



New Hampshire's Economy and the COVID-19 Crisis: An Early Overview

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New Hampshire House Ways and Means Committee

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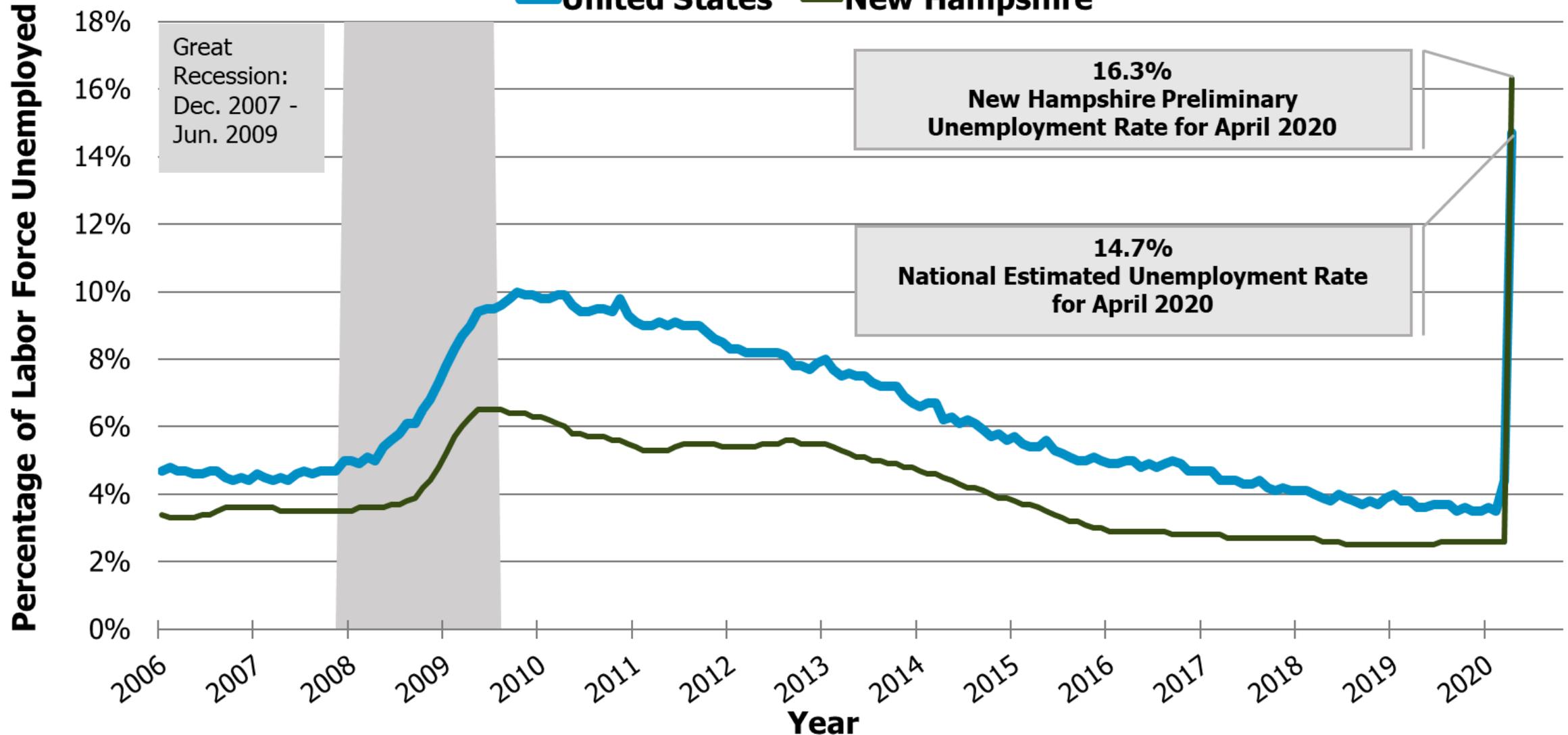
Four Key Takeaways

- The shock to the economy has been swift and massive.
- The crisis's impacts are disproportionately large for those with least ability to absorb financial shocks.
- The last economic recovery was long but started slowly, and left many people in precarious financial situations.
- Projections for future economic growth are very uncertain at this time, with future growth highly dependent on both public health factors and the resources individuals and families have available.

