



NEW HAMPSHIRE'S ECONOMIC RECOVERY AND THE ROLE OF PUBLIC INVESTMENTS



SUPPORT ALSO PROVIDED BY: New Futures, Northeast Delta Dental, Reaching Higher New Hampshire



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VIRTUAL EVENT

SEPTEMBER 27, 2022



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PRESENTED BY PHIL SLETTEN, NHFPI RESEARCH DIRECTOR

SEPTEMBER 27, 2022

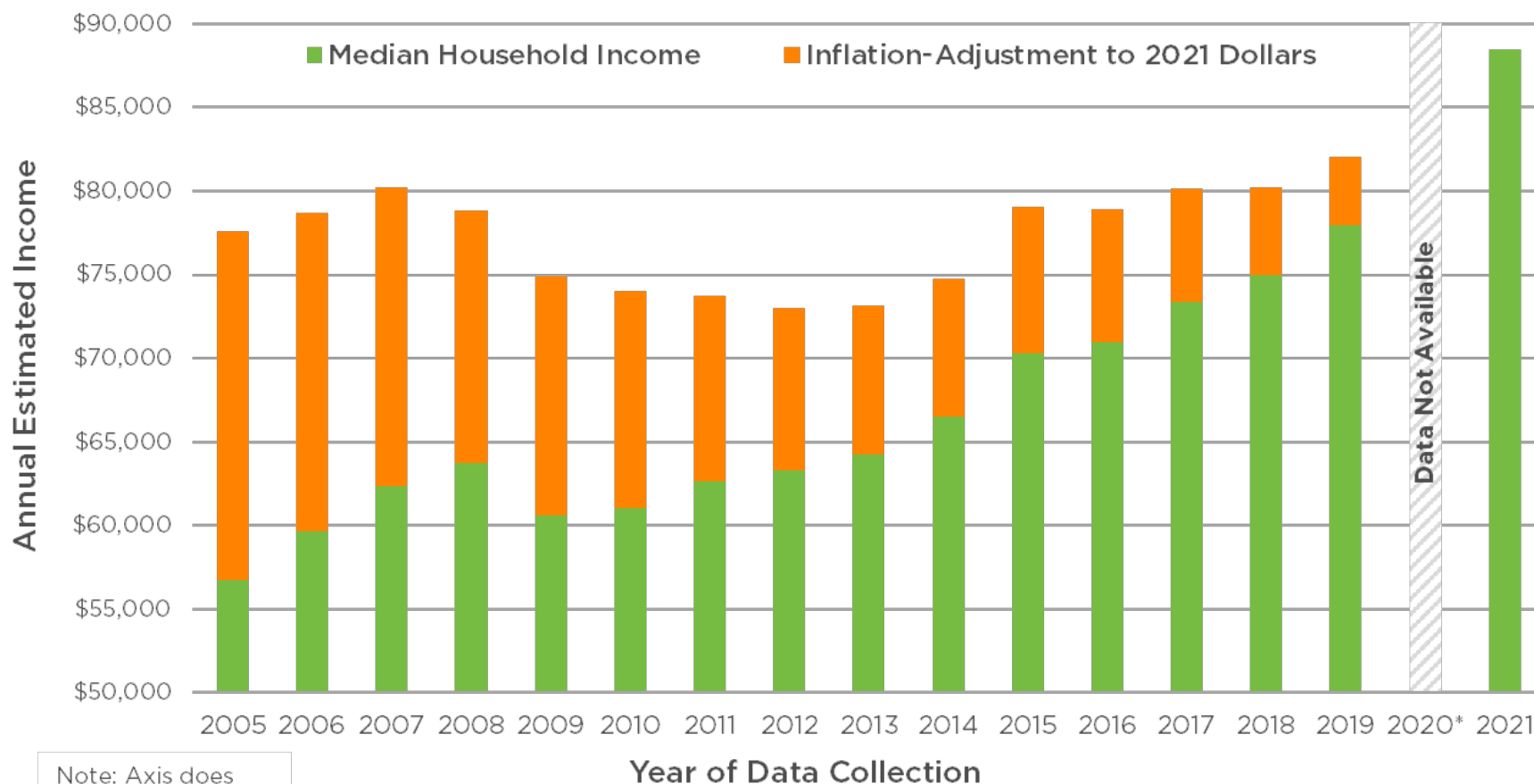
KEY AMERICAN RESCUE PLAN ACT (ARPA) AID TO INDIVIDUALS AND FAMILIES

- Expanded and enhanced Child Tax Credit, fully-refundable, with monthly delivery of half of benefit, for tax year 2021 only (\$320.7M in advance, monthly Child Tax Credit payments in 2021)
- Expanded Earned Income Tax Credit for certain adults for 2021
- Provided Economic Impact Payments, generally \$1,400 per person for low- and middle-income households, one-time transfer (\$1.565B to NH residents from ARPA, \$1.777B from two earlier laws)
