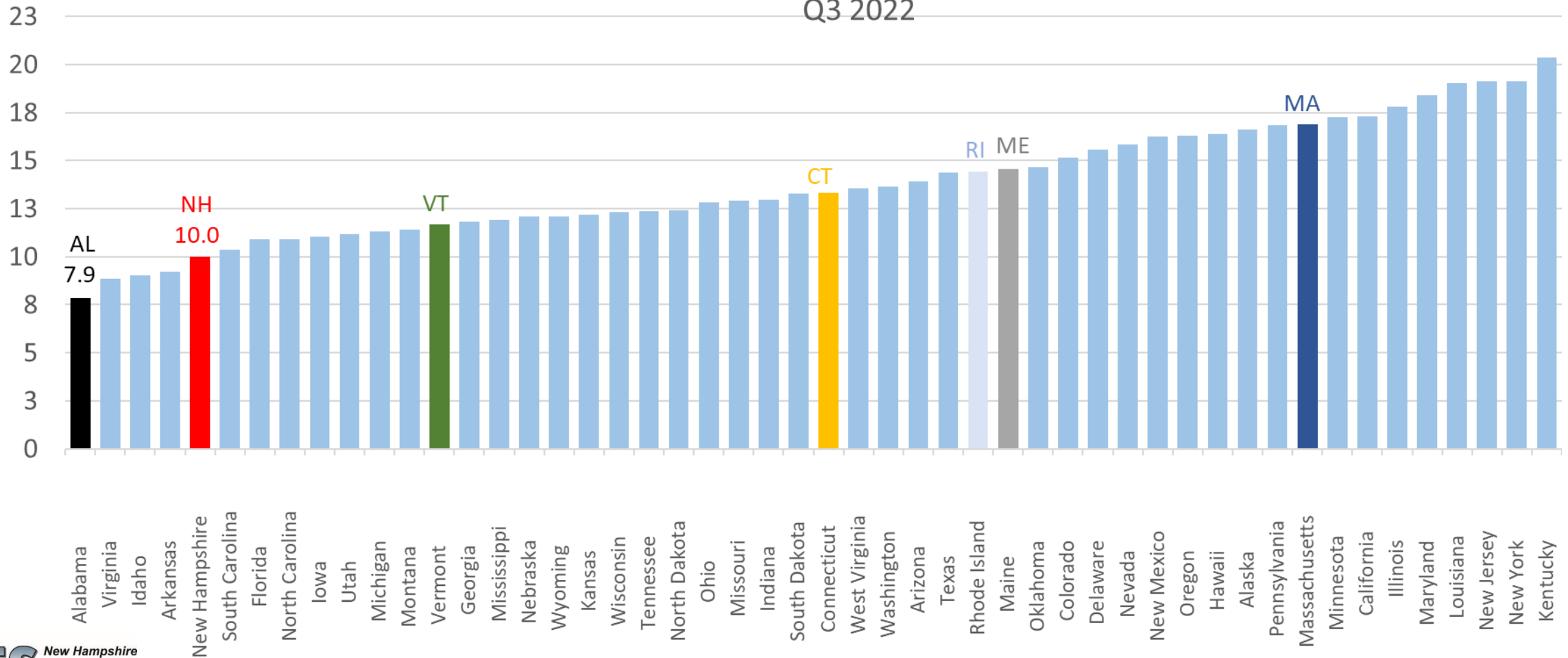
% Change in 2022 Continued Unemp. Claims Compared to the Same Week in 2019





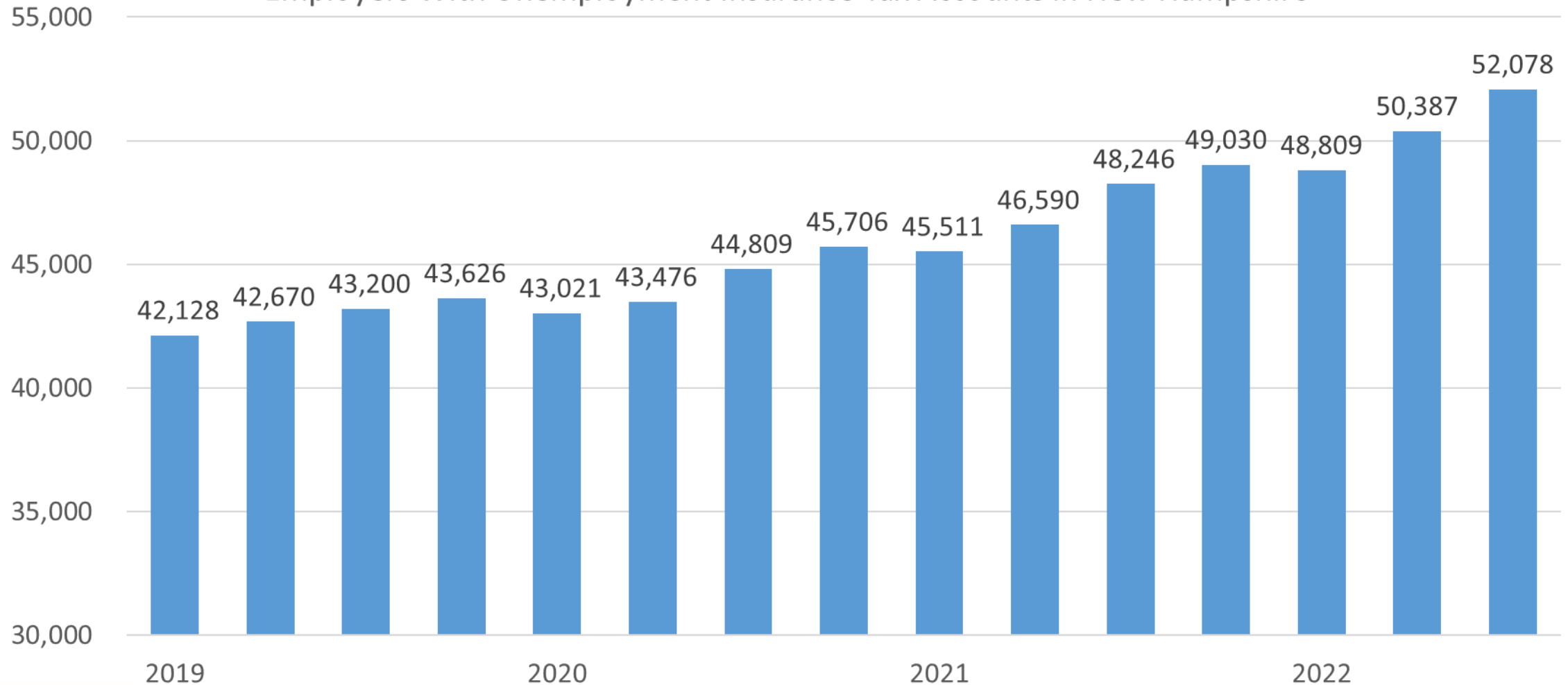
# Not Only are Claims in New Hampshire Near Record Lows, the State has Among the Shortest Durations of Unemployment per Paid Beneficiary

Average Duration (# of Weeks) of Unemployment per Paid UI Claimant  
Q3 2022



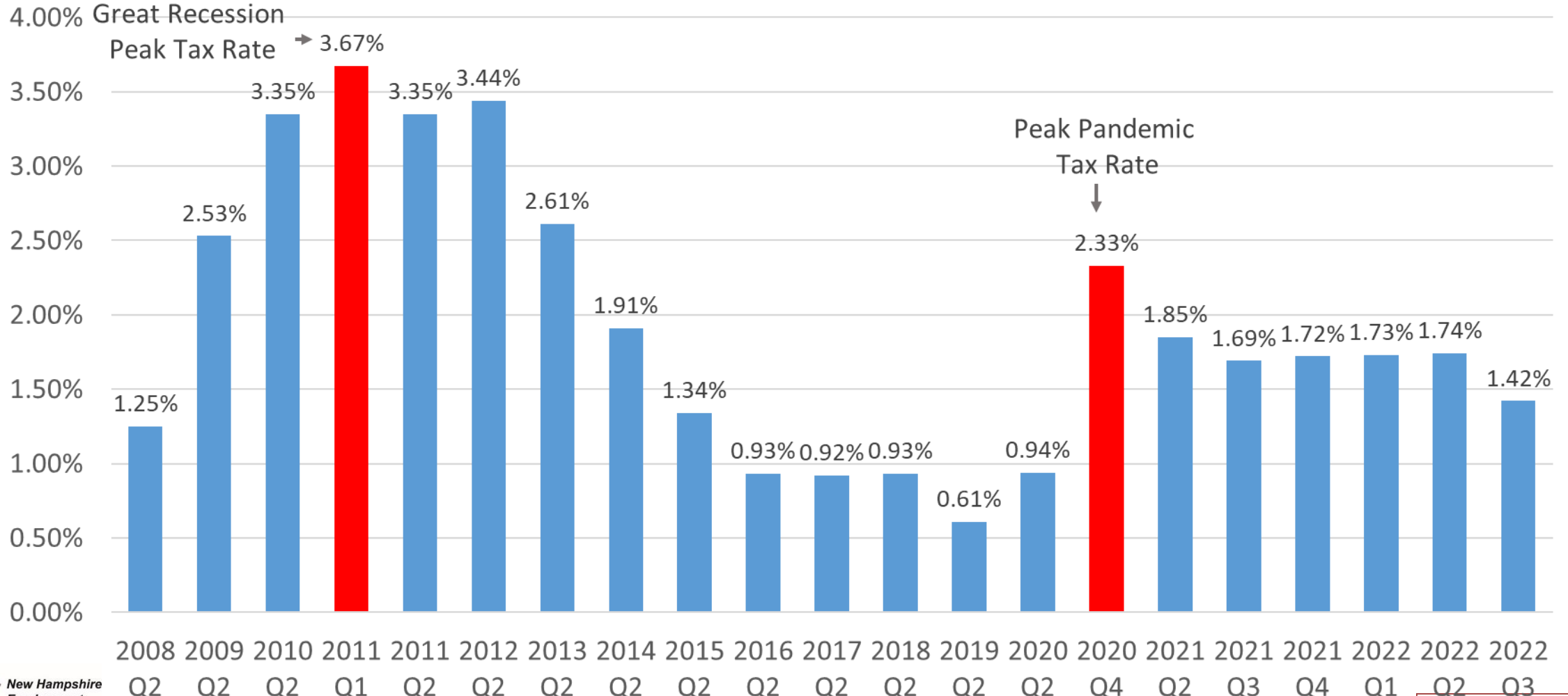
# Since the End of 2021, New Hampshire Has Increased the Number of Employers With Unemployment Insurance Accounts by 14%

Employers With Unemployment Insurance Tax Accounts in New Hampshire



# UI Taxes on Employers Have Been Kept Well Below Great Recession Levels. A Large Increase in New Employers (Who Start at the Top Rate) Has Kept the Average Tax Rate From Declining More in Recent Quarters

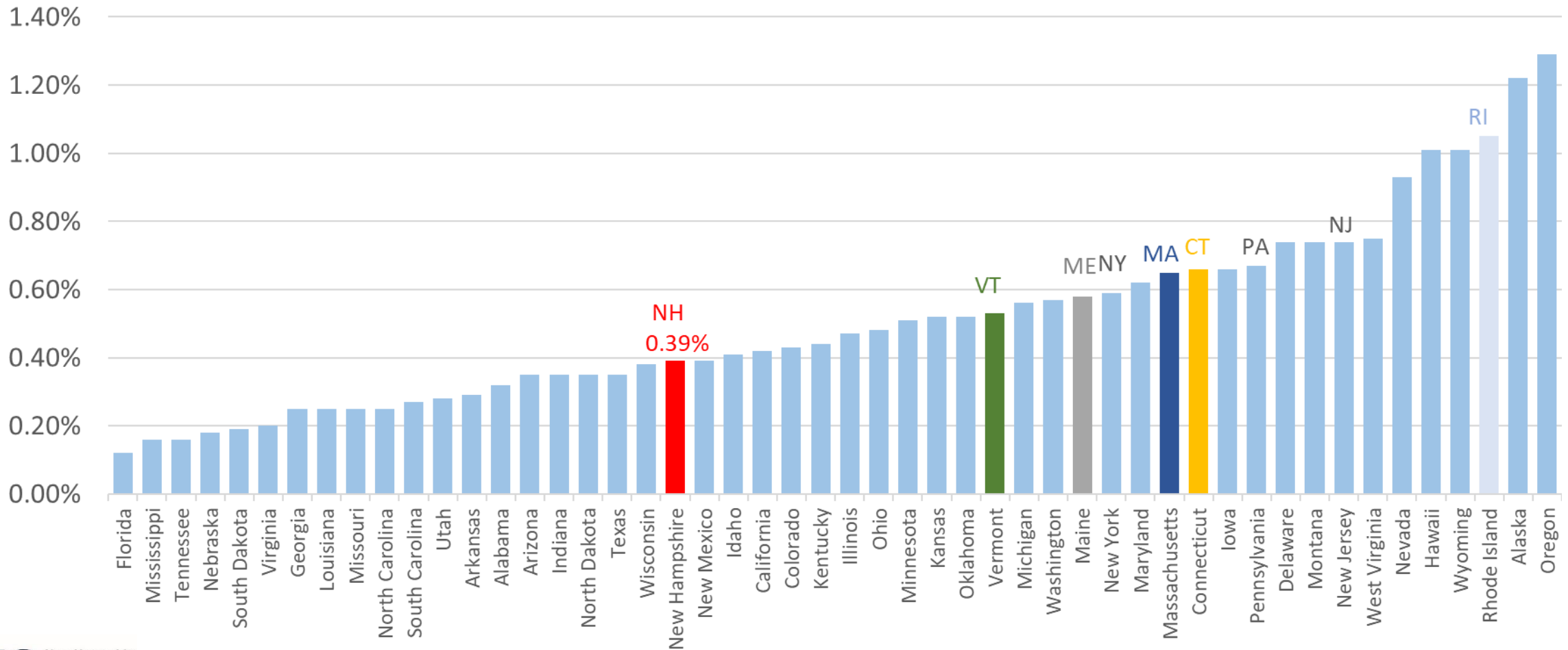
Unemployment Insurance Employer Tax Rates