Unemployment Rates

New Hampshire and the United States, Seasonally Adjusted

— United States — New Hampshire

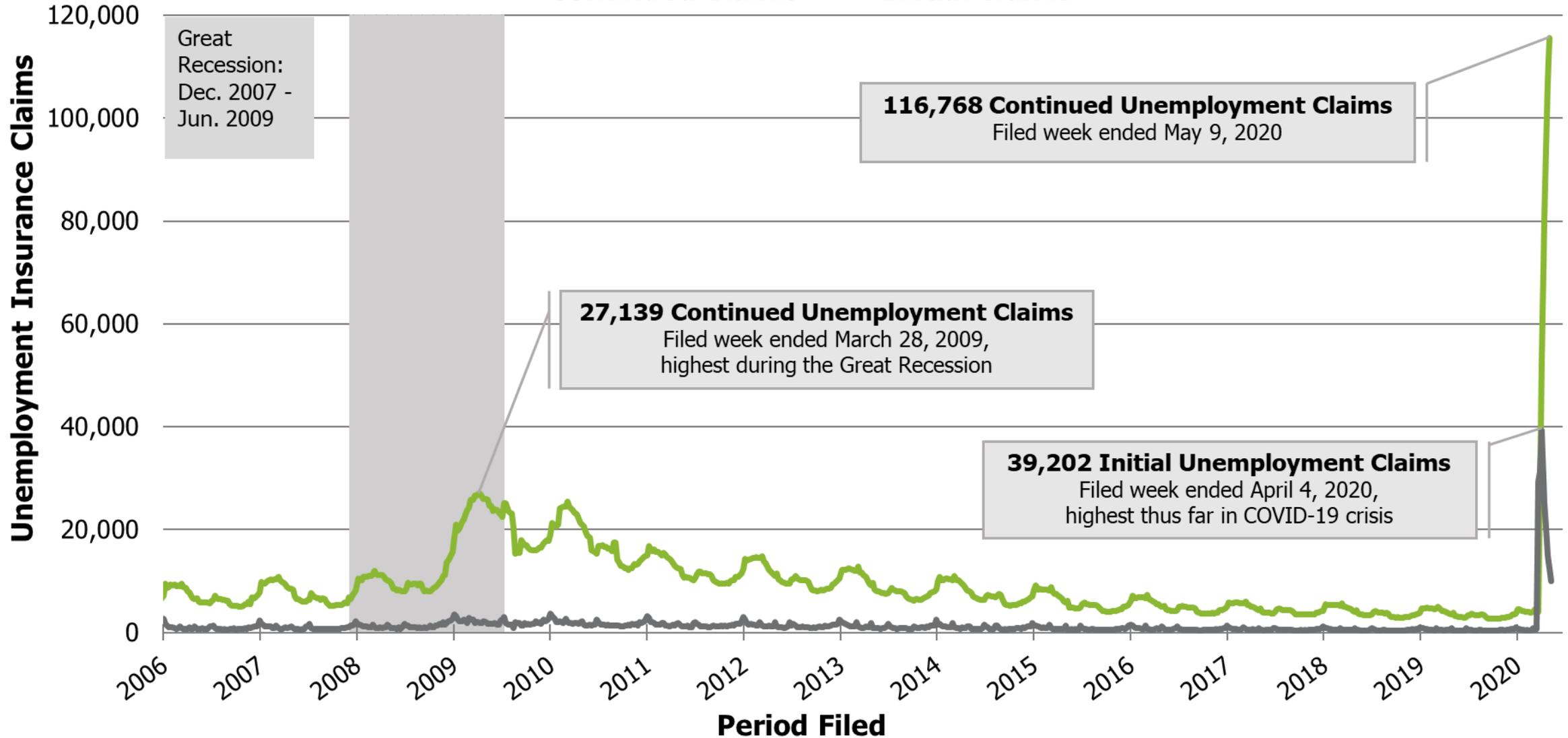


Sources: U.S. Bureau of Labor Statistics; New Hampshire Employment Security

Initial and Continued Unemployment Claims

For Unemployment Insurance in New Hampshire, Not Seasonally Adjusted

— Continued Claims — Initial Claims



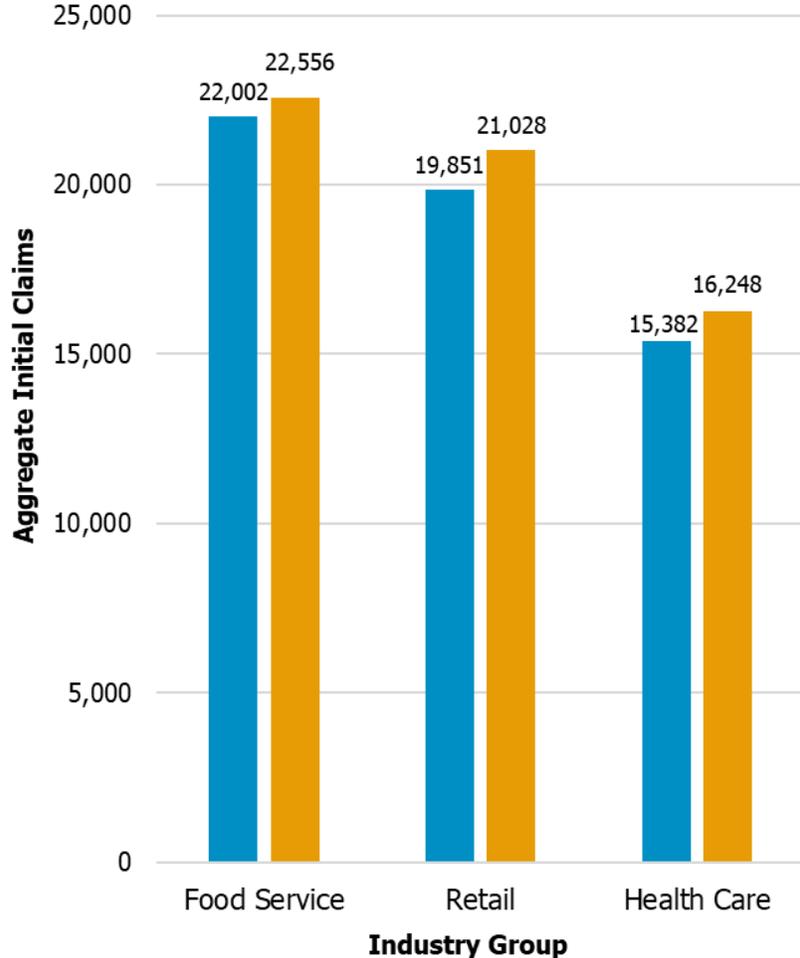
Source: U.S. Department of Labor, Employment and Training Administration

Effects on Key New Hampshire Employment Sectors

Total Initial Unemployment Insurance Claims

New Hampshire, By Industry Group

■ Through May 2 ■ Through May 9

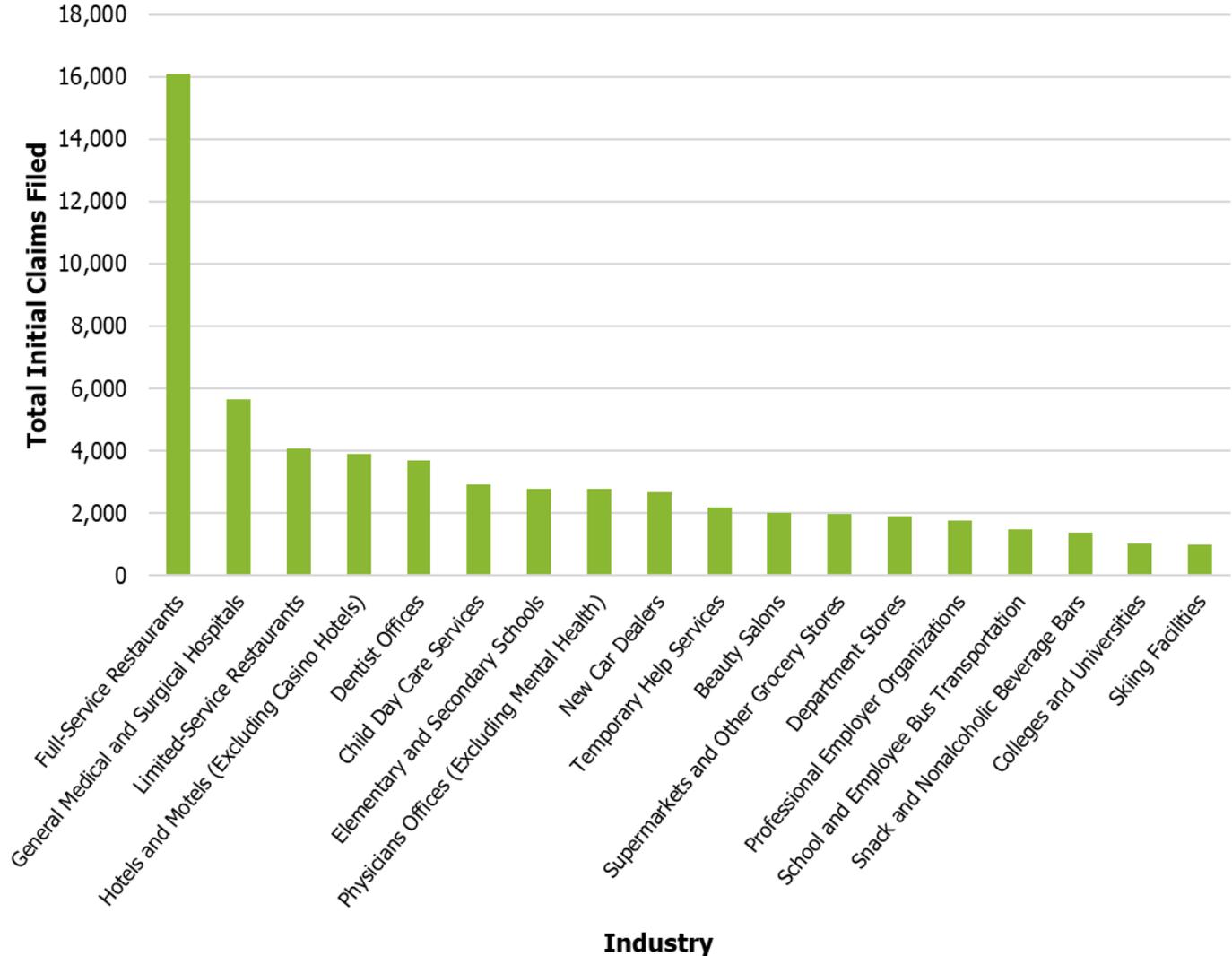


Sources: New Hampshire Employment Security, *COVID-19 Unemployment Update*, May 14 and May 21, 2020