- Extended unemployment compensation eligibility, boosted amounts (\$1.450B to NH residents across 2020 and 2021 from legislation)
- Emergency Rental Assistance Program, as well as assistance to homeowners and home energy assistance
- Boost to Supplemental Nutrition Assistance Program benefits

Sources: NHFPI, Federal American Rescue Plan Act Directs Aid to Lower-Income Children, Unemployed Workers, and Public Services, March 26, 2021; U.S. Department of Health and Human Services; U.S. Department of Education; U.S. Department of the Treasury; New Hampshire Office of Legislative Budget Assistant

MUCH FASTER GROWTH THAN SLOW RECOVERY FROM THE GREAT RECESSION

MEDIAN HOUSEHOLD INCOME IN NEW HAMPSHIRE



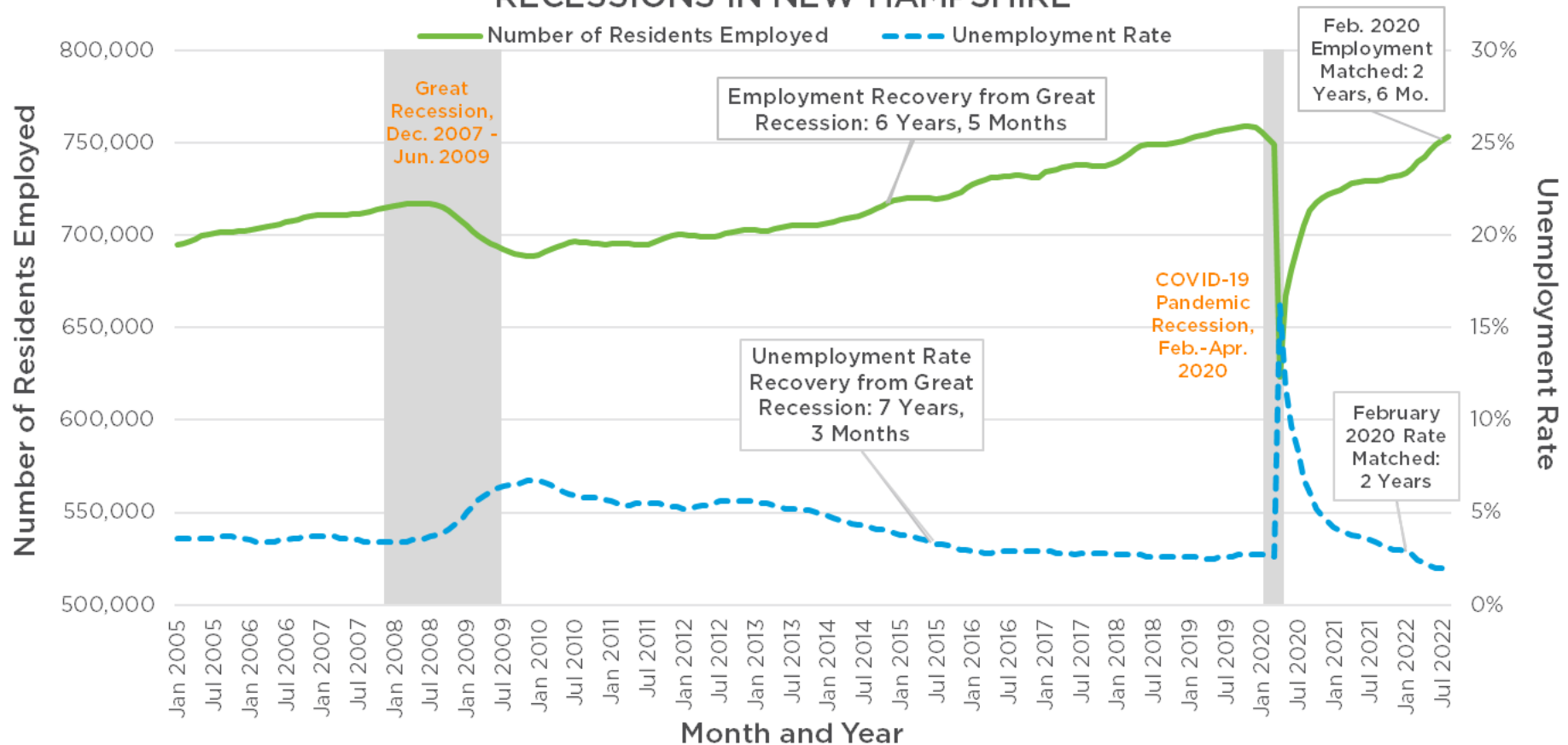
Note: Axis does not begin at zero.

