Employment
SECURITY
32 SOUTH MAIN STREET
CONCORD, NEW HAMPSHIRE 03301
JOHN J. RATOFF, Commissioner
Darrell L. Gates, Deputy Commissioner

Summary of the New Hampshire Economy
Spring 2002

Overview

2001 was, as touted, an odyssey. New Hampshire started the year with 108,000 manufacturing jobs. Almost 47,000 were high tech manufacturing jobs, of which 32,000 were described as high tech intensive manufacturing industries. Come December manufacturing had dropped to 93,000, high tech manufacturing to 39,000 and high tech intensive manufacturing to 25,000. Count the losses - 15,000 in manufacturing. Of these, 8,000 were in high tech manufacturing, of which most (7,000) were in high tech intensive manufacturing. Nonmanufacturing high tech firms also lost jobs between January and December. Most casualties were in the Computer and data processing services sector of Business services which fell by 2,200 jobs.

Initial claims for unemployment compensation were around 3,000 per month during the first quarter 2001. Continued weeks claimed barely exceeded 15,000 per month, much as they had the previous four years. As the year progressed both numbers tripled. By December, monthly initial claims neared 9,000 and continued weeks claimed closed in on 45,000.

Within this roller coaster, there were some steadying numbers. Both employment and wages for 2001 exceeded 2000 numbers – employment by 3,800 and wages by $590 million. The wage component is especially interesting as 2000 exceeded 1999 by over $2 billion, an unprecedented amount. Just maintaining the $21 billion would have been significant. Also, the Granite State maintained its position as having the sixth highest per capita personal income state in the nation.

On to ***2002*** —

- ⇨ Despite large announced layoffs in the successors to Cabletron and in the international giant Tycom, the unemployment rate has been virtually unchanged for months.
- ⇨ Claims, both initial and continued weeks, have leveled and even ebbed slightly.
- ⇨ In addition to the likely reopening of the paper mill, the citizens of Berlin have decided they would like to have a Federal prison.
- ⇨ Construction contracts, in fact all aspects of the Construction industry, showed strength.
- ⇨ Health care, responding to an aging populace, is growing again after a couple of lethargic years.
- ⇨ Retail trade, a significant part of the New Hampshire economy, is reflecting the consumer-driven return to economic strength.
- ⇨ Consumer Confidence has rebounded from lows not seen since 1996 to indicate a more positive outlook of both *present situation* and *future expectations*.

Nonetheless, if the downturn which may have been a recession is over, a return to the late '90s is not automatic. New Hampshire scrambled for ten years trying to get back to the 117,000 manufacturing jobs of 1988. It was still 9,000 short when the 2001 tumble took place. Now the road back is even steeper. This year we will almost

Total Personal Income ($ millions) NE States and US

State	4th Qtr 2000	4th qtr 2001	Percent Change
New Hampshire	$42,308	$42,642	0.8%
Connecticut	141,829	142,779	0.7%
Maine	32,989	34,070	3.3%
Massachusetts	245,664	246,847	0.5%
Rhode Island	31,093	31,928	2.7%
Vermont	16,767	17,203	2.6%
United States	8,490,472	8,633,090	1.7%

Source: Bureau of Economic Analysis, <www.bea.doc.gov>

surely see Manufacturing employment average out under 95,000. Just to return to 100,000 may take years.

This downturn is different from the one in the early '90s. There do not seem to be many of the same money issues. Housing has remained strong and banks are not failing. The types of jobs that are disappearing, however, are high pay. The fading high tech center relinquished nearly 10,000 jobs; and those jobs averaged $60,000 per year. It will take many positives coming together for total wages to increase substantially again this year.

Personal Income

New Hampshire's personal income, seasonally adjusted at annual rates, for 4th quarter 2001, was $42,642 million. This was up by an unimpressive eight-tenths of a percent from 4th quarter 2000. This small rise was quite similar to those posted by Massachusetts and Connecticut. They recorded gains of 0.5 percent and 0.7 percent, respectively. The remaining three New England states did considerably better with Maine at 3.3 percent growth leading the entire Northeast region. The nation's total personal income grew more than twice New Hampshire's rate.