Source: NHES

# New Hampshire Has the Lowest Employment Tax Burden as a % of Total Employee Wages of Any State in the Northeast, and it Will Soon Get Lower

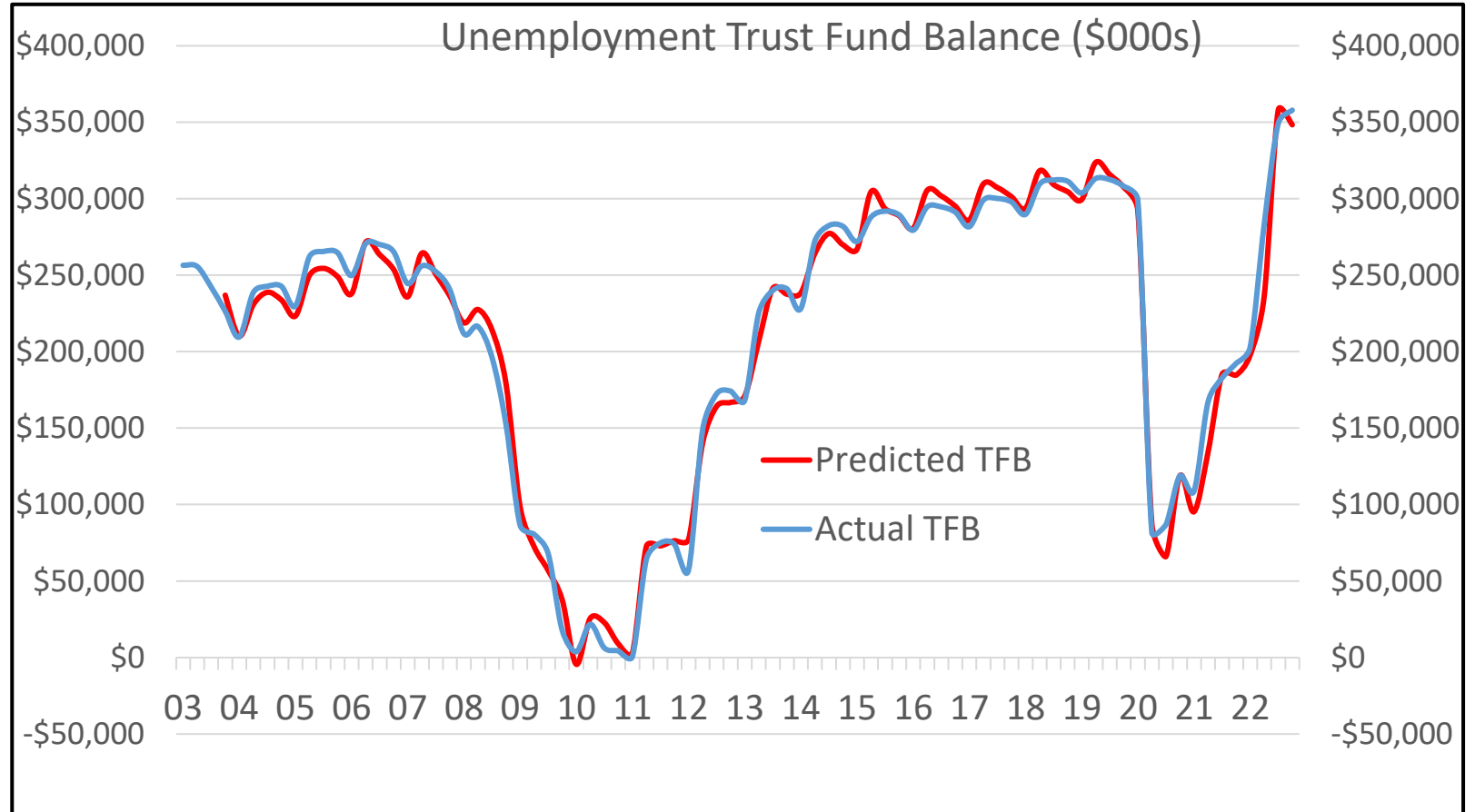
Average Employer Tax Rate as a Percentage of Total Wages



# The Unemployment Trust Fund is on Such Solid Ground that Employers Have Already Received an Unemployment Insurance Tax Break Projected to Save NH Employers \$28 Million

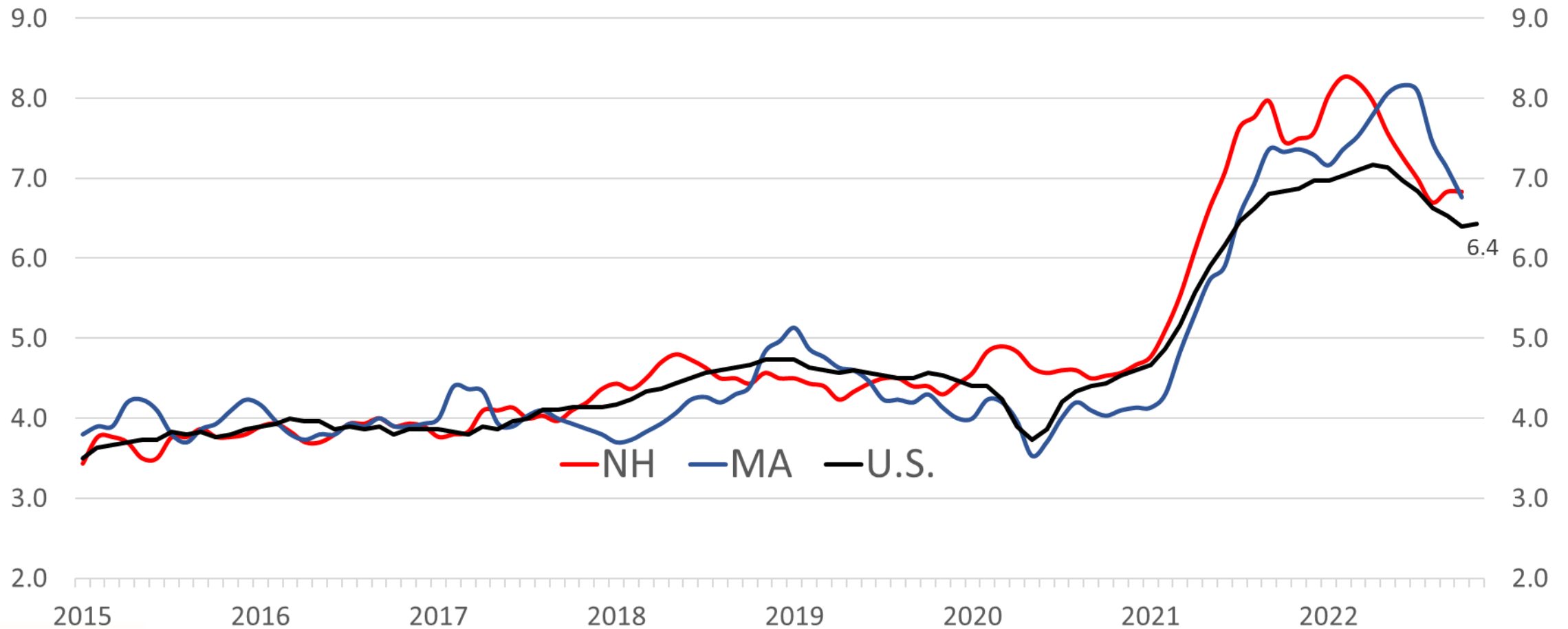
Year	QTR.	FBR	Balance
2022	1	0.0%	\$202,847,827
2022	2	0.0%	\$282,929,617
2022	3	0.0%	\$349,069,074
<b>2022</b>	<b>4</b>	<b>0.5%</b>	<b>\$357,830,391</b>

**FBR = “Fund Balance Reduction.”**  
 Because the Trust Fund Balance Remained Above \$250 Million for all of Q3 2022, employers are set To get a 0.5% tax rate reduction



# Labor Demand is Still Stronger in New Hampshire Than in the U.S. but Job Openings are Slipping

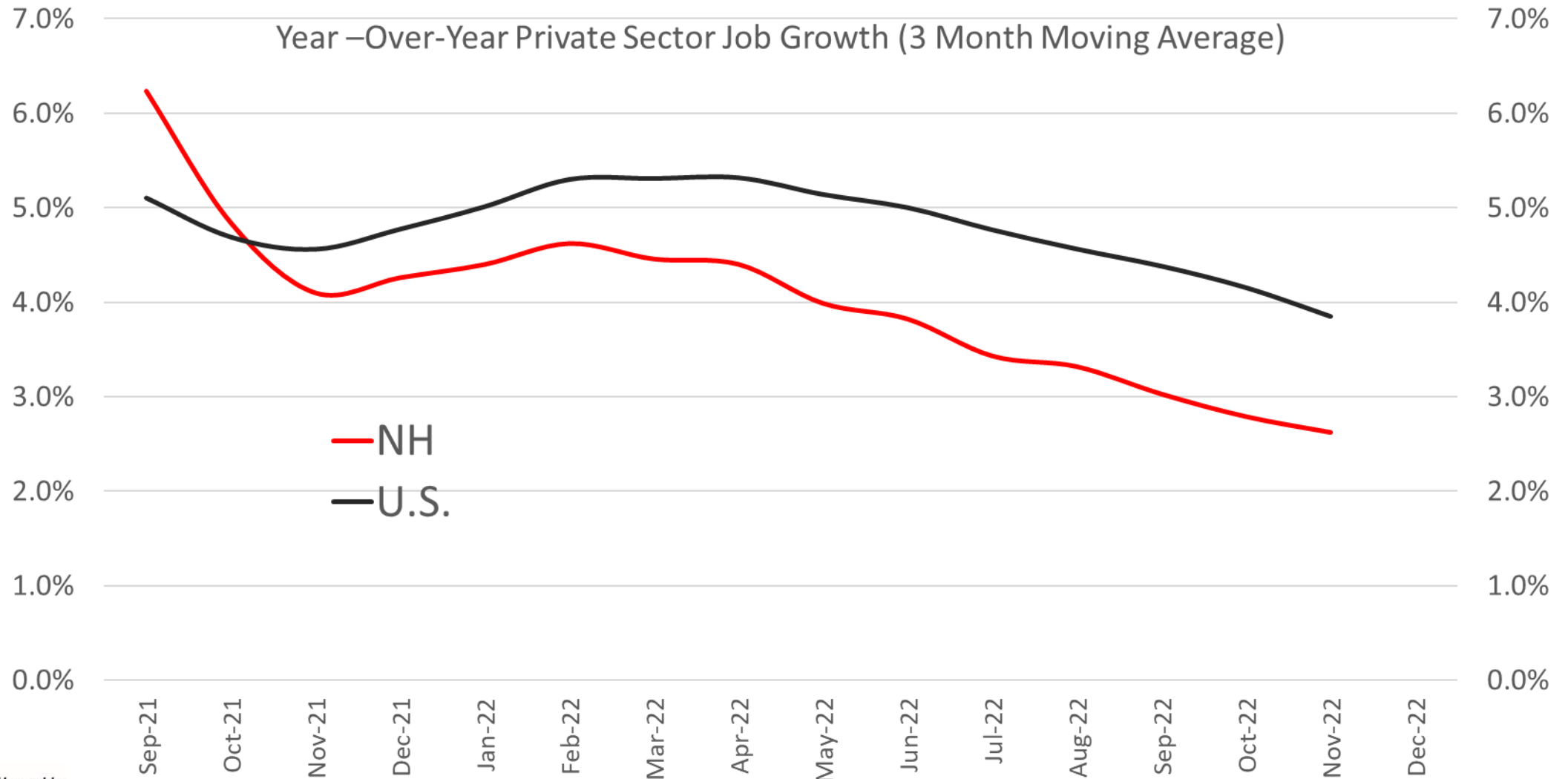
Job Openings Rates (3 Month Moving Average)