*Note: These data were not available for 2020 due to disruptions associated with the pandemic.

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

UNEVEN RECOVERIES IN UNEMPLOYMENT RATES AND EMPLOYMENT

EMPLOYMENT AND UNEMPLOYMENT RATE RECOVERIES FROM RECESSIONS IN NEW HAMPSHIRE

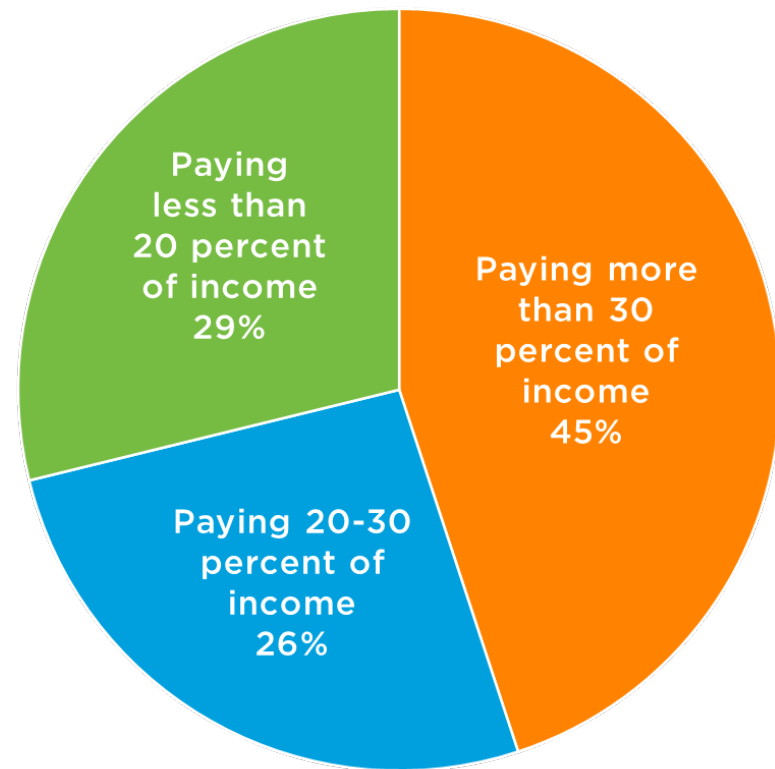


Note: Data are seasonally-adjusted estimates.
Source: New Hampshire Employment Security

HOUSING, CHILD CARE ACCESS STILL CONSTRAIN THE RECOVERY

- Two-bedroom apartment vacancy rate in New Hampshire: 0.3 percent
- Median two-bedroom apartment rent and utility cost: \$1,584 per month
- Median single-family home sale price 47.5 percent higher in Aug. 2022 than Aug. 2019, 76.5 percent over Aug. 2016
- Child care annual 2020 price in New Hampshire estimated to be \$12,597 for a toddler

RENT AS A PERCENTAGE OF HOUSEHOLD INCOME IN NEW HAMPSHIRE



Sources: New Hampshire Housing Finance Authority; New Hampshire Association of Realtors; Child Care Aware of America