Within the components of personal income in New Hampshire, private wages actually fell over-the-year by $2 million. Manufacturing led the losses with a $727 million dollar drop. Earnings in this industry were down 12.5 percent over-the-year. This percentage decline in Manufacturing was second only to Connecticut for the region and was considerably worse than the nation's 7.8 percent loss. In addition to Manufacturing two other divisions, Transportation, communications and public utilities and Wholesale trade, had over-the-year losses in New Hampshire, each of $54 million.

The remaining divisions had over-the-year increases. Construction and Services led gains with increases of $322 million and $255 million, respectively. Retail trade and Finance, insurance, and real estate followed, both surpassing the national rate of increase in earnings. They had increases of $131 million and $107 million, respectively. Government's $256 million gain brought total nonfarm earnings to its $254 million increase.

Per Capita Income

rank		2000	2001	% change	2000 rank
	United States	$29,469	$30,271	2.7%	
1	Connecticut	40,702	41,930	3.0%	1
2	Massachusetts	37,704	38,845	3.0%	2
3	New Jersey	37,118	38,153	2.8%	3
4	New York	34,689	35,884	3.4%	4
5	Maryland	33,482	34,950	4.4%	5
6	New Hampshire	33,169	33,928	2.3%	6
7	Colorado	32,434	32,957	1.6%	7
8	Minnesota	31,935	32,791	2.7%	9
9	Illinois	31,856	32,755	2.8%	10
10	California	32,149	32,678	1.6%	8
Other New England States					
16	Rhode Island	29,113	29,984	3.0%	18
30	Vermont	26,848	27,992	4.3%	32
35	Maine	25,380	26,385	4.0%	36

Per Capita Personal Income

New Hampshire's per capita personal income for 2001 increased to $33,928 up $759 from 2000. This 2.3 percent gain fell shy of the nation's 2.7 percent gain and far below the 9.0 percent growth in New Hampshire in 2000. Despite the subpar growth, New Hampshire maintained its position as 6th highest per capita income in the nation.

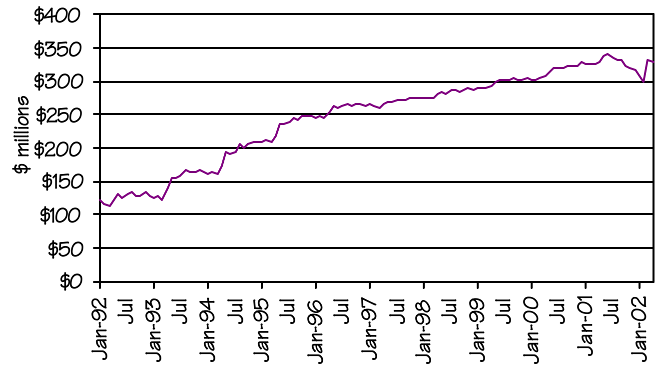
Unemployment Claims		
	Apr-01	**Apr-02**
Initial claims	5,320	6,228
Continued weeks claimed	17,258	48,406

Claims

From May 2001 through January 2002, in any given month, *initial claims*, filed by job losers to obtain unemployment compensation, have been higher than that month going back to 1992. The 7,589 initial claims in July 2001, the most for any month since 1992, was surpassed in December with 8,890 initial claims. January, February, and March 2002 showed considerable declines, with March slipping below 4,000. That was the lowest number since the previous March. April bounced up above 6,000.

Continued weeks claimed, a request for payment of unemployment compensation, followed a similar pattern. After not surpassing 20,000 for over four years, continued weeks claimed jumped to 32,968 in July 2001. They dipped a bit to about 28,000 for the next two months but then climbed to the mid-30,000s, through the mid-40,000s and on to 51,382 in January 2002. February, March, and April returned to the 40,000s, a slight downturn, but not of the same scope as seen in initial claims. April had 48,406.