New Hampshire Fiscal Policy Institute

Total New Initial Unemployment Insurance Claims by Industry

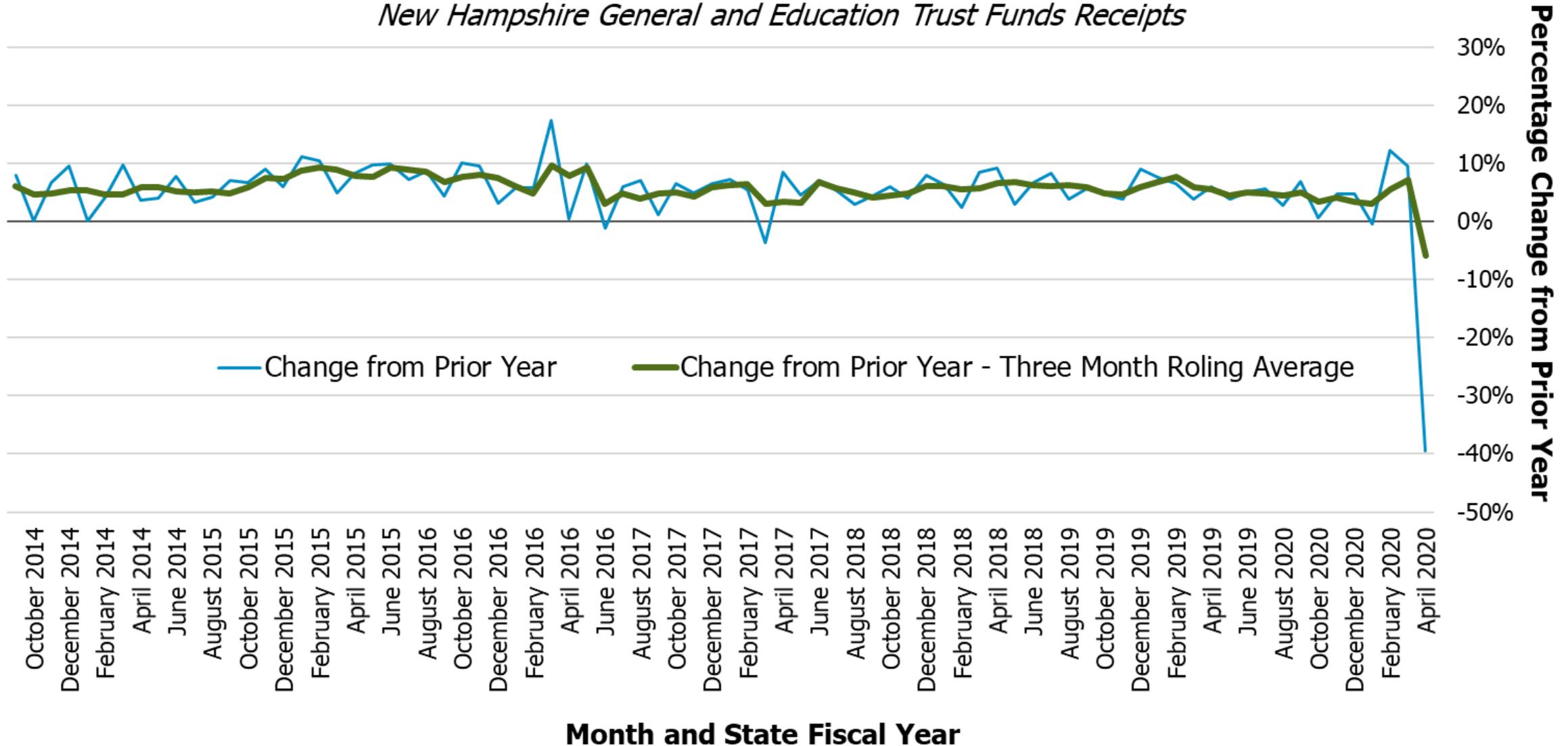
New Hampshire, Weeks Ending March 15 to May 9, 2020



Source: New Hampshire Employment Security, *COVID-19 Unemployment Update*, May 21, 2020

Meals and Rentals Tax Revenue Changes

*Change in Receipts from Same Month of Prior Year,
New Hampshire General and Education Trust Funds Receipts*



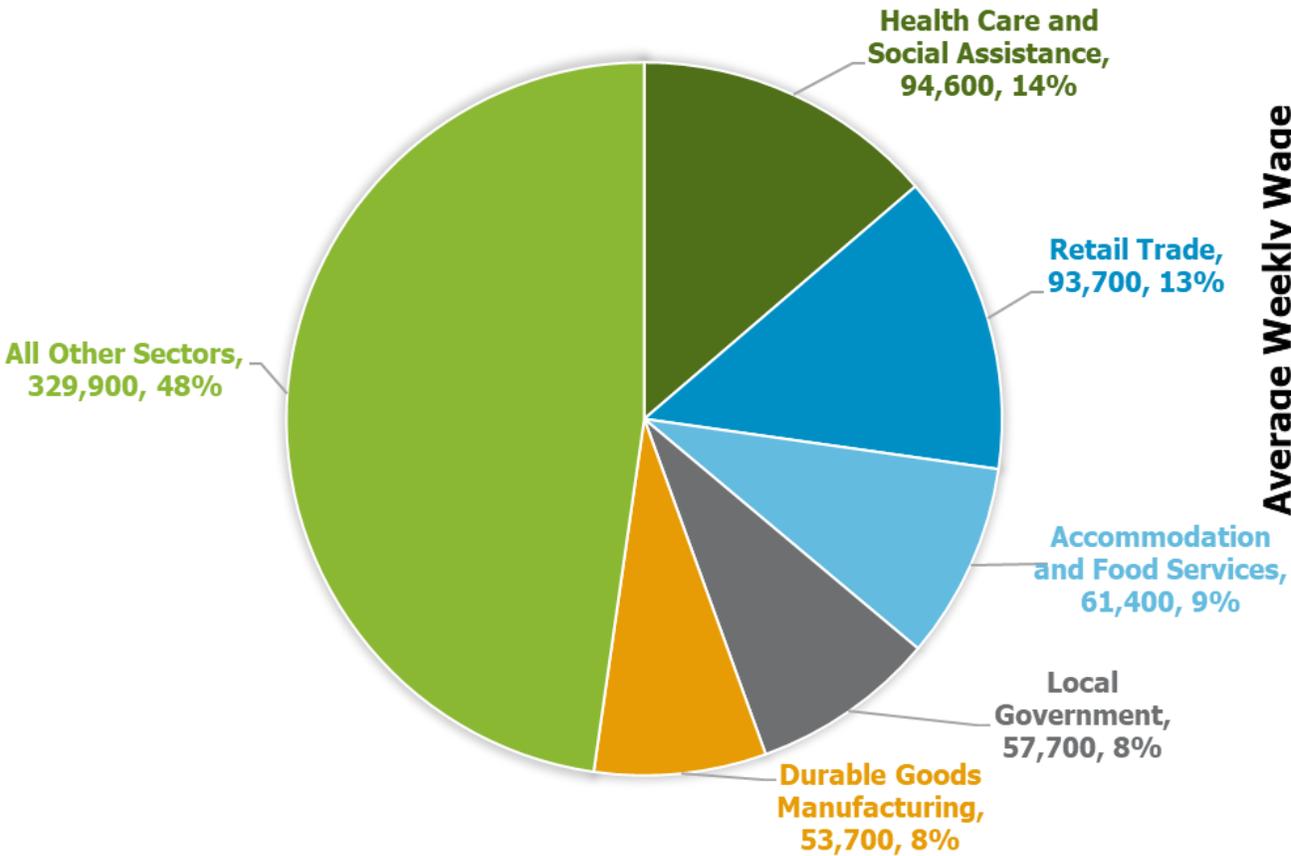
Sources: New Hampshire Department of Administrative Services Monthly Revenue Focus Reports