NEW HAMPSHIRE FISCAL POLICY INSTITUTE

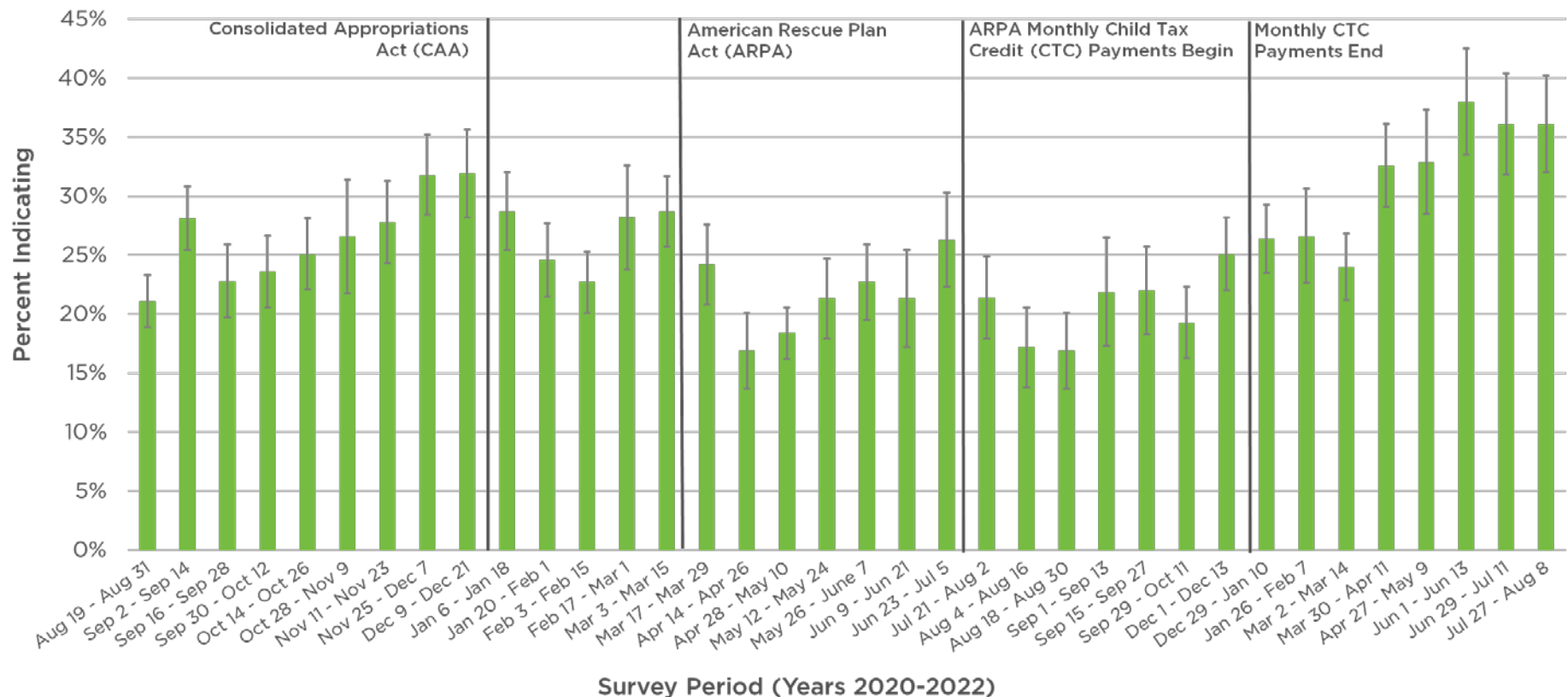
Note: Estimates For All New Hampshire Renter Households, Gross Rent Including Utilities

Source: U.S. Census Bureau, American Community Survey, 2021 One-Year Estimates

INCREASED DIFFICULTY AFFORDING USUAL HOUSEHOLD EXPENSES

NEW HAMPSHIRE ADULTS REPORTING DIFFICULTY WITH USUAL EXPENSES

Percentage Living in Households Where it Has Been Somewhat or Very Difficult to Pay for Usual Household Expenses During The Last Seven Days