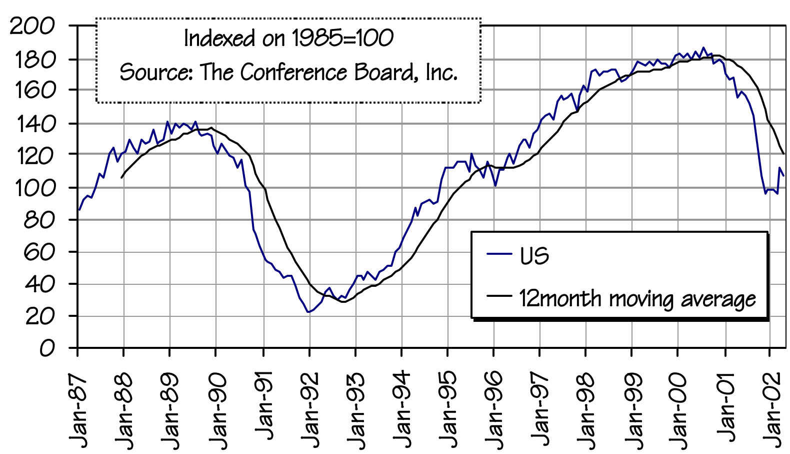
The effects from the high numbers of claims, both initial and continued weeks, reverberate throughout the economy. In many occupations, especially in information technology, there is a surplus of available labor. These are some of the same occupations where, only a couple of years ago, employers were scrounging everywhere to fill critical slots. Nonetheless, there are other occupations with training opportunities. In some of the hardest hit areas of the state such as Berlin, claimants are enrolling in programs where they can prepare for commercial driver's licenses, earn certified nursing assistance certificates, or upgrade their computer skills.



Trust Fund Balance, January 1992 to April 2002

Trust Fund

As could be expected with the high number of claims, the Trust Fund is being drawn down. Since 1992, the Fund had been on a steady climb. It had escalated from a somewhat anemic $123.8 million in March 1993 to a high of $339.6 million in June 2001. Starting with the July hit of over $8 million in benefits paid, the fund balance has been on a slide. The first three months of 2002 have had benefit payments in excess of $10 million each month. The result would have been a balance of $292.6 million at the end of March 2002.



Consumer Confidence, United States, January 1987 - April 2002

In March, however, the Reed Act designated a distribution of federal funds to each of the states. New Hampshire's share was $38.5 million. This infusion to the Trust Fund raised it to over $330 million. This is important to employers. Their tax rate is predicated on the fund balance. If it falls below $275 million, the tax rate of most employers would increase by 0.5 percentage points for the first $8,000 paid. This equals $40 per year per employee.

Consumer Confidence

Consumer Confidence nationwide fell from an all-time (since its 1981 beginning) high of 144.7 in January 2000 to a still high 115.7 in January 2001 to a five-year low of 84.9 in November 2001. New England had a similar trend with a peak of 150.3 in May 2000, falling nearly 40 points by January 2001 and down to 84.5 in November 2001. Underlying the lack of confidence in New England in November 2001 was an extremely dour *future expectations* level of 64.7. This was just over half the level recorded only a year and a half before. Over the past five months, there has been a slow climb both statewide and regionally. The overall index was 108.8 for the nation and 109.1 for New England. Future expectations for New England lagged the U.S. level, but present situation was stronger.

Employment and Unemployment

The seasonally adjusted unemployment rate for New Hampshire has been hovering around four percent since July 2001. Only March 2002 at 4.1 percent went above 4.0 percent. The labor force is holding at about 19,000 above last year. Employment is up 13,000 and unemployment up 6,000.

Labor Force and Components

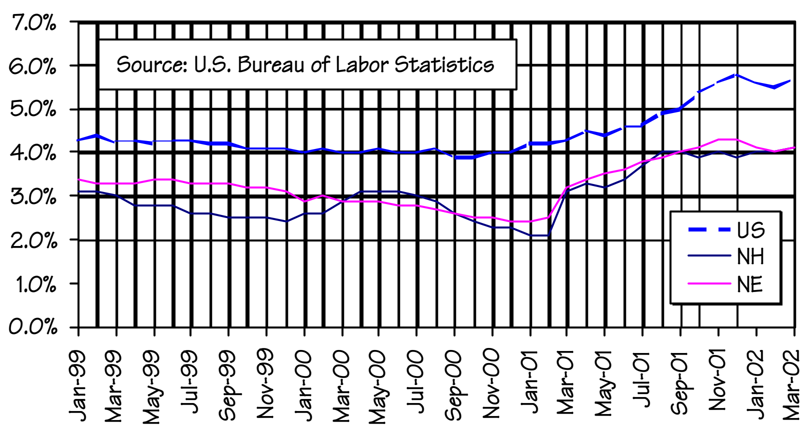
	Apr-01	Apr-02
Civilian Labor Force	687,870	707,100
Employed	665,250	678,610
Unemployed	22,620	28,490
Rate	3.3%	4.0%

Covered Statewide Employment

	2000	2001
Total	606,347	610,119
Private	529,478	530,930

Covered Employment

Employment and wages both increased in 2001 over 2000. Both numbers are smaller than increases that have been typical over the past few years. The employment increase was 3,800. From 1995 to 2000, the increases were typically in the 15,000 range. Wages had been increasing about a billion dollars a year until 2000 when they rose $2 billion. The 2001 increase was $589.1 million. This is very good given the 2000 number. The slowdown in 2001 could have predicted no increase.