Wages and Employment in Key Sectors

Employment in New Hampshire by Sector

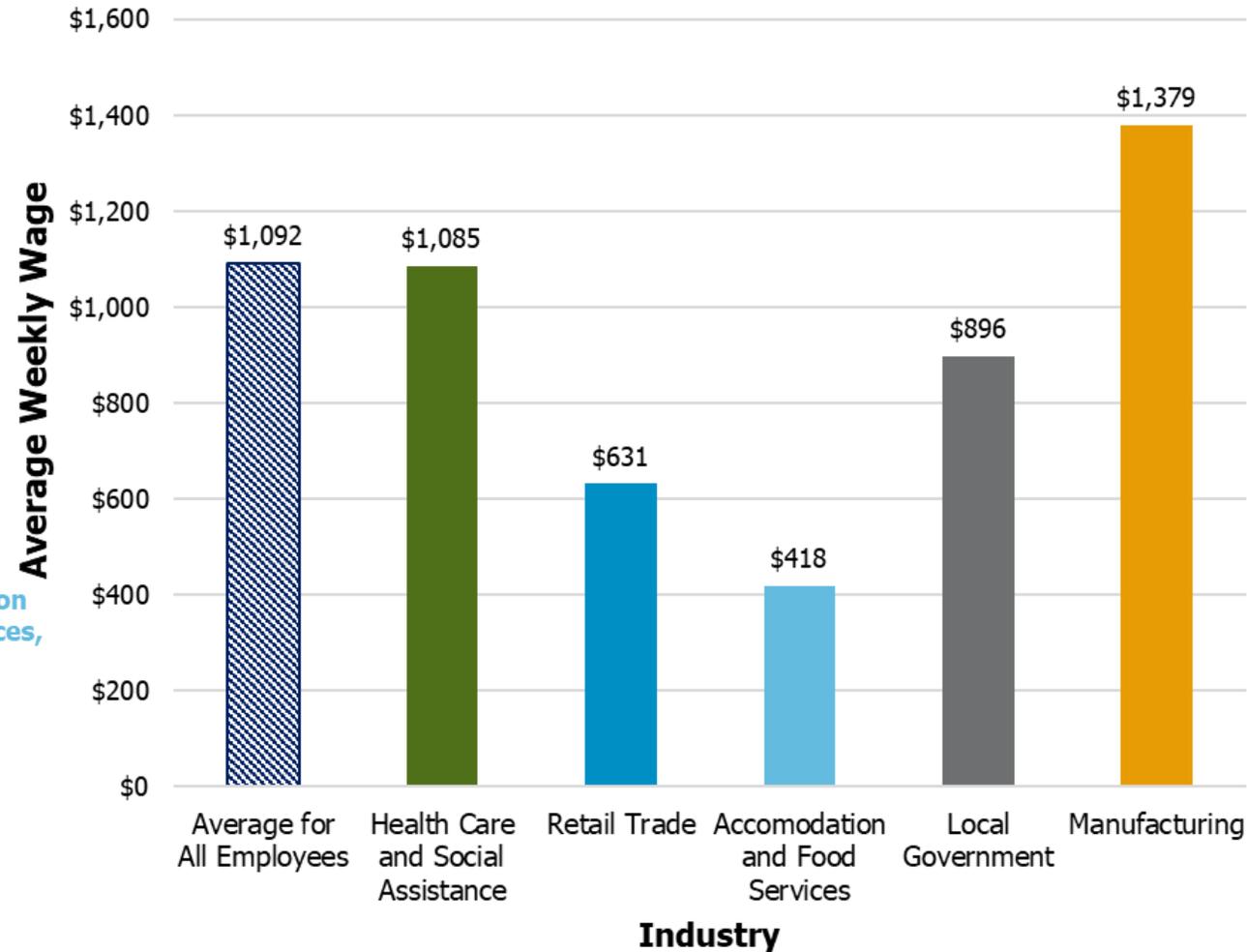
January 2020 Estimates, Seasonally Adjusted

Source: New Hampshire Employment Security, Current Employment Statistics,
New Hampshire Economic Conditions, April 2020