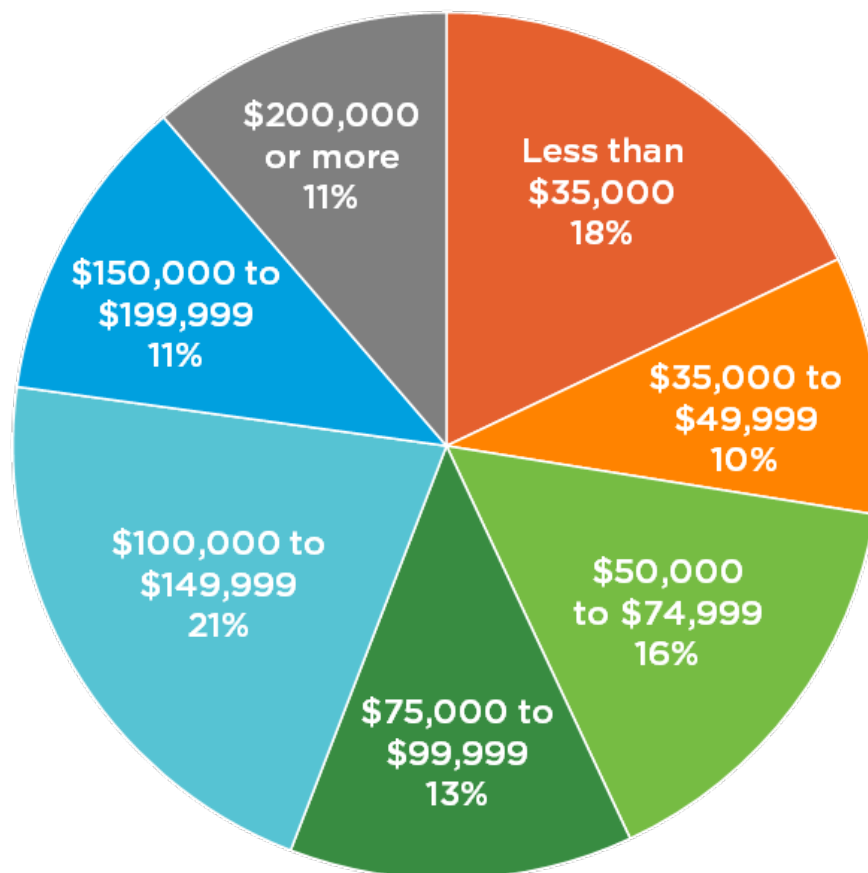
Survey Period (Years 2020-2022)

Note: Margin of error bars represent 90 percent confidence intervals

Source: U.S. Census Bureau, 2020-2022 Household Pulse Survey, accessed August 23, 2022

INCOMES VARY ACROSS HOUSEHOLDS

NEW HAMPSHIRE HOUSEHOLDS BY INCOME GROUP, 2021



Source: U.S. Census Bureau, American Community Survey,
2021 One-Year Data

FISCAL RECOVERY FUNDS PERMITTED USES

Flexible Coronavirus State Fiscal Recovery Funds can be used to:

- Respond to the public health and economic impacts of the pandemic
- Provide premium pay for essential workers
- Replace lost public sector revenue
- Invest in water, sewer, and broadband infrastructure
- Provide services to “impacted” households or communities (generally, below 300 percent of the Federal Poverty Guidelines, or experiencing certain conditions or hardships or qualifying for existing programs)¹

U.S. Treasury Department:

- “...encourages recipients to consider funding uses that foster a strong, inclusive, and equitable recovery, especially uses with long-term benefits for health and economic outcomes.”²
- Fiscal Recovery Funds can help address “...systemic public health and economic challenges that may have contributed to more severe impacts of the pandemic among low-income communities and people of color.”²

1. U.S. Department of the Treasury, Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule, January 2022

2. U.S. Department of the Treasury, Interim Final Rule, May 10, 2021

MANY GRANITE STATERS ELIGIBLE FOR SERVICES SUPPORTED BY THESE FUNDS

NEW HAMPSHIRE POPULATION BY IMPACTED INCOME GROUP, 2016-2020 ESTIMATES RELATIVE TO 300 PERCENT OF THE FEDERAL POVERTY GUIDELINES (FPG)

New Hampshire County	Percent of Population Below 300 Percent FPG	People with Incomes Below 300 Percent FPG
Belknap	40%	24,300
Carroll	41%	19,600
Cheshire	39%	27,900
Coos	53%	15,600
Grafton	42%	35,000
Hillsborough	32%	130,600
Merrimack	34%	48,700
Rockingham	24%	73,000
Strafford	35%	42,100
Sullivan	43%	18,300
Statewide	33%	435,200

Sources: U.S. Census Bureau, American Community Survey, 2016-2020; U.S. Treasury Department