Seasonally Adjusted Unemployment Rate, United States,
New England, and New Hampshire, January 1999 - April 2002

Covered Construction Employment		
	2000	**2001**
Total	26,816	28,096
Private	25,175	26,812

Construction

Construction employment and wages continued to be a highlight of New Hampshire's economy. Average covered private employment in 2001 was 26,812. This was over 1,600 higher than in 2000. Only years 1985 through 1989, when New Hampshire was in a construction boom, surpassed this level of jobs. The 2001 wages jumped $159 million over 2000, hitting $1.1 billion. This was the first time for wages in this division to exceed $1 billion. Even when employment bettered 36,000 in 1987, wages barely surpassed $800 million.

Local government and Services were the only sectors to have slightly more employment gains than Construction in 2001, and only Services with nearly seven times the level of employment outgained the wages increase in Construction. The economic strength of Construction is also true in the region and the nation. Low interest rates combined with mild weather during the past winter and early spring allowed a higher level of construction activity than usual in New Hampshire.

As a component of 2001 Personal Income, earnings in Construction saw the fastest growth among industries from 4th quarter 2000 to 4th quarter 2001, 16.4 percent. This was more than five times the national rate and more than twice as fast as Massachusetts' rate, the next fastest Construction earnings growth in New England.

Total Construction As is obvious from the review of the following categories this index comprises, the outlook is for a continuation of the solid construction situation. The index reflects the letting of contracts. Works in progress would already have been reported.

Residential Construction (Housing, including lodging) No matter whether you look at seasonally adjusted or unadjusted residential construction data, contracts are strong. During the first three months of 2002, this index has, with the exception of 1988, the highest average to lead off any year in the history of this series.

Nonresidential Construction (Schools, hospitals, industrial parks, etc.) New Hampshire has surpassed a thousand for this index only four times since its beginning in 1969. March 2002 had an index of 1051.1. Contracts in this category have been at a very high level in New Hampshire for the past three years.

Nonbuilding Construction (highways, utility systems, airports, etc.) This index has also started 2002 showing strength. Only 1998 and 2001 had a higher total for the first three months dating back to the letting of the contract for the nuclear energy facility in Seabrook. With the exception of Vermont, all New England, especially Rhode Island, showed similar first quarter strength.

Statewide Home Sales		
	2000	**2001**
Sold	20,272	19,165
Volume $ millions	$3,420.2	$3,602.8
Average Price	$168,717	$187,991

Housing

The cost of housing, rather owned or rented, increased again in 2001. According to the New Hampshire Housing Finance Authority, rental units, if available, escalated $41 to $738 in 2001. The vacancy rate was only about one percent, half the percentage considered full occupancy. Ownership is no better. The New Hampshire Association of Realtors set the average sales price in 2001 nearly $20,000 higher than in 2000.

Covered Manufacturing Employment		
	2000	**2001**
Total	106,335	101,538
Private	106,299	101,504

Manufacturing

Manufacturing employment dipped in a fashion similar to 1989. In that year manufacturing jobs tumbled by about 4,300. In 2001 there was a 4,800 loss. The 101,504 annual employment was an average spanning a high of 107,955 in January 2001 to the low of 93,404 in December 2001. Typically, the annual average employment for any year is within 2,000 of the December level of the previous year. A continuation at the employment level of December 2001 into 2002 would mean New Hampshire could be looking at another 7,000 loss of manufacturing jobs when the 2002 annual average is available. This then could be compared to the 8,000 decline of 1990. These two bookends to the 1990s, though similar in job losses, are quite different in their composition. Whereas the earlier period was across the board, with every major group losing jobs, the 2001 job loss was solidly in the manufacture of electronics and other electrical goods. This major group suffered over 6,000 lost jobs between January and December 2001 – which leads to a discussion of high technology.