## Job Postings are Up Across Most Occupations: Some Examples of Occupations Most in Demand

SOC	Occupation	Unique Postings from Sep 2019 - Nov 2019	Unique Postings from Sep 2022 - Nov 2022	Change	% Change
29-1141	<b>Registered Nurses</b>	1,806	3,733	1,927	106.7%
41-2031	Retail Salespersons	2,266	2,815	549	24.2%
41-1011	Supervisors of Retail Sales Workers	1,046	1,769	723	69.1%
53-7062	Laborers, Freight, Stock, Movers,	548	1,215	667	121.7%
15-1252	Software Developers	1,049	1,170	121	11.5%
41-4012	Sales Reps, Wholesale & Manufacturing	804	1,154	350	43.5%
43-4051	Customer Service Representatives	930	1,041	111	11.9%
35-3023	Fast Food and Counter Workers	472	962	490	103.8%
11-9111	<b>Medical and Health Services Managers</b>	401	956	555	138.4%
31-1131	<b>Nursing Assistants</b>	364	940	576	158.2%
11-9199	Managers,	415	838	423	101.9%
29-2061	<b>Licensed Practical &amp; Vocational Nurses</b>	270	819	549	203.3%
53-7065	Stockers and Order Fillers	472	757	285	60.4%
51-9199	Production Workers, All Other	345	750	405	117.4%
49-9071	Maintenance & Repair Workers	328	737	409	124.7%
43-6014	Secretaries and Admin. Assistants	457	697	240	52.5%
15-1299	Computer Occupations, All Other	402	693	291	72.4%
53-3031	Driver/Sales Workers	203	680	477	235.0%
31-1128	Home Health Care Aides	296	638	342	115.5%
53-3032	Heavy and Tractor-Trailer Truck Drivers	396	558	162	40.9%
29-2099	Health Technicians, All Other	294	515	221	75.2%
49-3023	Automotive Service Techs & Mechanics	203	482	279	137.4%
53-3033	Light Truck Drivers	239	478	239	100.0%

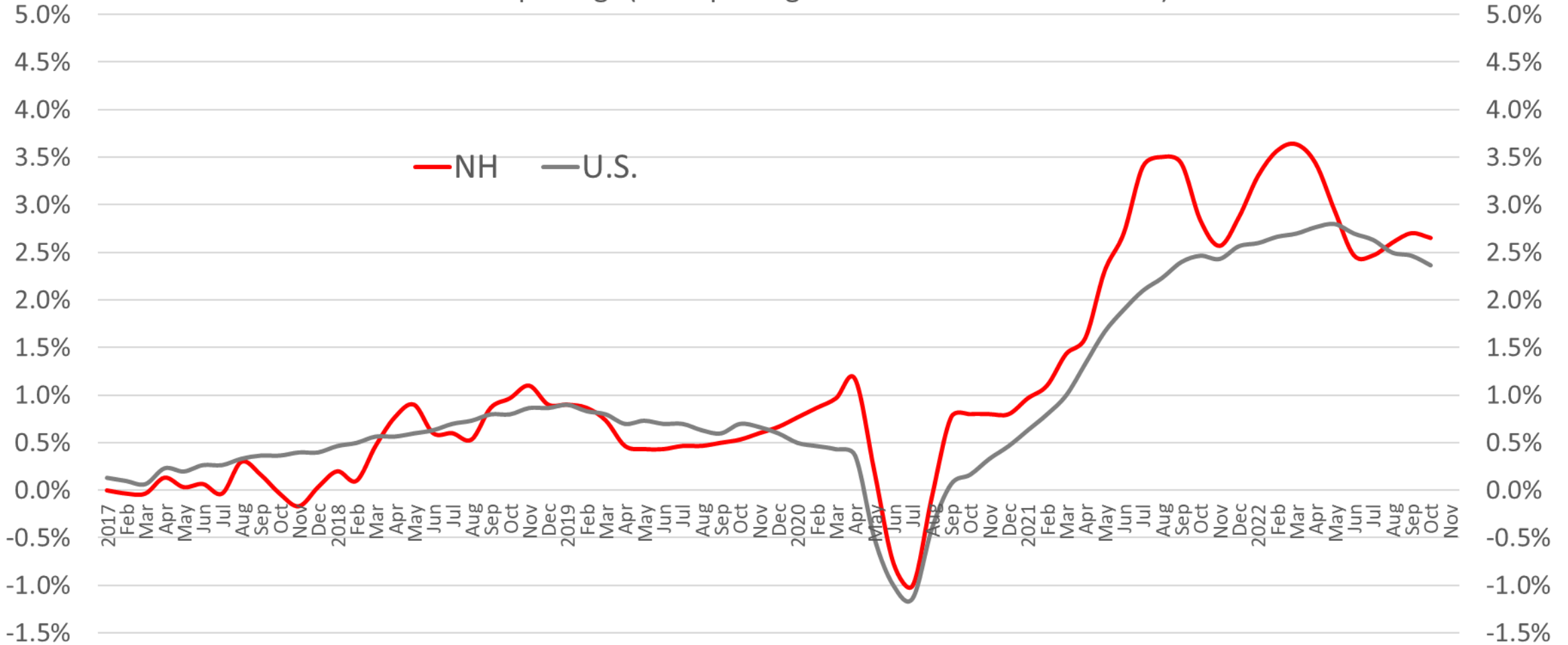
# Private Sector Job Growth is Slowing but Still Solid - New Hampshire Had Faster Growth Than the U.S. in 2021 but is More Labor Constrained Now





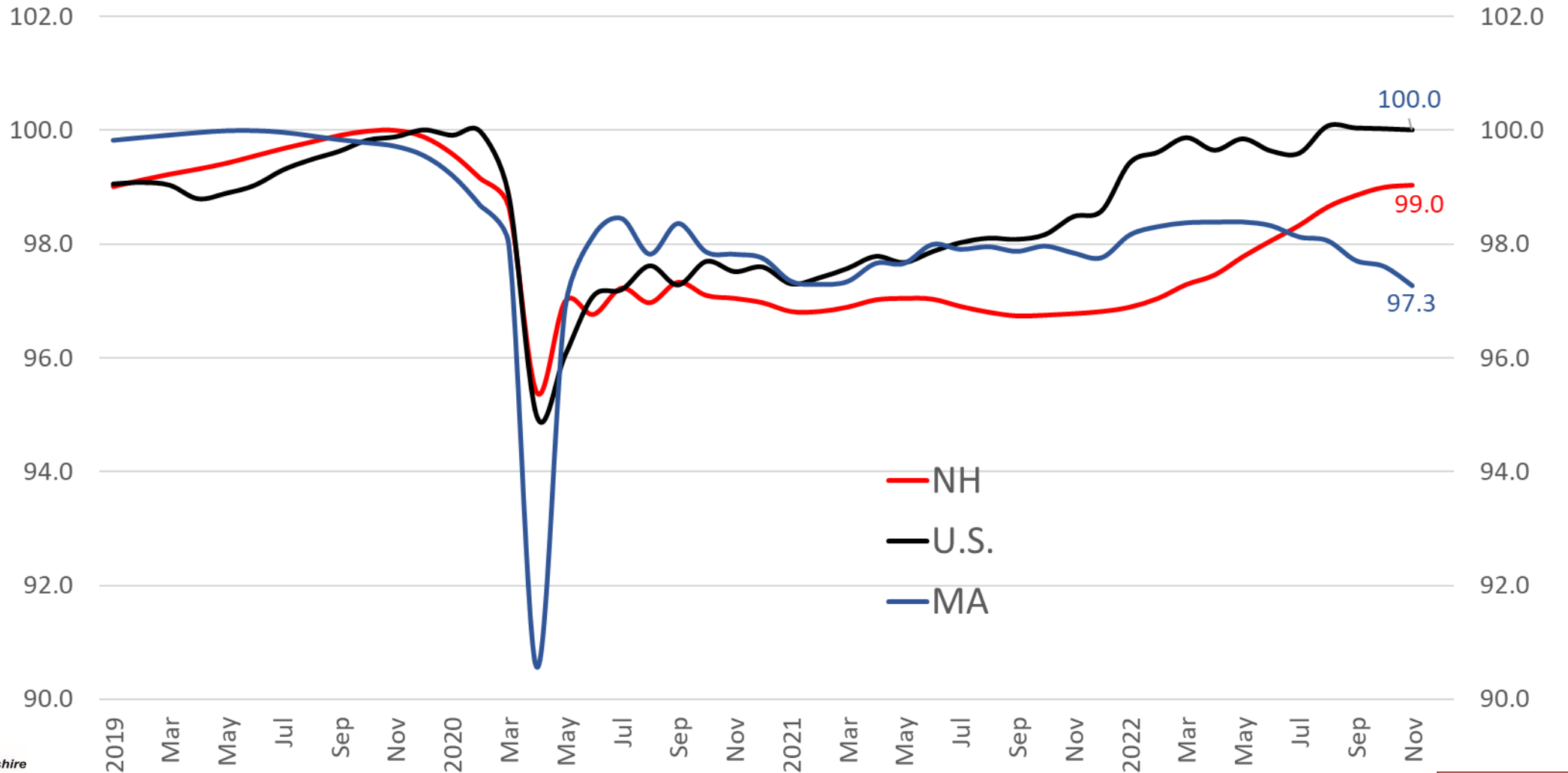
# New Hampshire Job Growth Has Slowed More Than the U.S. Not Because of a Weaker Economy but Because of Labor Constraints – The Gap Between the Job Openings Rate and Job Hiring Rate Has Been Greater in New Hampshire

Unfilled Openings (Job Openings Rate Minus Job Hires Rate)



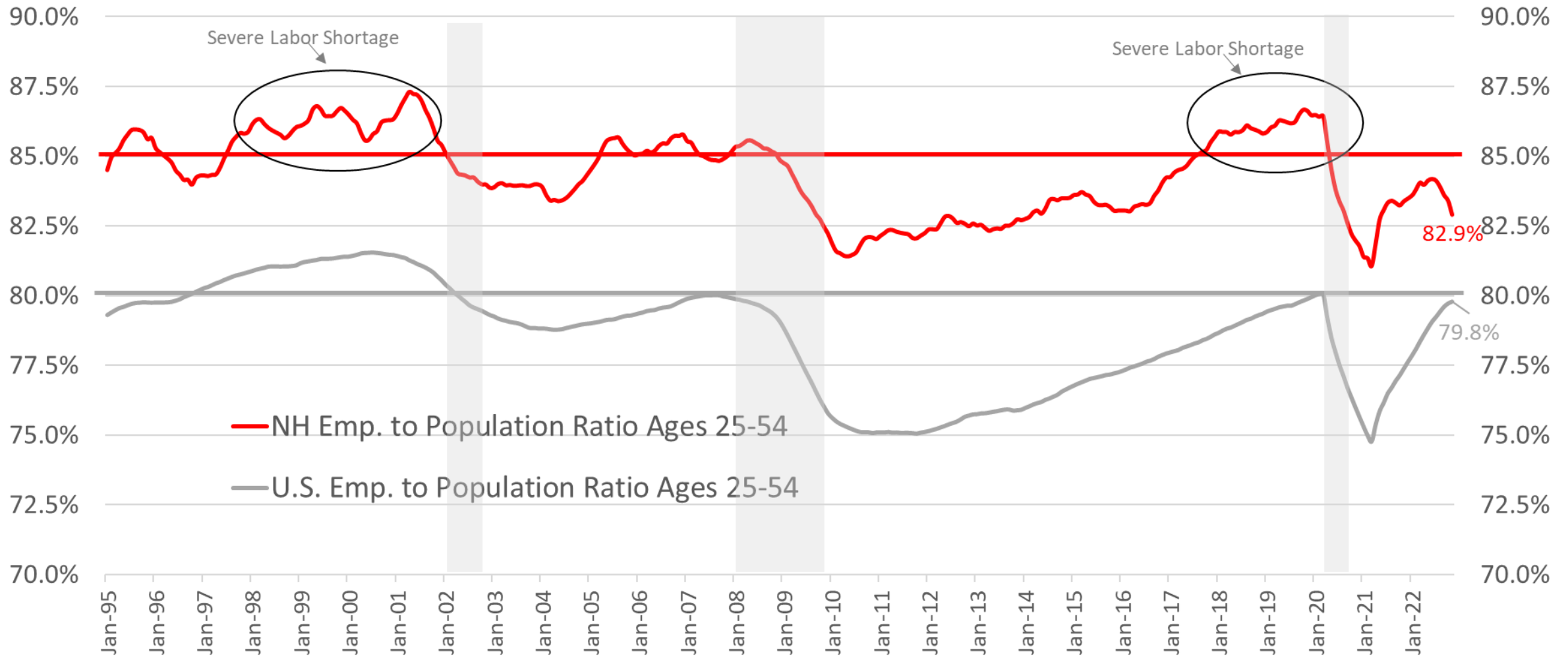
# Our State's Biggest Challenge to Growth is Labor Force. It is Recovering but Remains Below Pre-Pandemic Peak