Average Weekly Wages by Employment Sector

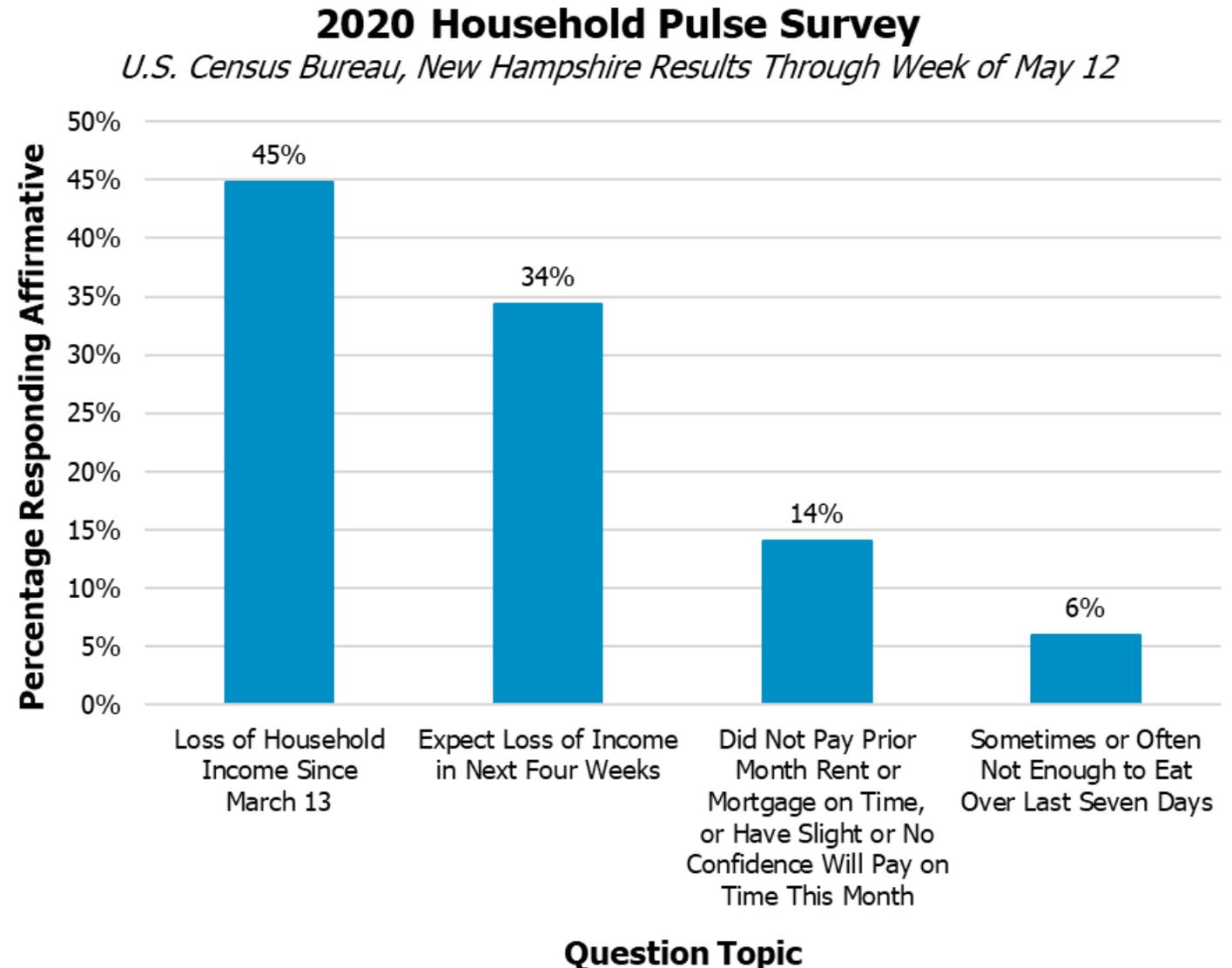
Calendar Year 2018, New Hampshire



Source: New Hampshire Employment Security, Covered Employment and Wages, 2018

Widespread Loss of Income

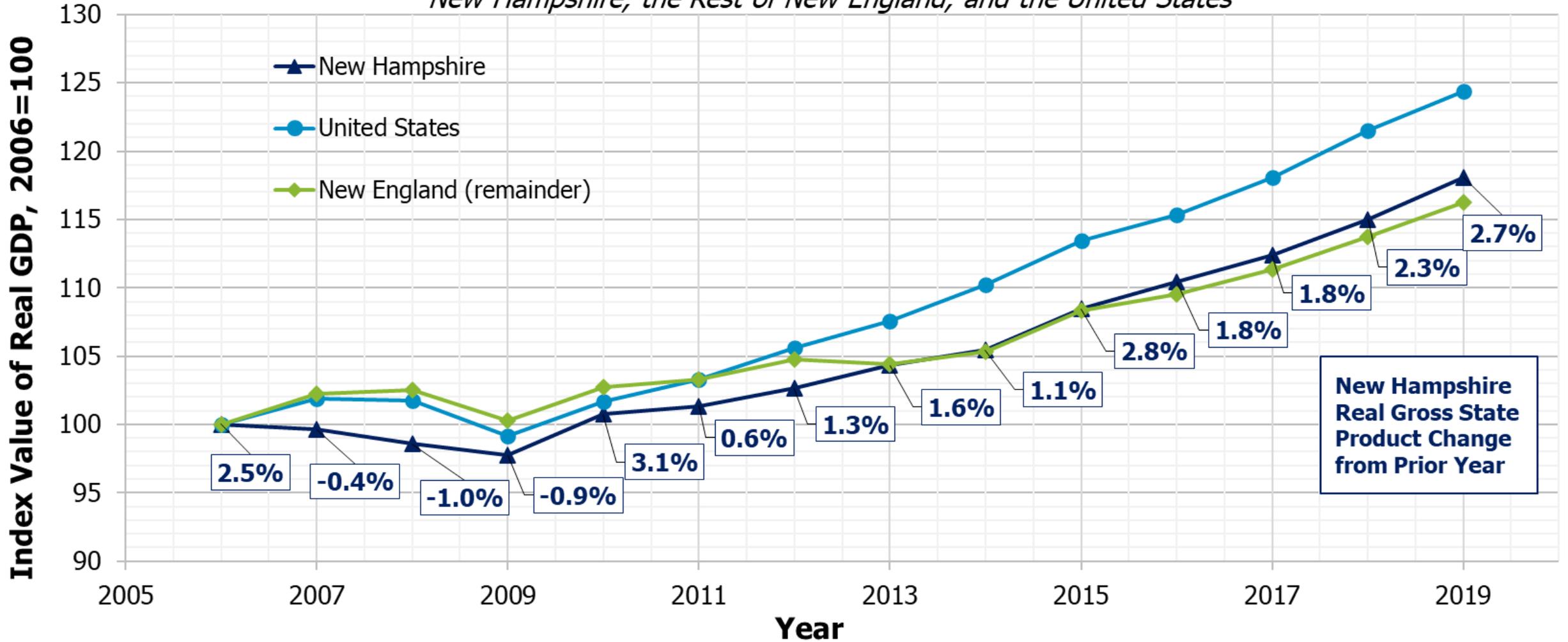
- Chair of the U.S. Federal Reserve Jerome Powell, May 13, 2020: “Among people who were working in February, almost 40 percent of those in households making less than \$40,000 a year had lost a job in March.”
- Loss of income severe enough to affect food security:
 - 22 percent of respondents nationally ran out of food and did not have enough money to buy more in last 30 days (NORC at the University of Chicago, May 4-10, 2020 survey)
 - Two in five households nationally with mothers and children under 12 years old ran out of food and could not afford more at some point since the pandemic began (Brookings Institution, April 2020 survey)



Source: U.S. Census Bureau, 2020 Household Pulse Survey, accessed May 23, 2020

New Hampshire's Relative Economic Growth Since Recession

*Changes in Inflation-Adjusted Gross Domestic Product
New Hampshire, the Rest of New England, and the United States*