High Tech

New Hampshire has been among the leaders in high tech employment over the past few years. No matter which of the many definitions used by the Bureau of Labor Statistics (BLS) to quantify high tech employment, New Hampshire, over the past five years, has ranked in the top five states in the nation for percent of its workforce in high tech industries. Because all of 2001 covered employment data is just now coming available, such a ranking for last year is not yet possible.

What we do know is that New Hampshire high tech employment plunged. Between January 2001 and December 2001 employment losses neared 10,000. Three of every five lost jobs were in the aforementioned electronics manufacturing. Of those losses not in electronics manufacturing, over half were nonmanufacturing. Computer and data processing services accounted for nearly all this category with a 2,193 loss.

Covered TCU Employment		
	2000	**2001**
Total	25,858	26,779
Private	20,974	21,353

Transportation, Communications, and Public Utilities

Two power plants, AES's Granite Ridge in Londonderry and Consolidated Edison's Newington Energy in Newington, are about to fire up. Both are fueled by natural gas.

High Tech Industries with a change in employment of more than 100, January 2001 to December 2001

		January		December		Employment	
	High Tech Industries*	**Units**	**Emp**	**Units**	**Emp**	**Net**	**Percent**
367	Electronic components and accessories	172	14,398	169	9,244	-5,154	-35.8%
737	Computer and data processing services	1,708	13,452	1,672	11,259	-2,193	-16.3%
366	Communication Equipment	40	2,881	41	2,265	-616	-21.4%
357	Computer and office equipment	42	4,083	40	3,483	-600	-14.7%
382	Measuring and controlling devices	85	4,317	88	3,783	-534	-12.4%
356	General industry machinery	40	4,536	40	4,090	-446	-9.8%
371	Motor vehicles and equipment	12	2,196	11	1,921	-275	-12.5%
355	Special industry machinery	49	2,778	48	2,608	-170	-6.1%
362	Electrical industrial apparatus	27	903	28	798	-105	-11.6%
381	Search and navigation equipment	18	4,236	21	4,388	152	3.6%
High Tech Intensive Totals**		**2,047**	**39,131**	**2,010**	**30,034**	**-9,097**	**-23.2%**
High Tech Totals**		**4,294**	**70,356**	**4,314**	**60,544**	**-9,812**	**-13.9%**

Shaded items are considered high tech intensive industries

** industries do not add to totals because all industries are not displayed

* 1999 definition of High Tech.

The Newington plant is scheduled to first fire up on June 9, 2002 and will achieve commercial operation in late summer 2002. Its contract is to generate 561 megawatts at 65 degrees. Granite Ridge is a 720-megawatt facility, scheduled to reach commercial operation in summer 2002. Combined, these two facilities will generate more electricity than Seabrook's nuclear powered plant. Seabrook generates 1,150 megawatts.

New Hampshire's draw at peak is about 1,800 megawatts. New Hampshire has been a power exporter for many years. The last time Granite Staters used more energy than they produced was just before Seabrook Nuclear Station came on line in 1989. In 2000 there were 12,702 million-kilowatt hours generated and 9,949 million-kilowatt hours purchased. This five-to-four ratio pales to 1993 when generation was 1.7 times consumption. Given the expected increase in production from the two natural gas plants, less than half the energy generated in the state will suffice for instate consumption.

Covered Trade Employment

	2000	2001
Wholesale	33,150	32,720
Retail	132,048	133,442

Wholesale Trade

In a story similar to the one in high tech, Wholesale trade has had its marvelous run interrupted. Since 1992, this division has had incredible growth. Employment shot from an annual average of 21,600 in 1992 to 33,150 in 2000. It then dropped to 32,716 in 2001. Unlike manufacturing, high tech, and other such January to December 2001 stories, Wholesale trade actually grew by 310. The growth was in the wholesaling of nondurable goods, not commercial equipment where much of the past growth has been.

Retail Trade

Retail trade did its share to help New Hampshire's economy in 2001. Not only did employment increase by 1,400 jobs, but the division's workers received $144.6 million more than in 2000. The average annual wage surpassed $20,000 for the first time. Three major groups in retail, General merchandise stores, Furniture stores, and Miscellaneous retail had over-the-year employment losses. Without exception though, all retail major groups had increased wages, both total and per employee. Like Construction, Retail trade has been an important part in the U.S. refusal to drop into a prolonged recession.