Labor Force Change (Index: Pre-Pandemic Peak = 100)



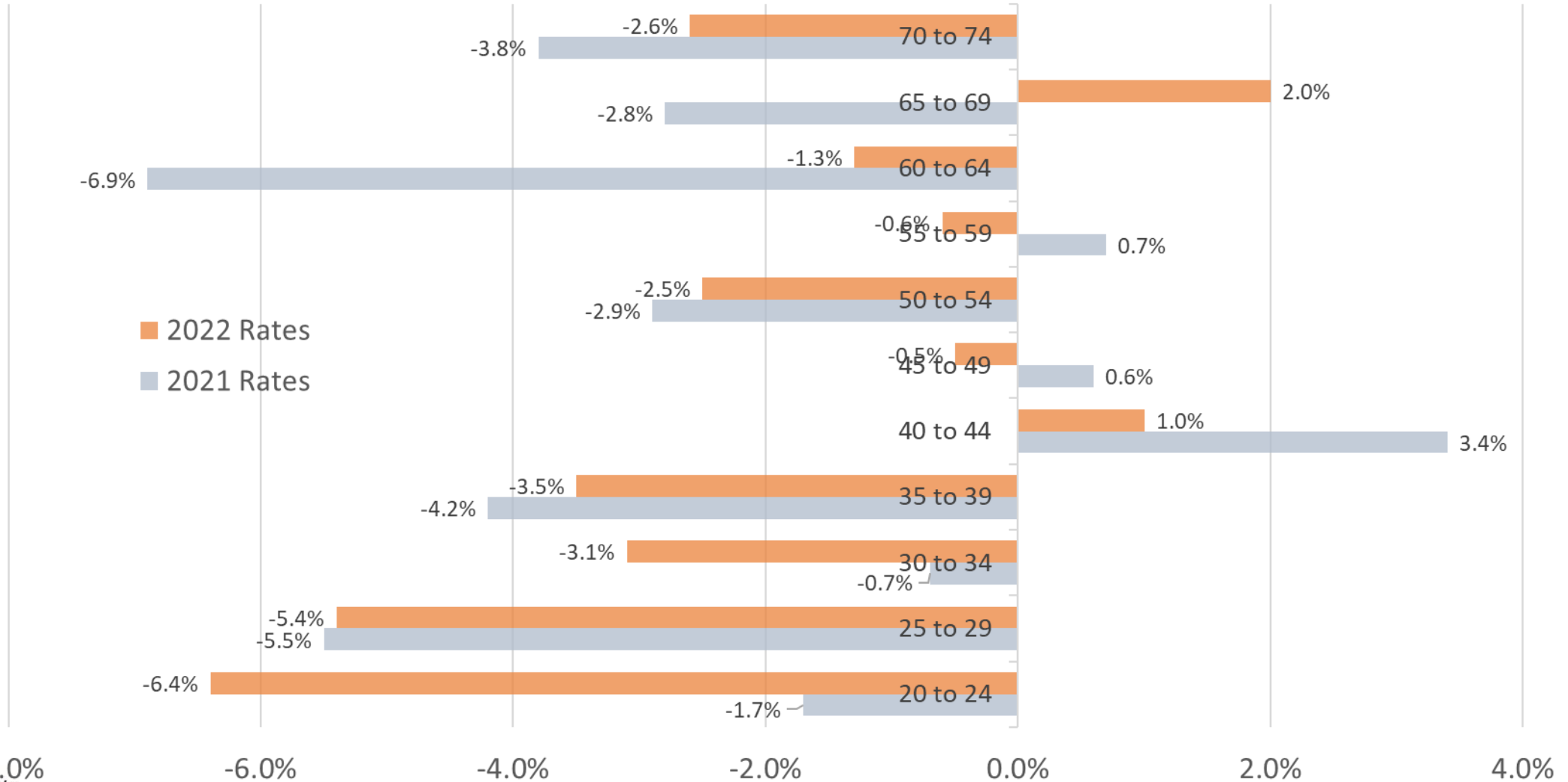
# Employment Among the Prime-Age Labor Force Remains Below “Full Employment” – There is Still Room to Grow

NH Emp. to Population Ratio Thru November 2022 – Ages 25-54



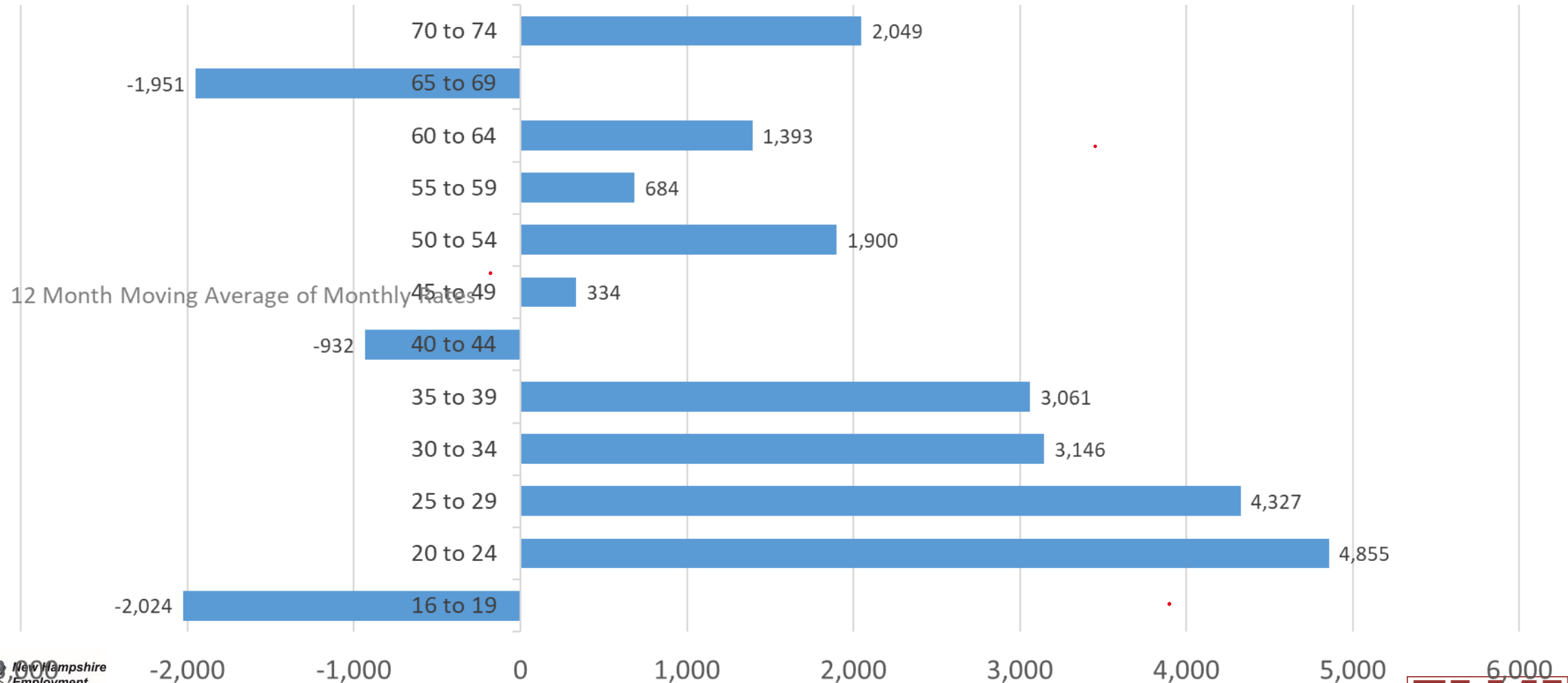
# Improvement in NH Labor Force Participation Over the Past Year Has Been Mixed, With the Biggest Gains Among Older Workers

% Change in NH's Labor Force Participation Rates From Pre-Covid Rates



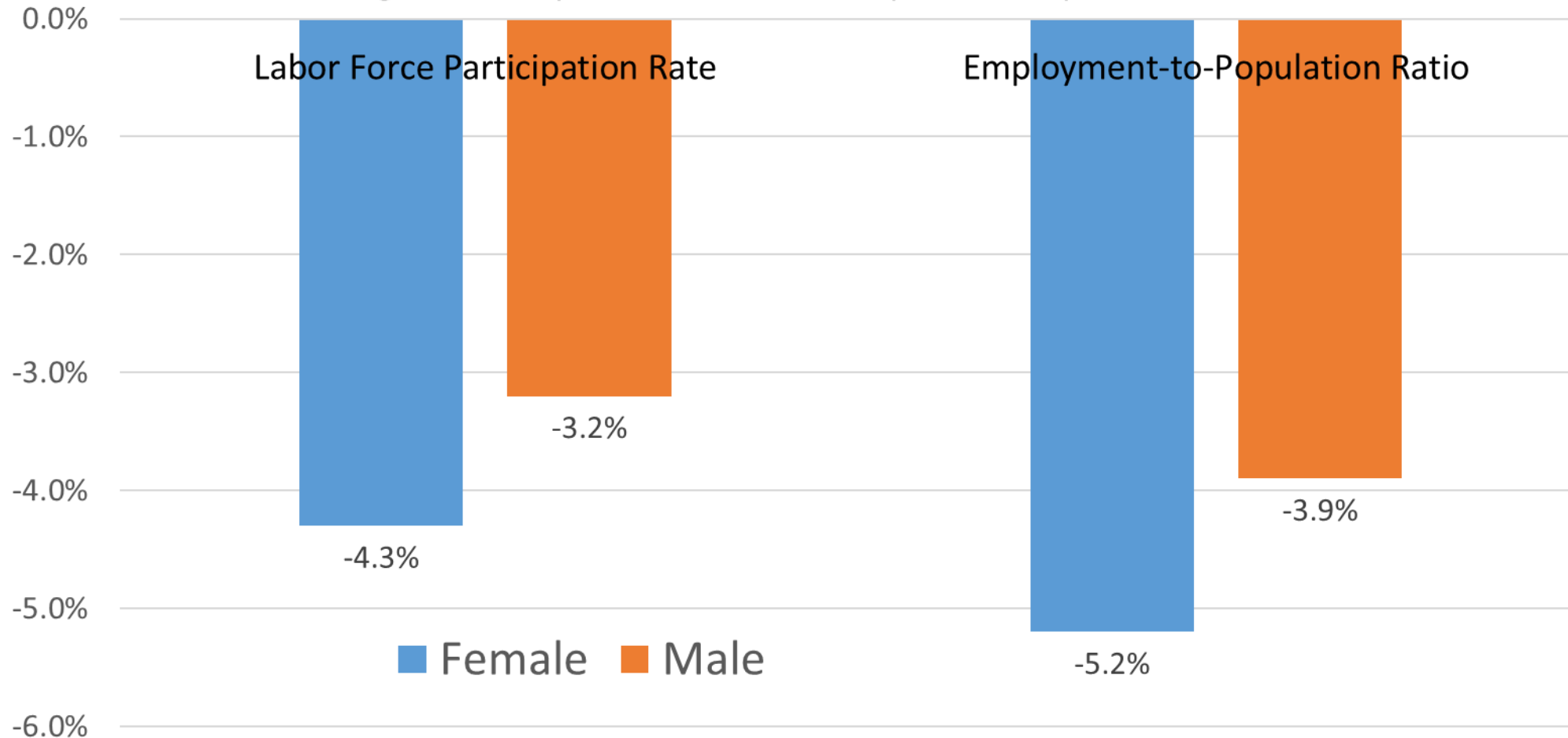
# Population Has Increased in the Past Three Years and if Pre-Pandemic Participation Rates Remained (Likely Unattainable), the Granite State Would Have Over 18,000 More Individuals in the Labor Force