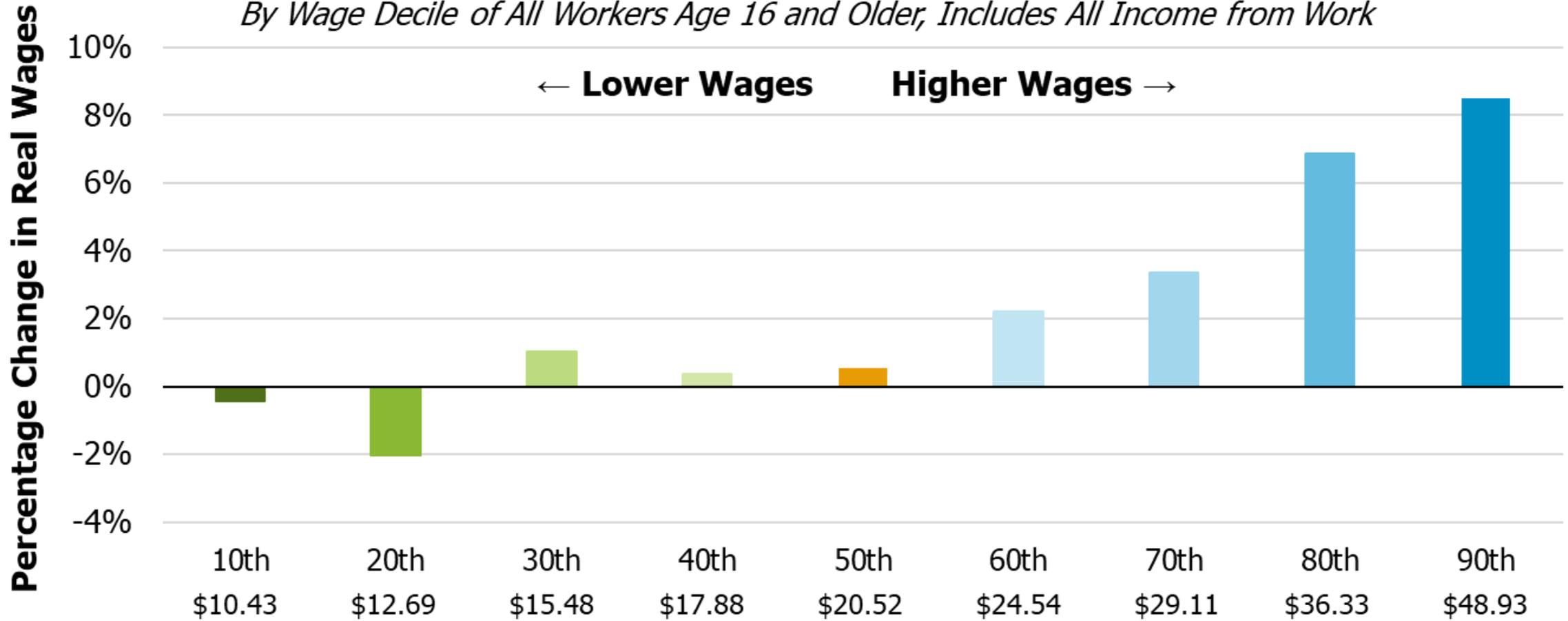


Note: Certain detailed 2018 and 2019 data pending. Inflation adjustment is 2012 chained dollars.
Source: U.S. Bureau of Economic Analysis

Changes in Inflation-Adjusted New Hampshire Wages

Change from 2004-2006 Averages to 2017-2019 Averages

By Wage Decile of All Workers Age 16 and Older, Includes All Income from Work



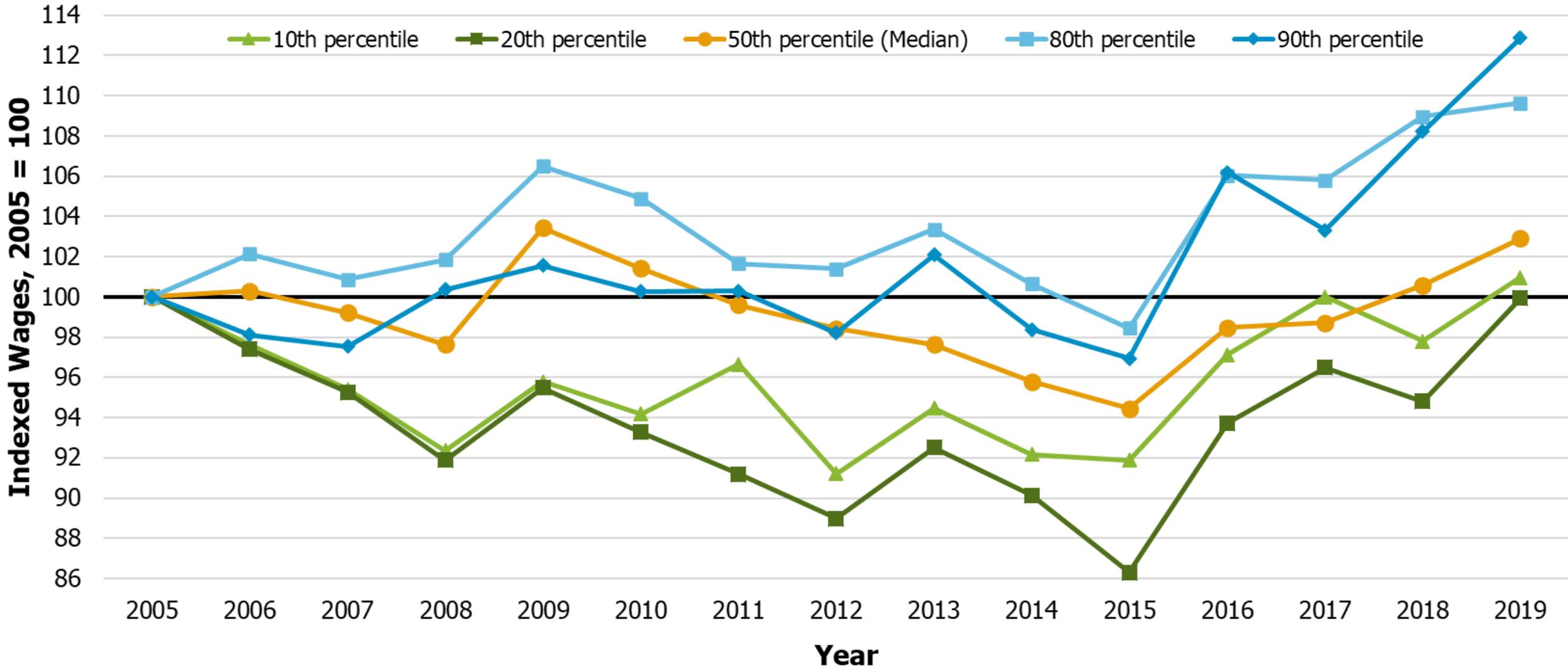
Relative Wage Percentiles and Corresponding 2017-2019 Hourly Wage Estimates

Note: Inflation adjustment using Consumer Price Index-Urban-Research Series (current methods). Includes workers aged 16 years and older.