Covered FIRE Employment

	2000	2001
Total	31,840	33,406
Private	31,759	32,920

Finance, Insurance, and Real Estate

Finance, insurance, and real estate (FIRE) has exhibited strength similar to Construction. The private sector of this division has added more than 1,100 jobs over-the-year and has paid $58.7 million additional dollars to its employees. While employment increased across most of the division, nondepository institutions led the monetary increase with $33.2 million more in wages in 2001 than in 2000. This happened with only 71 more employees. The average annual wage increased more than $18,000 to $70,227.

Covered Services Employment

	2000	2001
Total	213,792	217,351
Private	173,896	175,544

Services

The Services division added the most jobs among all the private divisions. The makeup of the over-the-year picture is certainly more complicated. Health services carried the division with over 2,000 more jobs over-the-year while Business services dropped 2,200.

Nearly every major group within Health services had over-the-year growth. More than half was in hospitals, up over 1,000 jobs. Doctors' offices and Nursing care facilities split most of the balance of growth.

The Business services decreases were almost totally in Personnel supply and Miscellaneous business services. These two industry groups lost 1,366 and 744 jobs respectively. The lucrative Computer services lost only 96 jobs over-the-year. From the standpoint of wages, however, the total over-the-year loss for all of Business services was $48.4 million. The loss in wages just in Computer services exceeded $47 million.

Private Education services and Amusement services combined to add about a thousand jobs over-the-year. Most of the gains in education were at the postsecondary level. Wages there also saw a good jump, up $29.8 million. This was three-fourths of the wage gain for the entire major group. Within Amusement services, nearly 80 percent of the employment is in Miscellaneous amusements. This category includes many ski-related activities, fitness centers, golf courses, and amusement parks. As a consequence of its dominance within Amusement services, the Miscellaneous category had most of the employment and wage gains in the major group.

Covered Government Employment

	2000	2001
Total	76,869	79,189
Federal	8,215	8,128
State	18,942	19,538
Local	49,712	51,523

Government

The annual average employment in total Government increased by over 2,300 jobs to more than 79,000 in 2001. These job increases were the core of an additional $158.2 million in wages.

Federal government actually saw a circumstantial dip in employment. Much of the 2000 increase was attributable to the Decennial Census. Without the Census Federal employment would have been much less in 2000, as the Postal Service operated with about 300 fewer jobs. In 2001, however, postal employment rose by around 600 as it took over processing that had been done in the private sector. Despite the almost 100 fewer jobs in Federal government, wages in 2001 increased by 9.8 million.

State government employment increased by nearly 600 jobs as total wages climbed by $41.4 million. Wages and jobs in state construction dropped – wages by $9.7 million and jobs by about 350. Public administration increased by 533 jobs and $31.5 million and state education facilities grew by over 300 jobs and $15 million.

Local government jumped over 1,800 jobs and $107.1 million in wages. Of those job gains more than 1,550 were in local education. Wages there also increased, but only by $67.5 million. The 275 jobs increase in Public administration led that major group to a $39.4 million spike in wages. The increase took place across the state. After Coos County, which experienced a very slight decrease, the next smallest growth was in Sullivan County with a 5.9 percent wage growth. Both Carroll and Strafford Counties went into double-digit wage growth in this, their noneducation payroll.

Current Employment Statistics (CES)

Nonfarm employment for April 2002 estimated a 700 job loss over-the-year. Private employment was down 1,000 jobs and government was up 400. Construction's gain could not offset the Manufacturing drain. Thus, total goods producing was down 5,200 jobs. Within manufacturing, durable goods, led by the two machinery manufacturing major groups, lost 6,300 jobs. Nondurable goods manufacturing also fared poorly, losing 1,700 jobs. Within the service producing divisions, Services led over-the-year gains with 2,900 more jobs. Health services led the increase, overcoming Business services losses. Retail trade followed with growth specific to Eating and drinking establishments and Automotive dealers. State government led the over-the-year increase in Government.

Prepared by:
New Hampshire Employment Security Economic and Labor Market Information Bureau

Contact:
Martin Capodice, Research Analyst
228-4173

Nonfarm Employment

	Apr-01	Apr-02
Total All Industries	623,300	622,600
Private	536,100	535,000
Mining	400	500
Construction	25,400	26,400
Manufacturing	105,800	99,500
Transportation & Public Utilities	21,600	20,900
Trade Total	161,100	162,700
Finance, Insurance, & Real Estate	33,600	33,900
Services	188,200	191,100
Government	87,200	87,600