Change in the Current Labor Force Under Pre-Covid Participation Rates



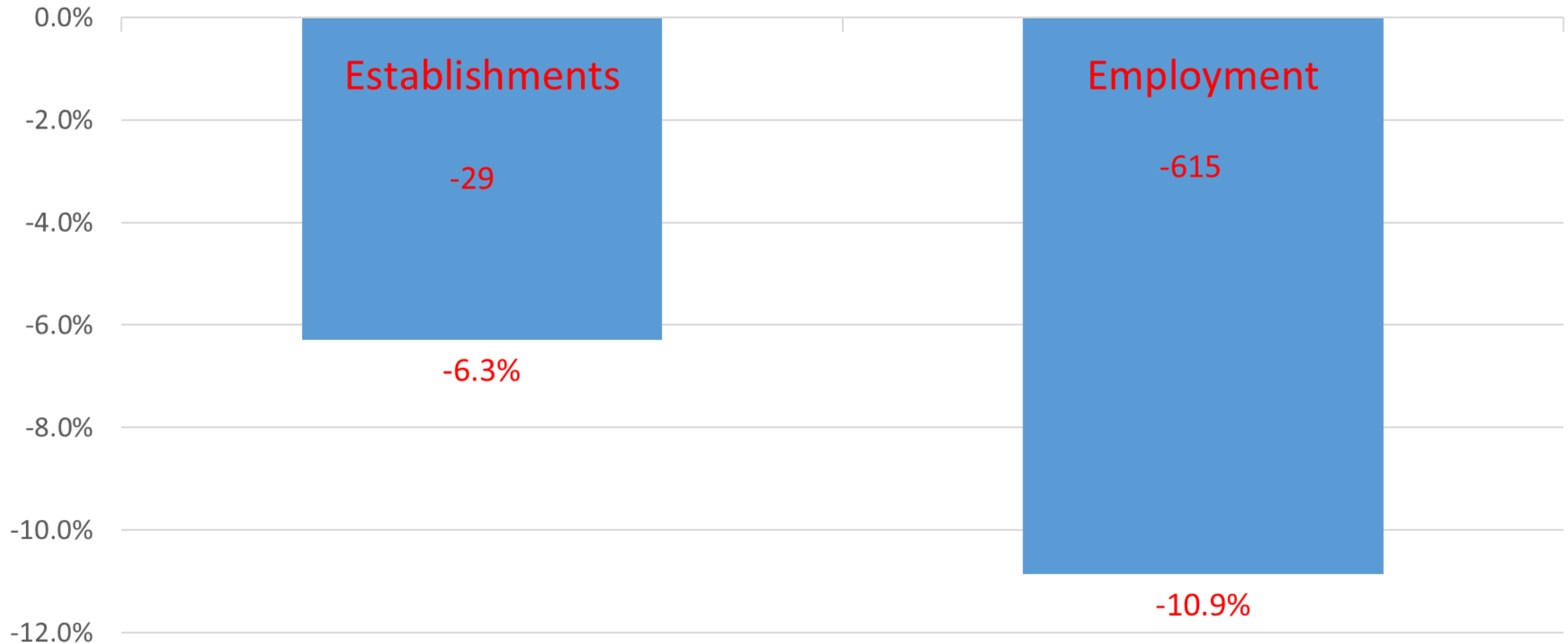
# Labor Force Participation and Employment-to-Population Ratio in New Hampshire Among 25-34 Year Old's Has Declined More Among Women Most Likely to Have Young Children

Change In Labor Force Participation and Employment-to-Population Ratio  
Ages 25-34 by Gender in New Hampshire Compared to Pre-COVID Rates



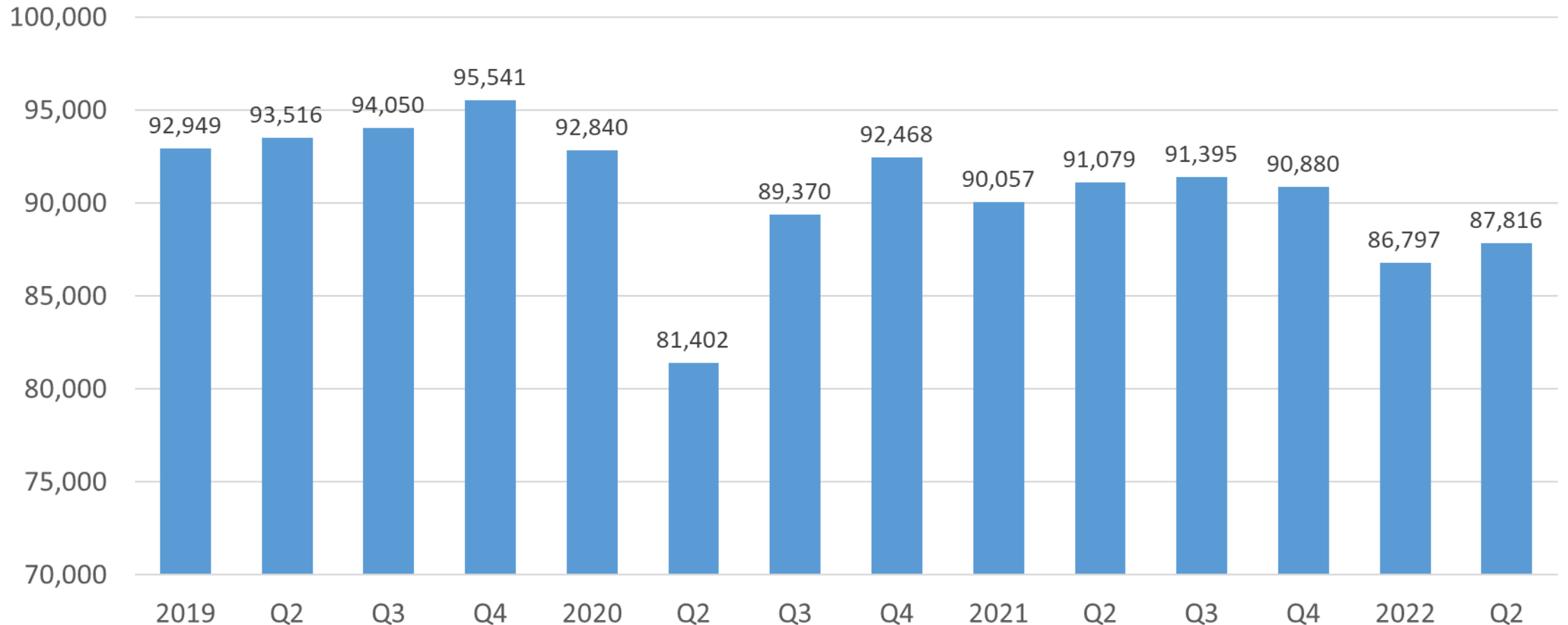
# Employment in Childcare Services has Dropped by Over 600 Since the Pandemic or Nearly 11%, Exacerbating the Shortage of Available Child Care Slots That Existed Prior to the Pandemic

Change in Child Care Services Establishments and Employment – Q1 2020 to Q2 2022



# The Pandemic Accelerated the Trend Toward Increasing On-Line Retailing and Retail Employment in the State is Unlikely to Fully Recover Soon

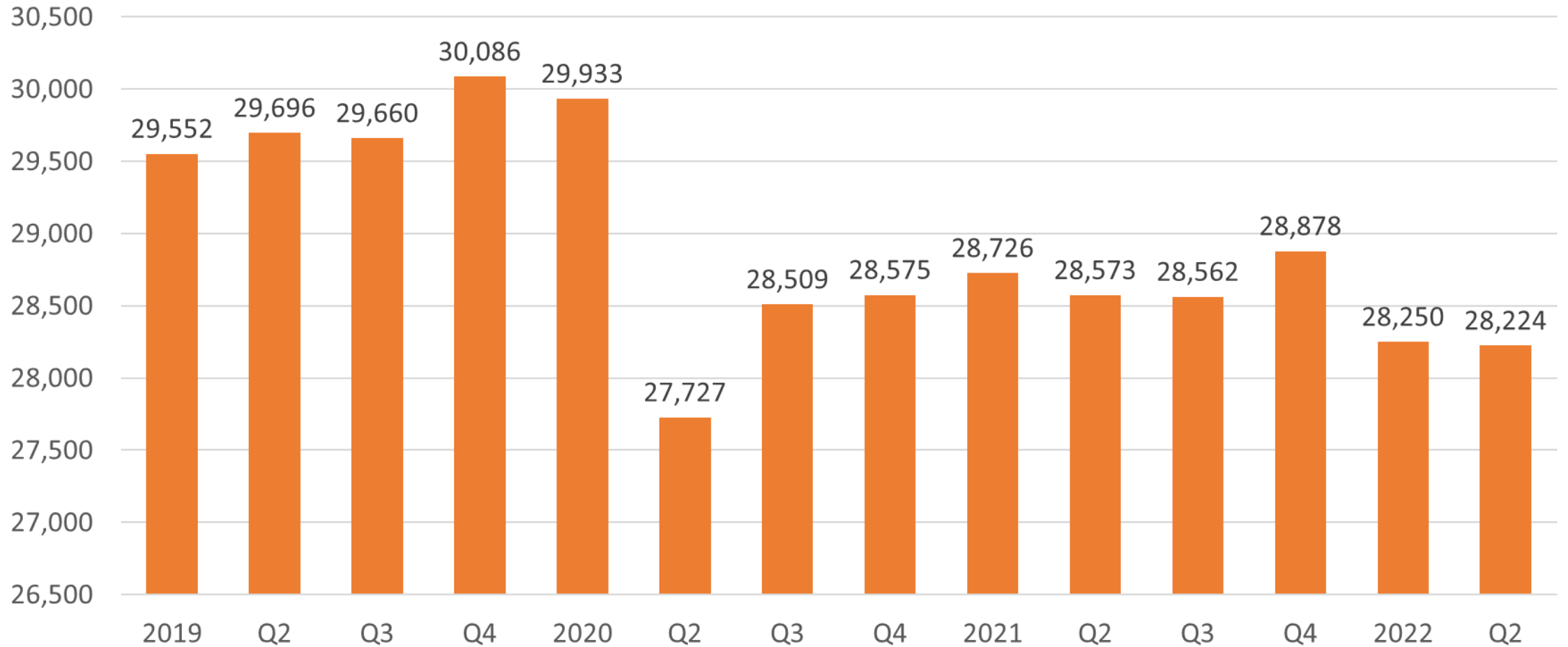
Quarterly Retail Employment in New Hampshire





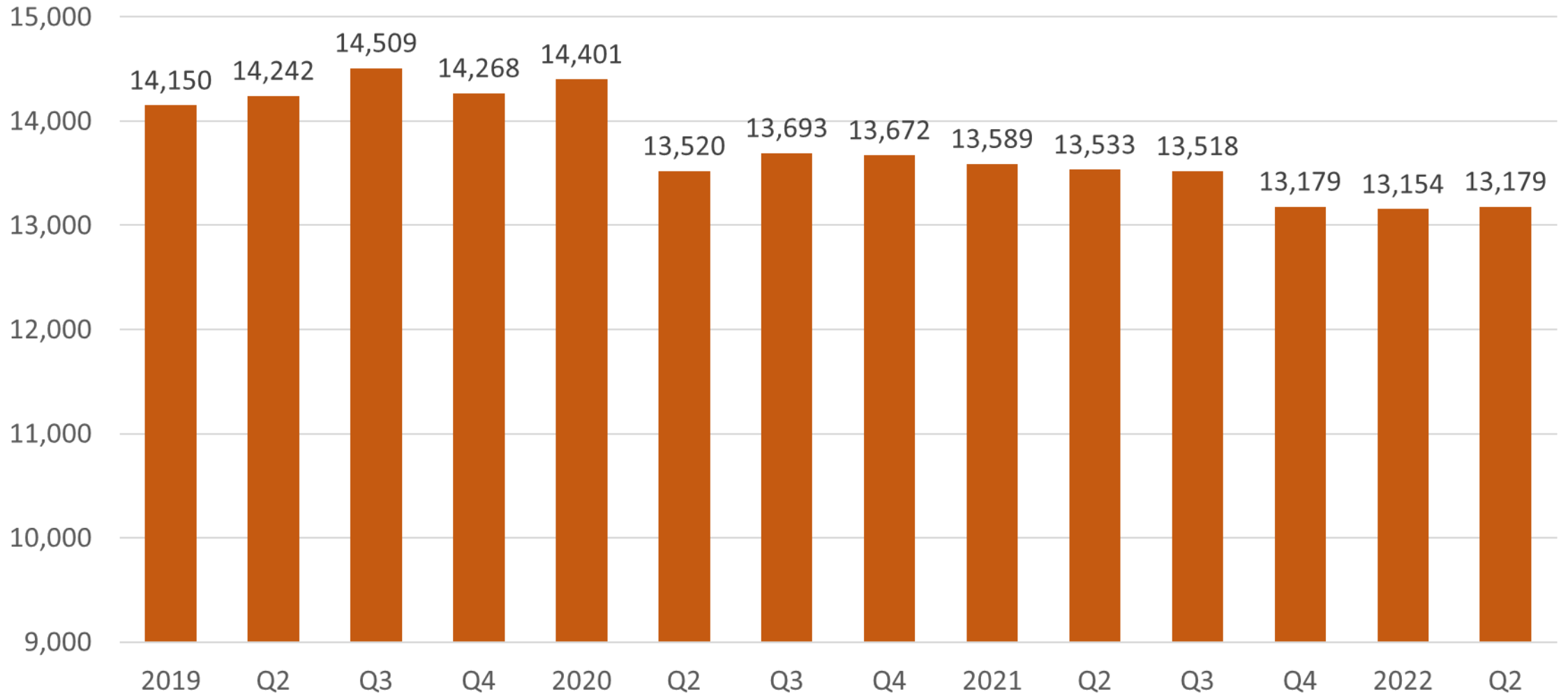
# Hospital Employment Remains Well Below Peak

