

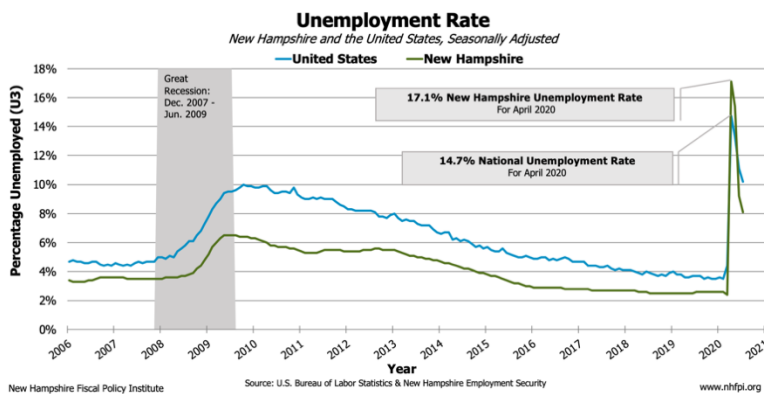
Challenges Facing New Hampshire's Workers and Economy During the COVID-19 Crisis

Issue Brief Summary and Key Highlights

This year has posed unprecedented challenges to New Hampshire's workers and economy. The COVID-19 pandemic and crisis has contributed to significant changes in employment and has impacted the economic security of many Granite Staters.

Unprecedented Unemployment and Income Losses

The economic impacts of the COVID-19 crisis are represented most notably through employment losses and labor force changes. Overall levels of unemployment in New Hampshire increased rapidly after measures were taken in mid-March to protect public health at both the state and federal levels. The unemployment rate in New Hampshire increased to 17.1 percent in April 2020, much higher than any point during the Great Recession, and exceeding the 14.7 percent national unemployment rate for that month. The labor force and total employment in New Hampshire have also declined significantly as a result of the COVID-19 crisis and recession, with the lowest levels experienced during April 2020. Unemployment remains elevated in the most recent data for July 2020, and labor force and employment indicators remain suppressed.

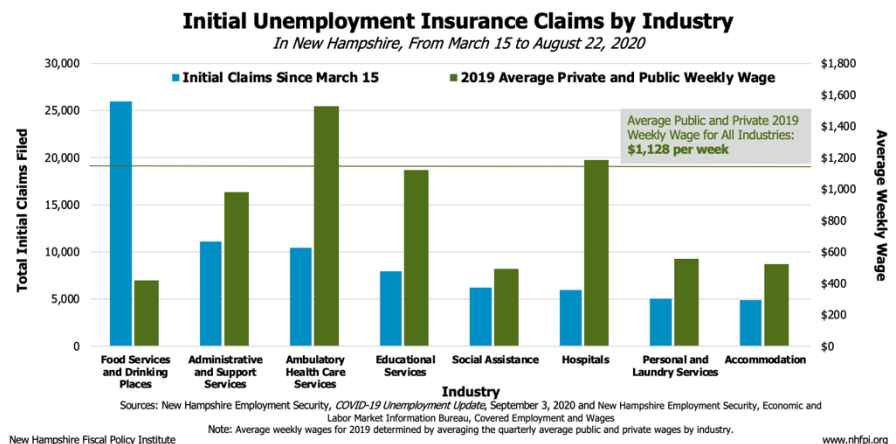


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In an effort to understand how the COVID-19 crisis is affecting households, the U.S. Census Bureau's weekly Household Pulse Survey, which gathered data from April 23, 2020 through July 21, 2020, found that nearly half of all households in New Hampshire reported some loss of employment income since March 13, 2020. Additionally, estimates from this survey consistently found that at least one in five New Hampshire adults expected someone in their household to experience some loss of income from work in the subsequent four weeks. A major policy response to the increases in unemployment, intended to offset income losses, was expanded unemployment insurance, with expansions of both eligibility and payments. Unemployment insurance claims, which are reported weekly, reached unprecedented levels throughout this crisis and remain elevated.

Certain Industries and Regions Have Been Harder Hit

The negative impacts of this crisis are not uniform across industries or regions. The greatest employment losses were in industries which paid lower than average wages. Relative employment losses were largest in regions where certain service-based industries comprised a greater portion of overall employment. New Hampshire workers employed at Food



Services and Drinking Places, such as restaurants and bars, generated the largest number of claims from any industry over the period beginning on March 15, 2020, when the economic and employment effects of the crisis began, through August 22, 2020. Over this period, 25,986 initial claims were filed solely among Food Services and Drinking Places. Of the eight industries that generated the most initial unemployment claims, six paid lower than average wages. Additionally, northern and western regions of the state, which rely more heavily on tourism to support their economies, experienced higher unemployment rates.

Lower Income Workers and Certain Populations May Face Additional Hardships

A majority of the negative employment impacts of this crisis have fallen on industries that pay lower than average wages. This may indicate that the economic security risks are greatest for individuals or families that earn lower wages. National trends indicate that those who identify as a race or ethnicity other than white and non-Hispanic are more likely to work in an industry that is more acutely impacted. In addition to employment and income difficulties, certain Granite Staters face key economic challenges that were present before the COVID-19 crisis and exacerbated by it, as well as those created by the crisis. The cost of housing and food have increased during this crisis significantly faster than overall inflation. Limited access to childcare, including affordability challenges, has created additional financial and employment hardships for many New Hampshire parents. Data show disproportionate employment impacts on women, as women comprised about 58 percent of all unemployed people from April to June 2020 in New Hampshire.

Supporting Those Most Impacted May Hasten the Economic Recovery

The onset of the COVID-19 crisis in New Hampshire created a public health emergency and has led to substantial economic and employment fallout. The most acute impacts have been among certain service-based industries that traditionally require interaction with the general public. Trends prior to the COVID-19 crisis led to large portions of the composition of employment in the state transitioning to jobs in service-based industries that paid lower than average weekly wages. Of the top five largest industries, which comprised nearly 60 percent of employment in the state, only one had an average weekly wage higher than the statewide average. The combination of significant portions of employment in New Hampshire comprising of lower wage service-based industry work, the latent wage recovery and growth for lower- and middle-income workers in the state over the last decade, the increased costs of key goods and services, and concentrated impacts of the crisis on individuals and families who may have the fewest resources highlights the risks to the economic security of many Granite Staters.

Key aid programs, including expanded unemployment insurance and additional nutritional aid, have provided critical support during this crisis. However, the expirations and reductions in aid of these key support programs may be detrimental to the economic stability of many Granite Staters. While indicators of risks to worker wellbeing, such as unemployment and unemployment insurance claims, have begun to decline, levels remain elevated. Policies to help ensure Granite Staters can make ends meet, may stimulate the economic recovery, reduce the potential for downward economic mobility, and build a more equitable economy for New Hampshire.

Learn more in NHFPI's report, *Challenges Facing New Hampshire's Workers and Economy During the COVID-19 Crisis*, published on September 4, 2020, and available online at: <http://nhfpi.org/research/state-economy/challenges-facing-new-hampshires-workers-and-economy-during-the-covid-19-crisis.html>

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