- About \$192 million of these funds remain unallocated (Sep. 22, 2022)
- One-quarter of children enrolled in New Hampshire public schools in October 2019 eligible for free or reduced-price meals (generally, 185 percent FPG eligibility)
- Includes 58 percent of children identifying as Black, 54 percent of Hispanic children, and 33 percent of Multiracial children
- About one out of every four single-female headed households with children in poverty
- Approximately 22,000 adults age 65 or older within 125 percent FPG

Sources: NHFPI, Greater Investments Key for Students Facing Inequities Across New Hampshire, August 25, 2021; U.S. Census Bureau, American Community Survey, 2016-2020; NHFPI analysis of Joint Legislative Fiscal Committee and Executive Council agenda and approvals



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PANEL DISCUSSION

SEPTEMBER 27, 2022

PANEL DISCUSSION

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Regional Economic Update

New Hampshire Fiscal Policy Institute

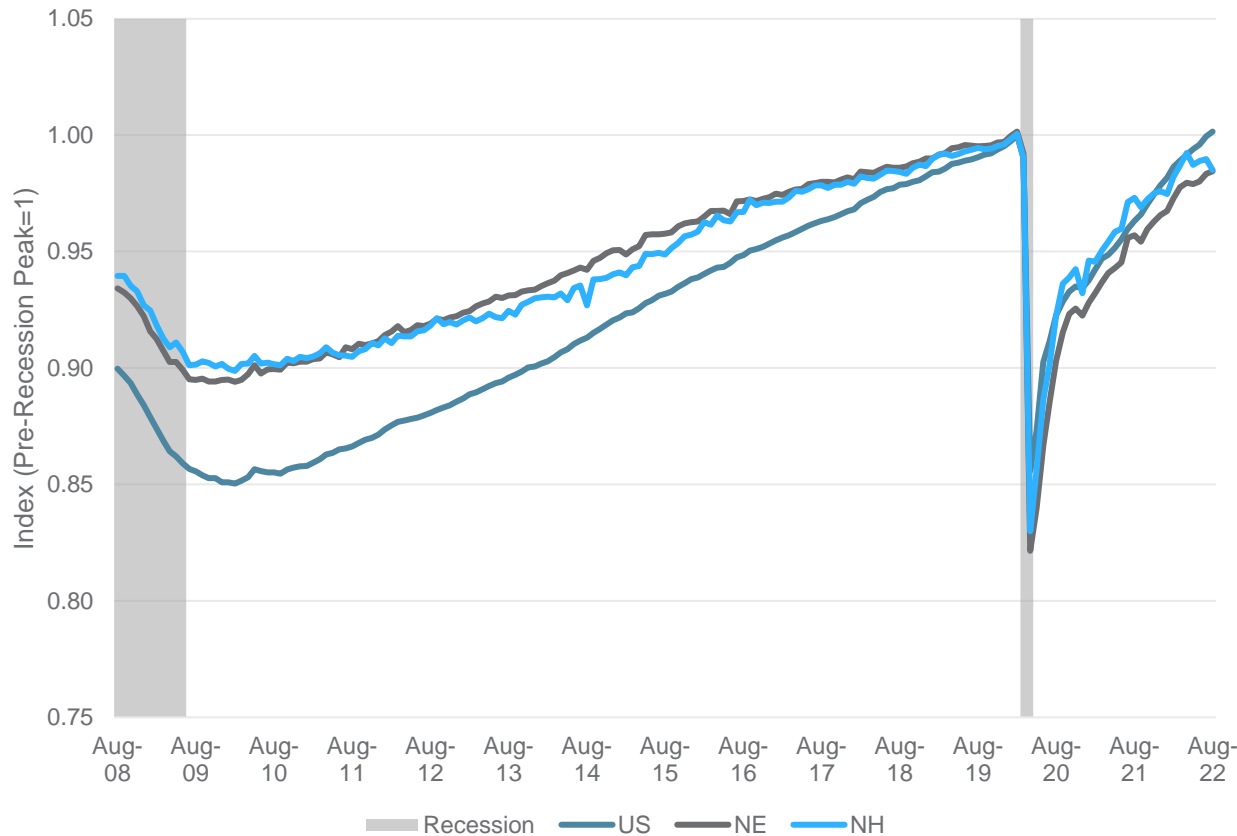
September 27, 2022

Jeffrey Thompson
Vice President, Economist, and Director
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Federal Reserve Bank of Boston

Disclaimer: The views expressed here are those of the speaker and do not necessarily represent the views of the Federal Reserve Bank of Boston or the Federal Reserve System.