## Quarterly Employment at Hospitals in New Hampshire



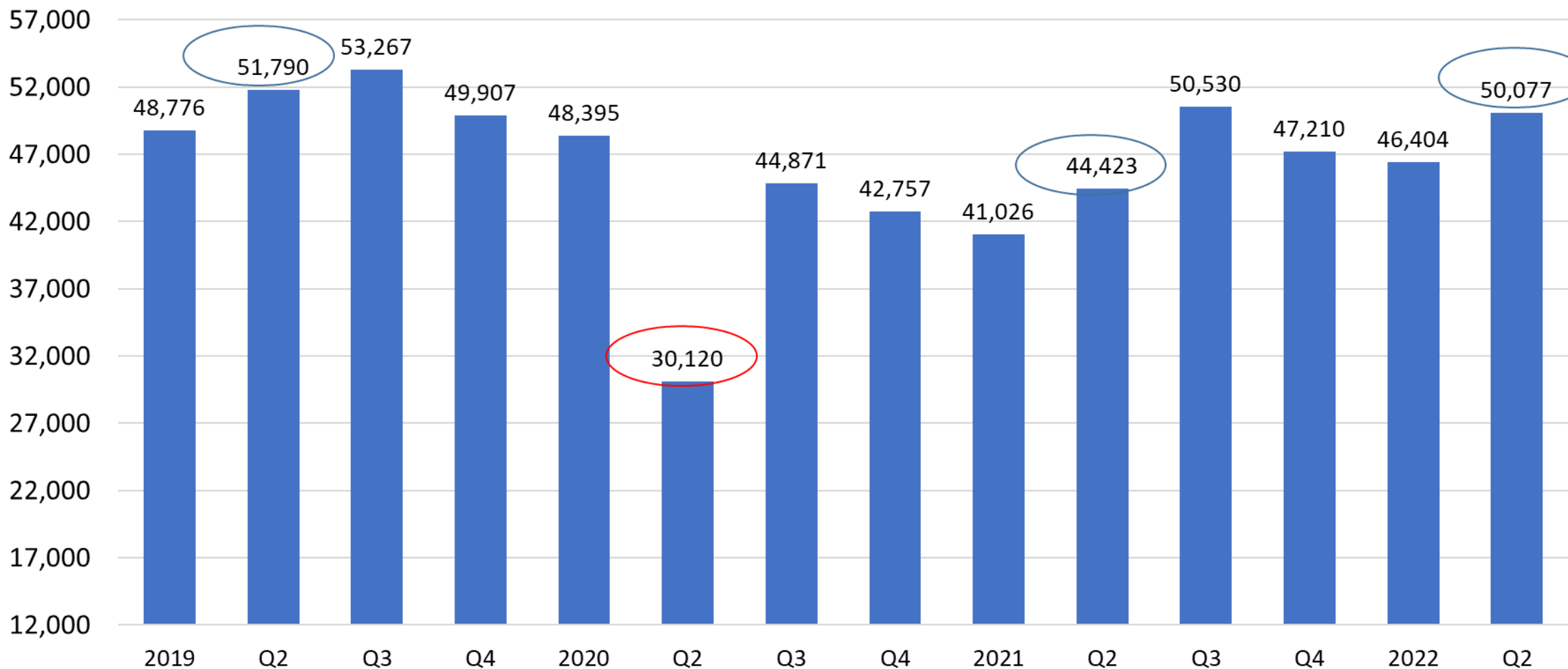
# Nursing and Residential Care Facility Employment Remains Stuck at About 1,400 Employees Below Pre-Pandemic Peak Employment

Quarterly Nursing & Residential Care Facility Employment in New Hampshire



# Employment in Eating and Drinking Places Peaks in Q3 (July/Aug/Sep) Each Year, it is Close to its Seasonal Pre-Pandemic Peak

## Quarterly Eating & Drinking Places Employment in New Hampshire

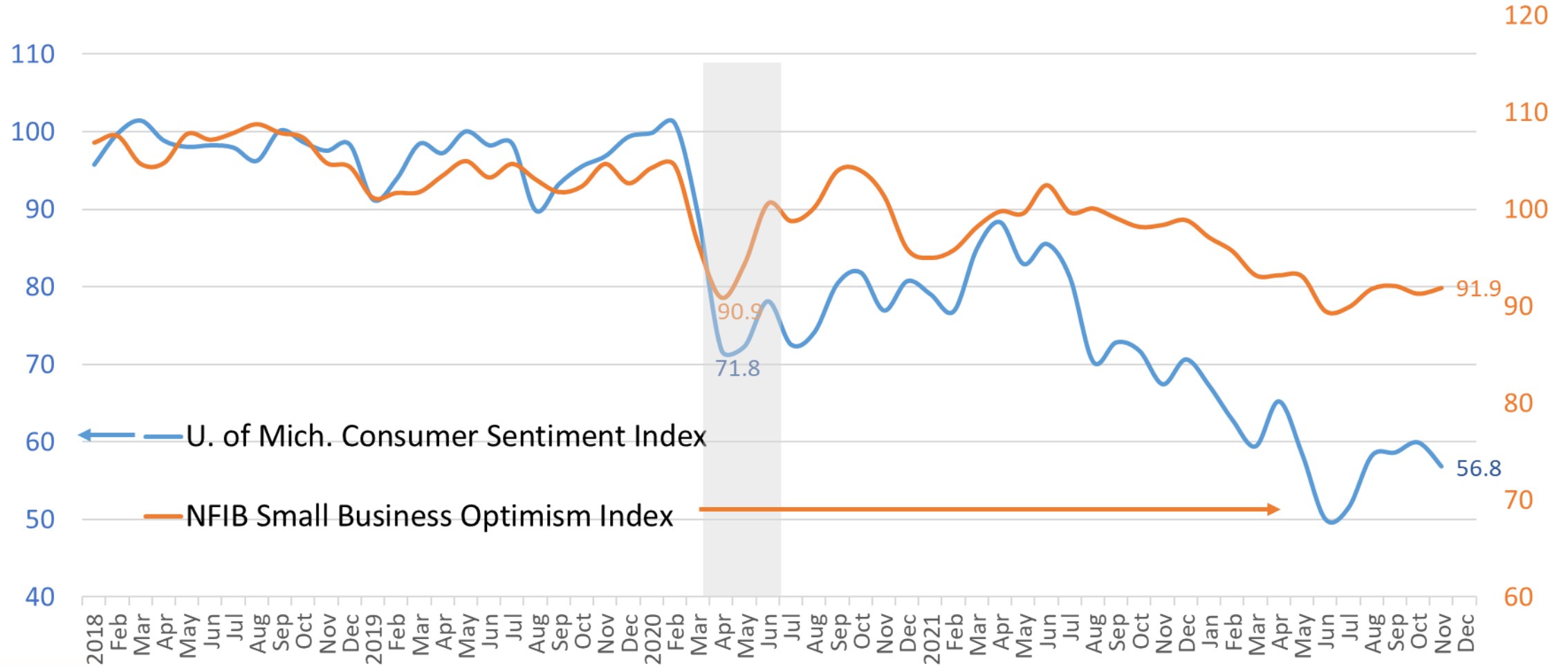


## Outlook Overview: It is Possible That the U.S. Can Avoid a Recession in 2023 but the Risks are Uncomfortably High and 2023 Will be Weak Regardless

- Household finances are generally better positioned to withstand current price shocks.
- Inflation is moderating and rent increases are slowing.
- Labor force is recovering, and job growth is slowing, this will moderate wage gains and risks of increasing inflation.
- Businesses will be loathe to lay off workers for fear of not being able to re-hire, income will not fall sharply.
- Household financial obligations (including debt) are relatively low by historical standards (but rising).
- Corporate debt also relatively low.
- Banks are well capitalized.
- Consumer spending is slowing, and will continue to, but still positive year-over-year.
- ***Without consumers cutting spending dramatically, and businesses laying off en masse, it is hard to see a recession on the horizon.***

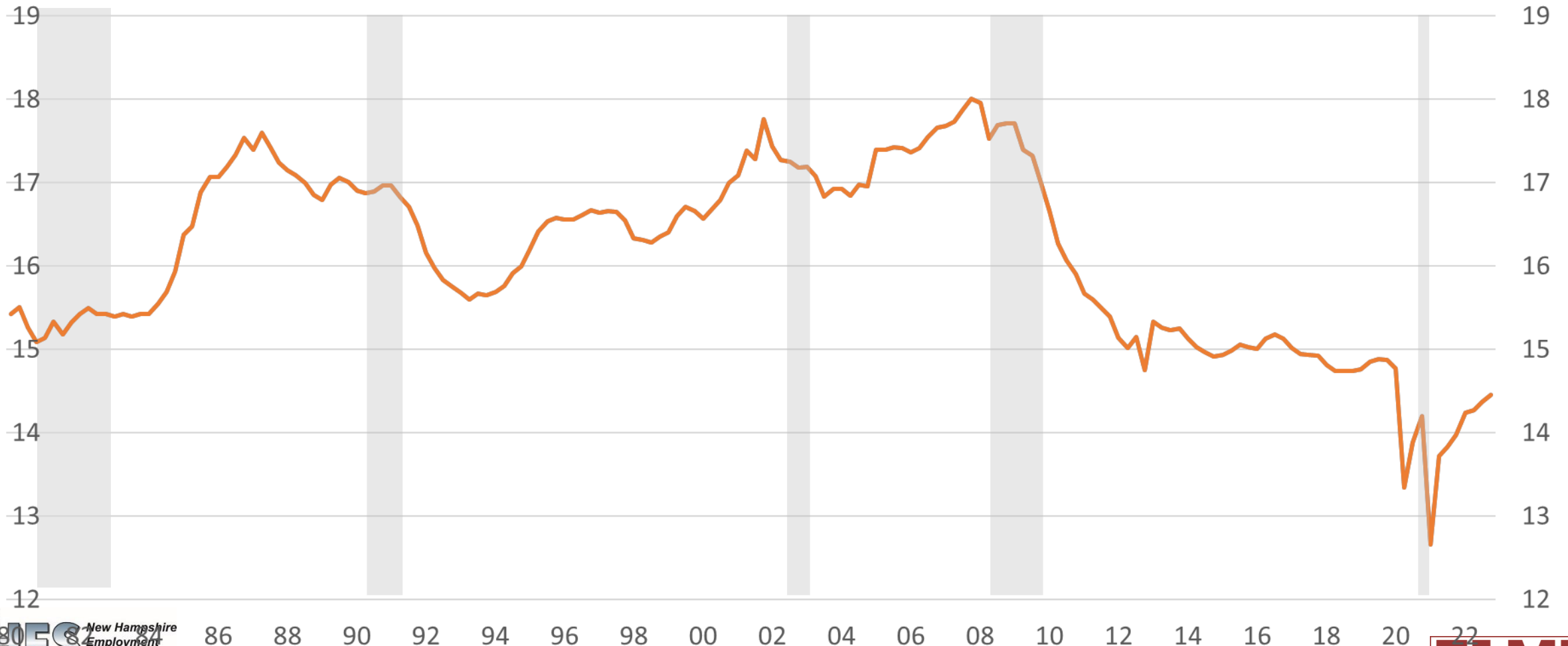
# Recessions are Fundamentally About a Loss of Confidence by Consumers and Businesses – Confidence is Low Among Both (and Many Economists). We Can “Talk Ourselves Into a Recession”