Source: Economic Policy Institute analysis of Current Population Survey Outgoing Rotation Group data

New Hampshire Inflation-Adjusted Wages by Relative Income

Selected Income Deciles, Indexed to 2005, Includes All Income from Work, All Workers Age 16 and Up



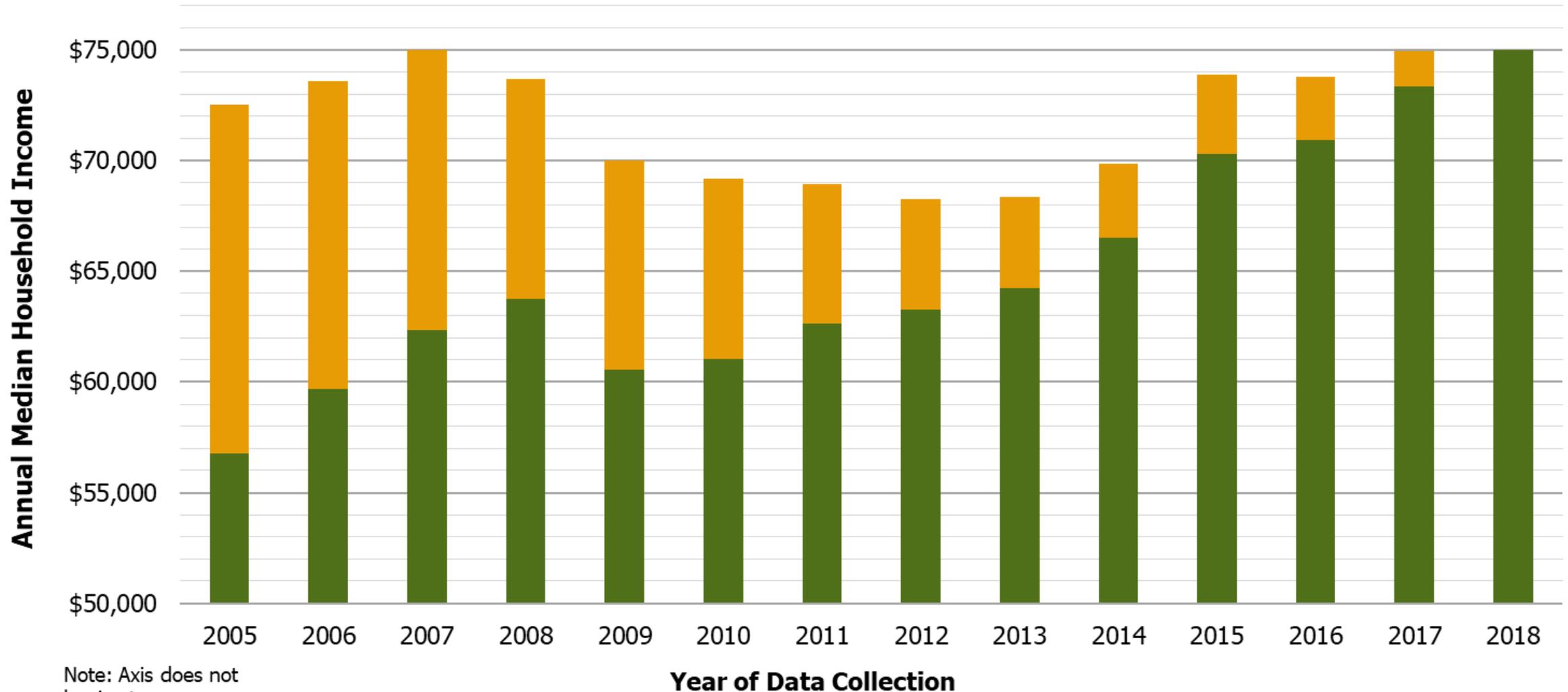
Note: Inflation adjustment using Consumer Price Index-Urban-Research Series (current methods). Includes workers aged 16 years and older.
Source: Economic Policy Institute analysis of Current Population Survey Outgoing Rotation Group data

Median Household Income in New Hampshire

U.S. Census Bureau, American Community Survey Estimates

■ Median Household Income

■ Inflation-Adjustment to 2018 Dollars

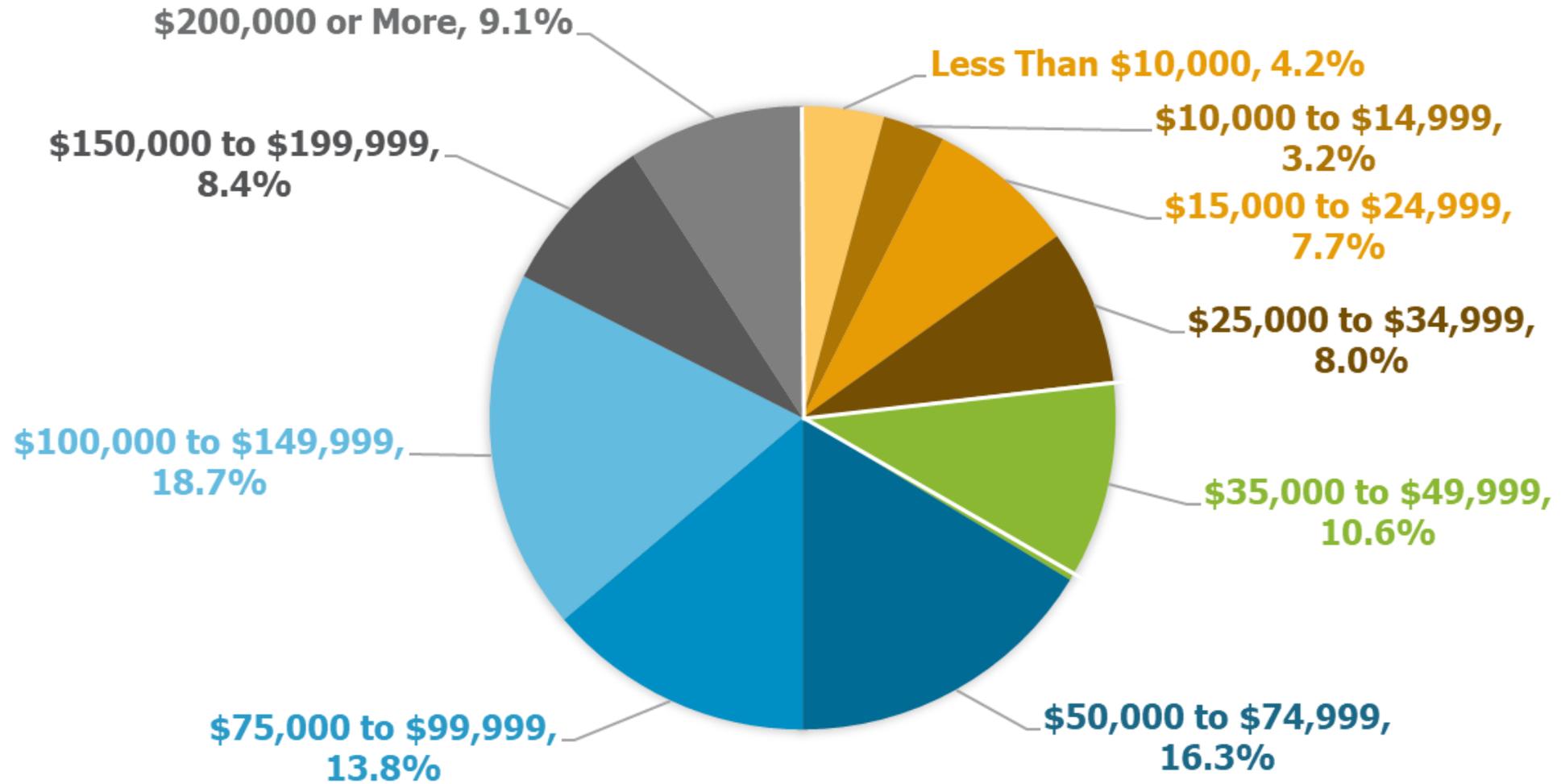


Note: Axis does not begin at zero.