U. of Michigan Consumer Sentiment and NFIB Business Optimism Indices



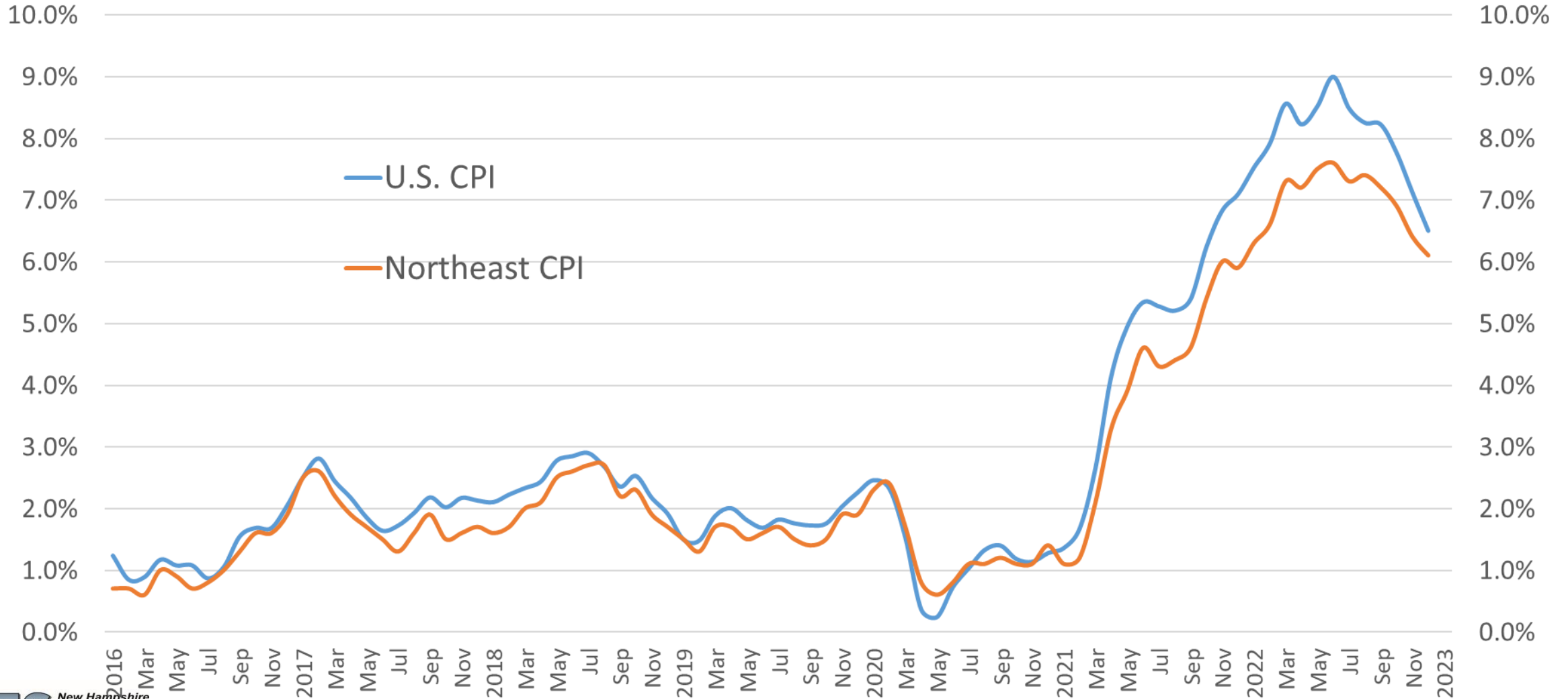
# Household are Better Positioned to Handle Higher Prices and Interest Rates (For a While) Than in Previous Downturns

## Household Financial Obligations Ratio Thru Q3 2022

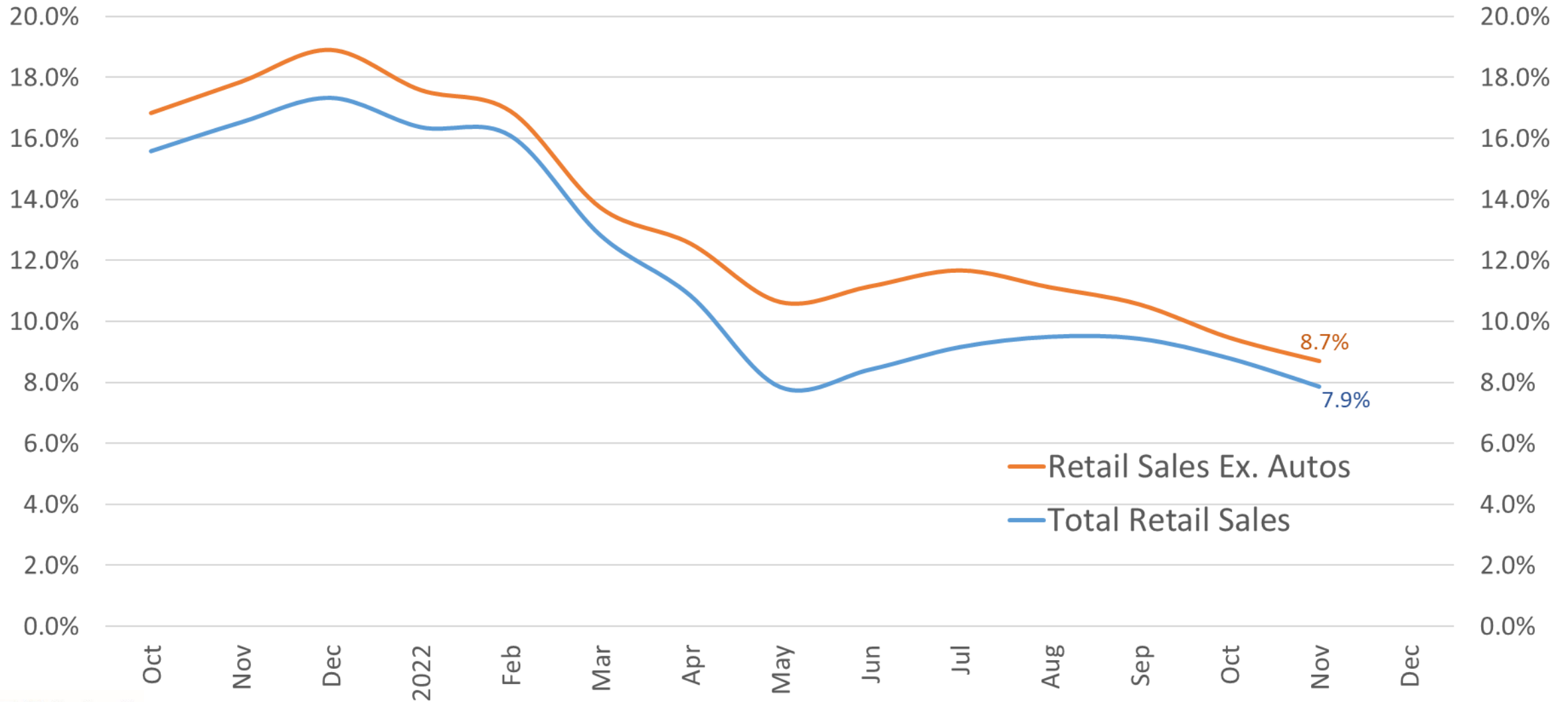


# Year-Over-Year Inflation Peaked in June and is Starting to Rollover – CPI Should be Under 4% by the End of 2023

Year-Over-Year U.S. Inflation Measures



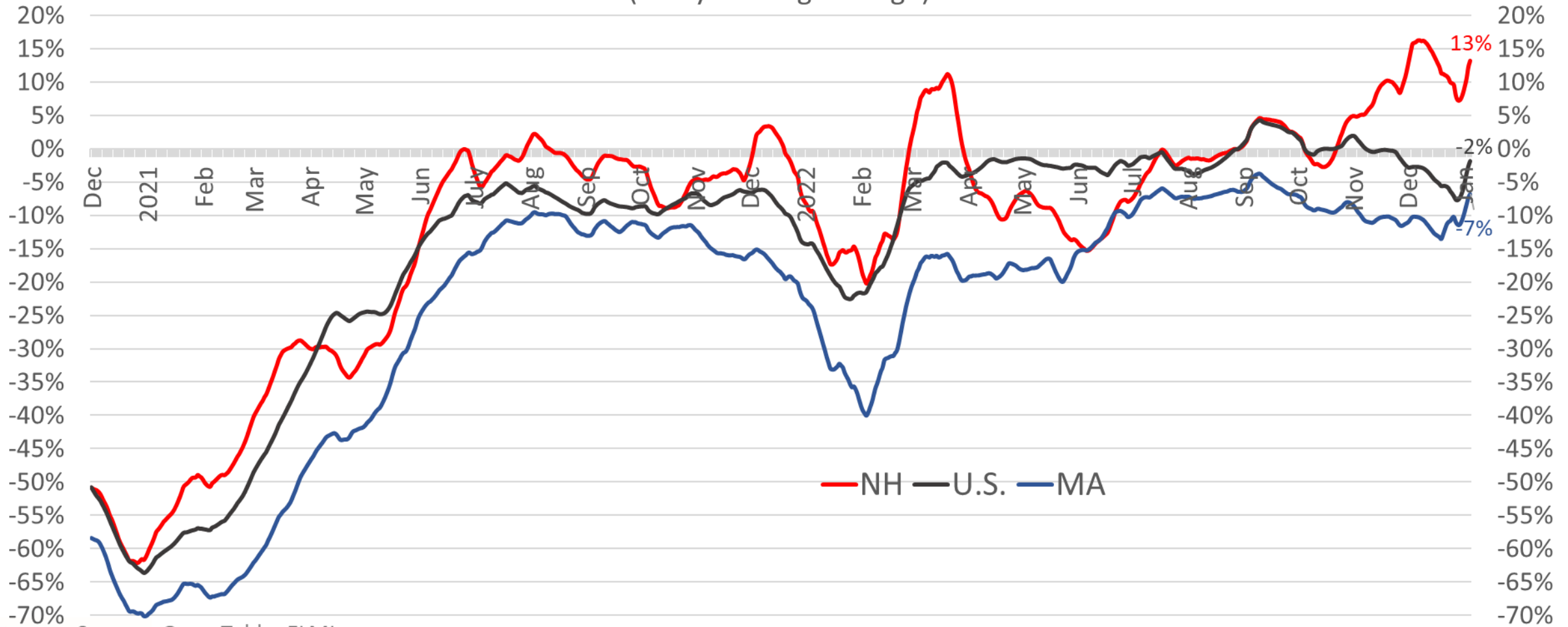
# Inflation Has Dampened But Not Cratered Retail Spending. It Will Be Hard to Fall Into Recession if Consumers Do Not Severely Cut Spending





# Restaurant Seatings in New Hampshire are Above Pre-Pandemic Levels and Have Increased Faster Than in MA or the U.S. Overall

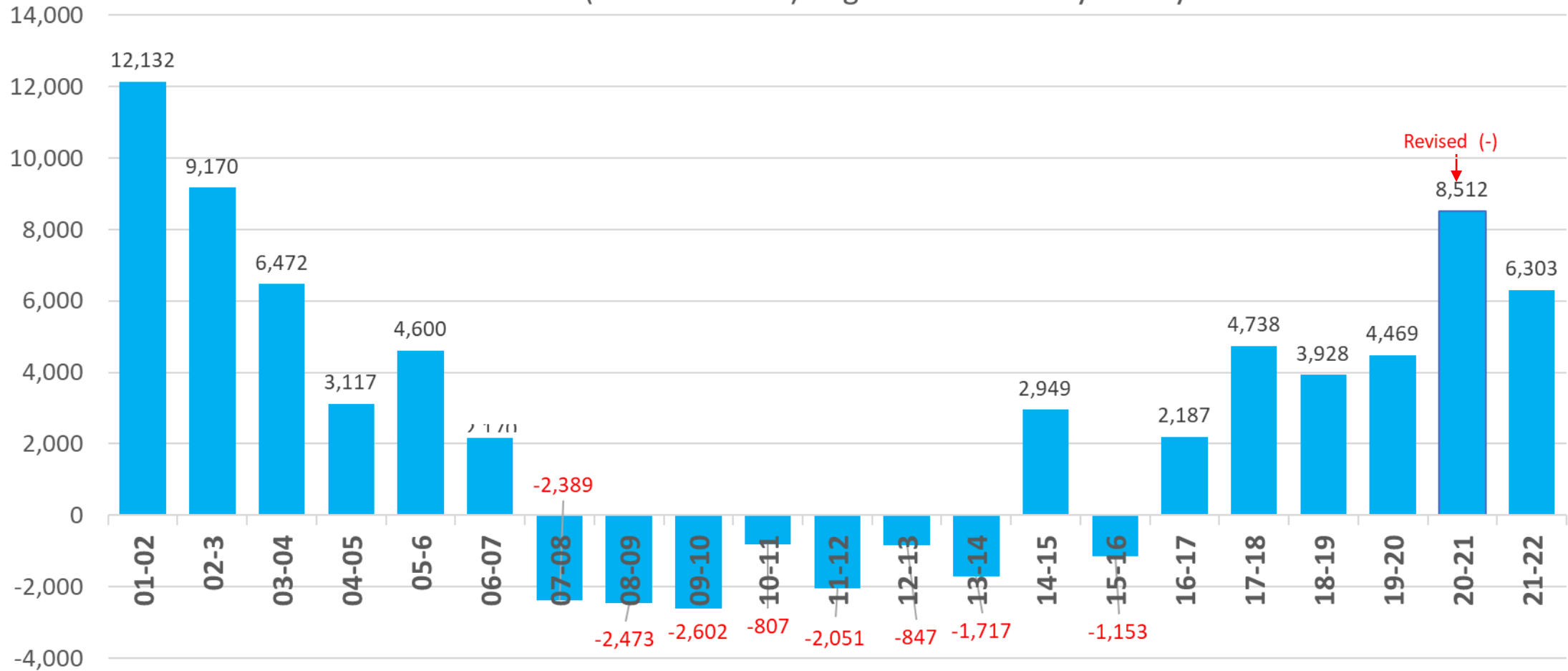
% Change in Seated Restaurant Reservations Compared to Same Day in 2019  
(7 Day Moving Average)



Source: Open Table, ELMI

# Solid Net Migration Into New Hampshire From Other States Continued to Help Labor and Demographic Trends in 2022, but is Constrained by the Availability of Housing

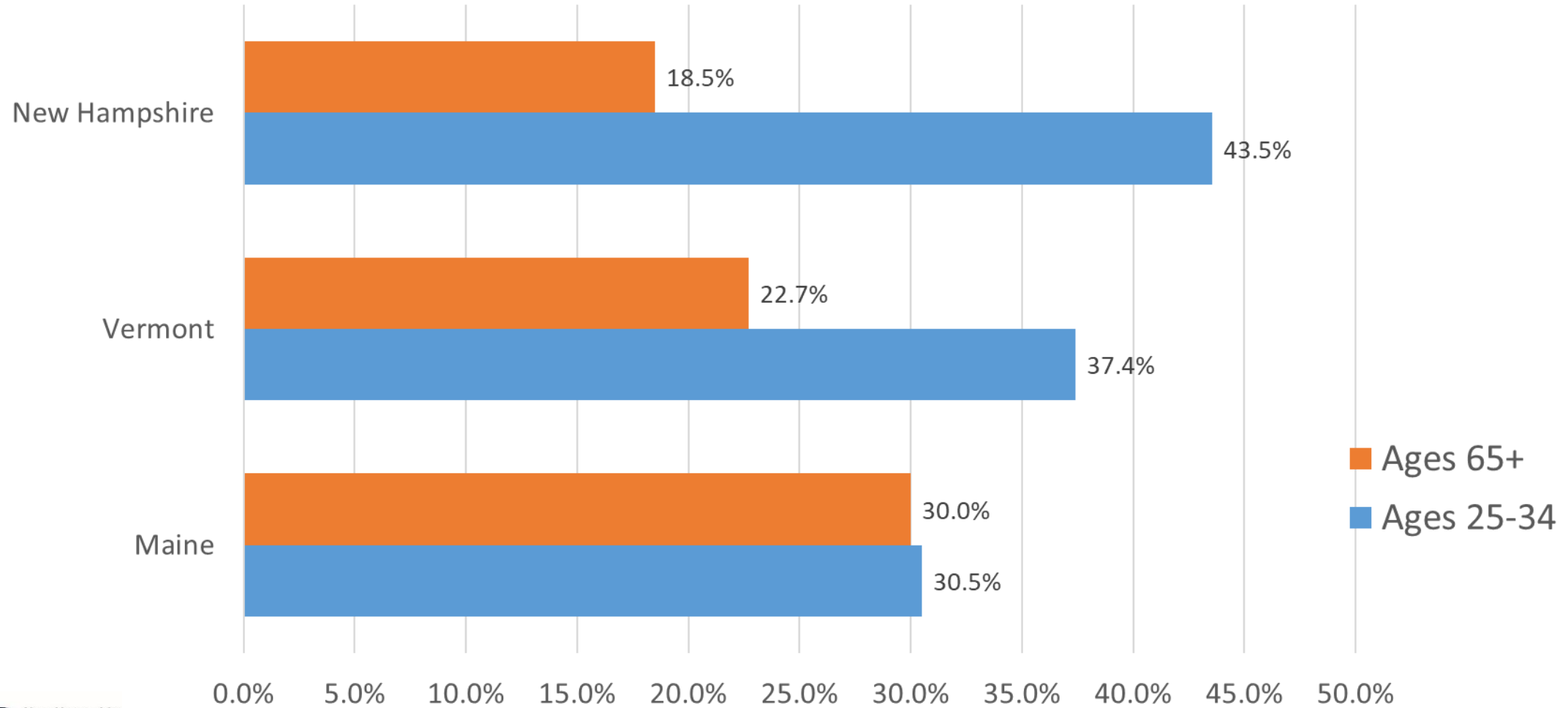
Net Domestic (State-to-State) Migration to NH July to July



Source: U.S. Census Bureau, Forecast: NH Economic and Labor Market Information Bureau

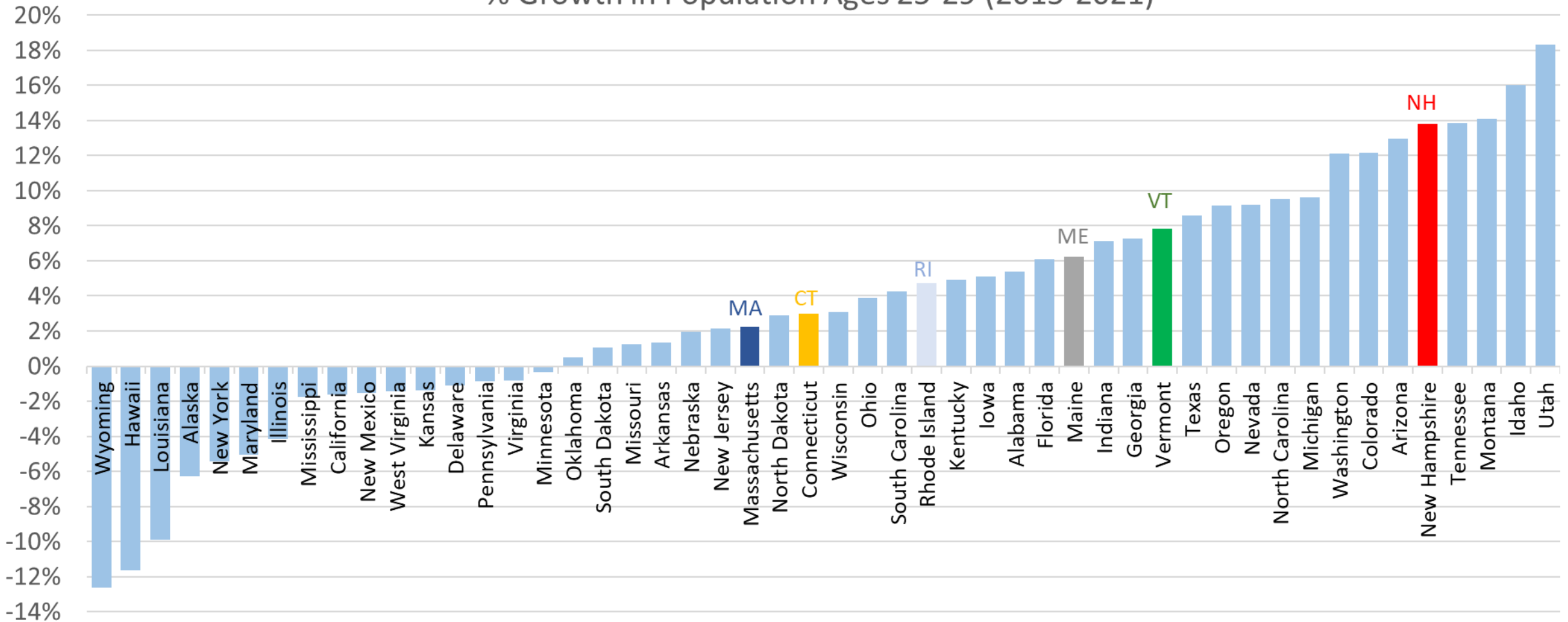
# The Demographics of Movers into New Hampshire From Other States is Trending Younger - Increasingly Benefiting NH's Demographics

% of Domestic Adult (Age 25+) In-Migration 2017-2021



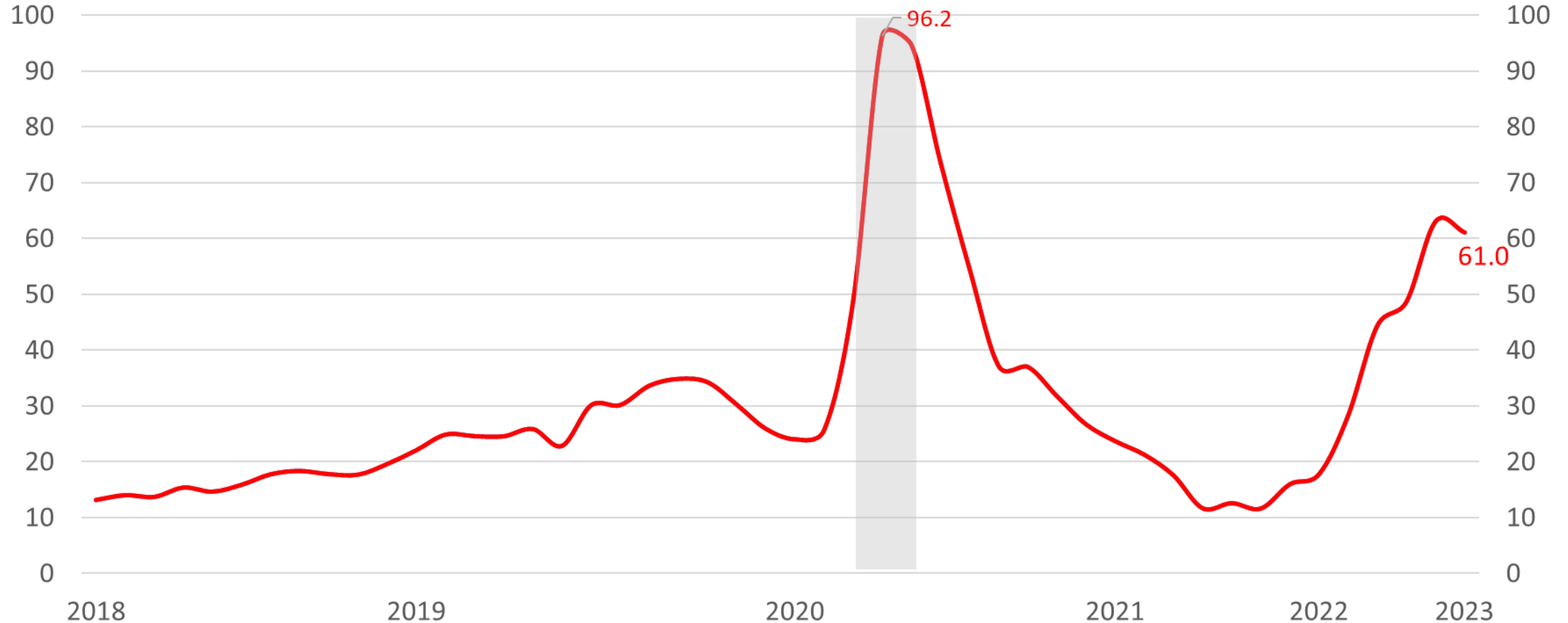
# Since 2015, NH Has Had the 5<sup>th</sup> Largest Percentage Increase in Population of 25-29 Yr. Old's of Any State (2<sup>nd</sup> Highest Since 2014)

% Growth in Population Ages 25-29 (2015-2021)



# Economists Surveyed by the Wall St. Journal Put the Probability of Recession in 2023 at Over 60% - We Believe the Probability is Lower

WSJ Survey of Economists: Mean Probability of Recession in 2023



# 2023 Will Be a Slow Growth Year (U.S. GDP Growth ~ 1.0% and 4% Unemployment Rate), But We are Not Including a Recession in our Current Forecast Scenario

Forecast of Total Non-Farm Job Growth