Sources: U.S. Census Bureau, American Community Survey One-Year Estimates; U.S. Bureau of Labor Statistics, Consumer Price Index-Urban, Northeast Region

Percentage of New Hampshire Households by Income Group

Source: U.S. Census Bureau, American Community Survey, 2018 Data
Note: Estimates for 531,212 Households

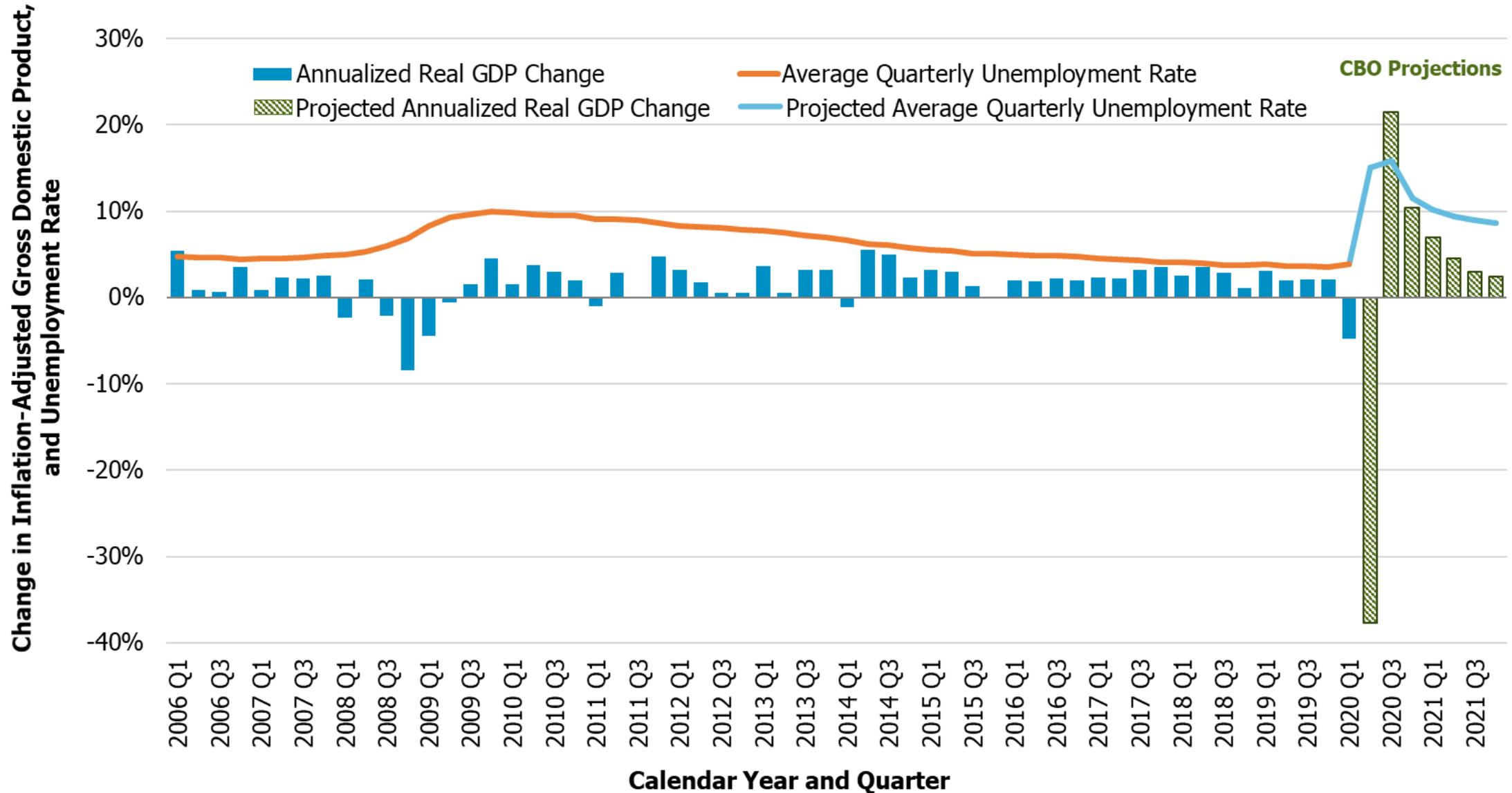


Many Households Had Few Resources Before Crisis

- About 100,000 New Hampshire residents lived with annual incomes below the federal poverty threshold in 2018, and about 259,000 lived with incomes below twice those thresholds (U.S. Census Bureau, 2018 American Community Survey)
 - 2018 federal poverty threshold examples: \$13,064 for an individual less than 65 years old, or \$20,212 for a family of three with one child, with adjustments for household sizes and compositions
- Approximately 48 percent of all renter households in New Hampshire paid more than 30 percent of their annual incomes in rent and utilities (U.S. Census Bureau, 2018 American Community Survey)
- U.S. Federal Reserve survey of U.S. adults in 2018: “When faced with a hypothetical expense of \$400, 61 percent of adults in 2018 say they would cover it, using cash, savings, or a credit card paid off at the next statement... Among the remaining 4 in 10 adults who would have more difficulty covering such an expense, the most common approaches include carrying a balance on credit cards and borrowing from friends or family. Twelve percent of adults would be unable to pay the expense by any means.”

Economic Growth and Unemployment Rate

United States, Historical and Projected by U.S. Congressional Budget Office



Sources: Federal Reserve Bank of Saint Louis; U.S. Congressional Budget Office, *Interim Economic Projections for 2020 and 2021*, May 19, 2020

Looking Forward: Uncertainty

- Crisis unlike economic contractions economists are accustomed to modeling
- Economic indicators may not be reliable for some time, due to swift nature of changes in unemployment, incomes, and business activity
- Public health concerns are paramount, deterministic for future economic activity
- Persistence of unemployment is a key unknown
- Effectiveness of government responses, health of financial system important variables
- Ability of economy to bounce back highly dependent on resources individuals and families have available

Four Key Takeaways

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- Projections for future economic growth are very uncertain at this time, with future growth highly dependent on both public health factors and the resources individuals and families have available.



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