Employment Continues to Recover, with Substantial Sectoral Differences

Non-Agricultural Employment



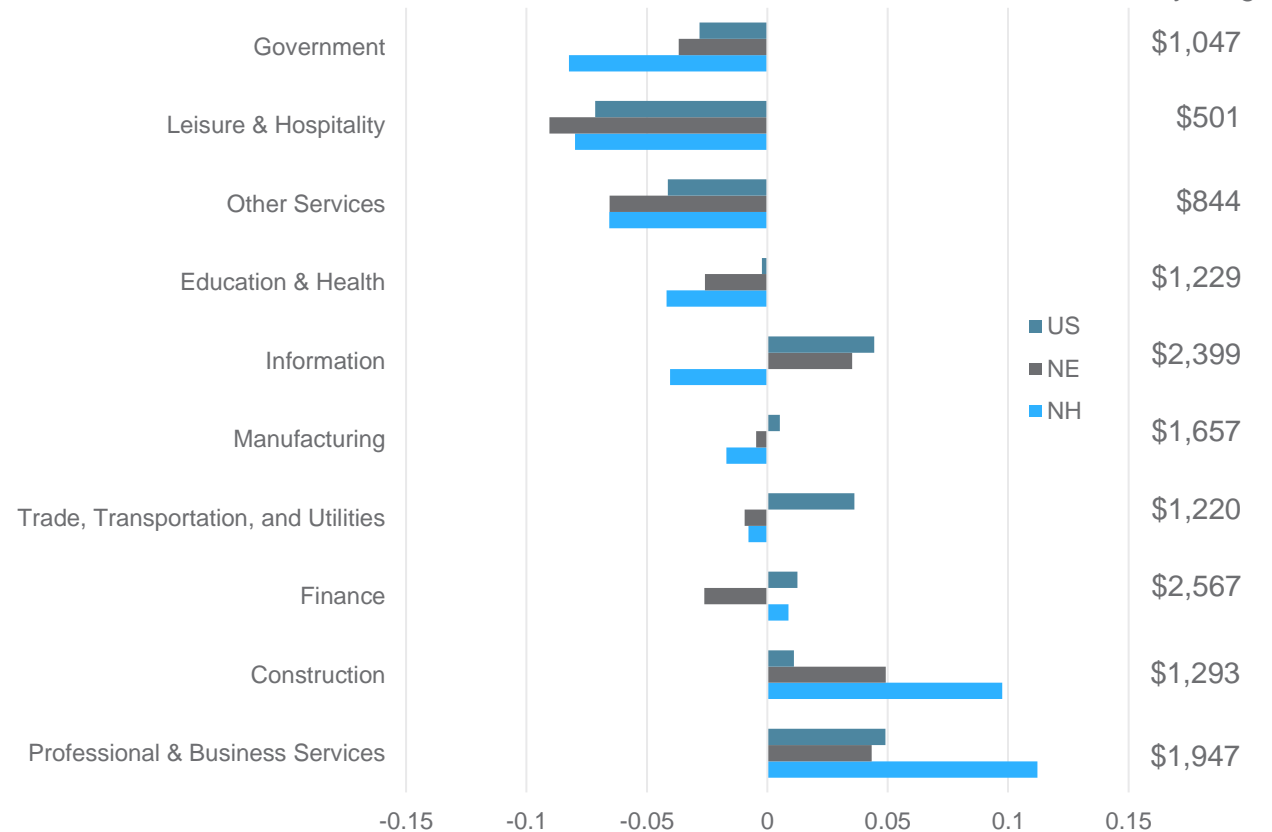
Notes for lefthand figure: Peak values are determined after the recession of 2008-2009; they may differ for each region. Values for New Hampshire 0.830 (Apr-20) and 0.985 (Aug-22), New England 0.821 (Apr-20) and 0.984 (Aug-22), and the US 0.856 (Apr-20) and 1.001 (Aug-22). Seasonally adjusted.

Notes for righthand figure: All employment data is seasonally adjusted, except for New England information sector data.

Source: Bureau of Labor Statistics, NBER, Quarterly Census of Employment and Wages, Haver Analytics

Federal Reserve Bank of Boston | bostonfed.org |

Employment Declines February 2020 to August 2022



NH Q1-2022
Average
Weekly Wage

\$1,047

\$501

\$844

\$1,229

\$2,399

\$1,657

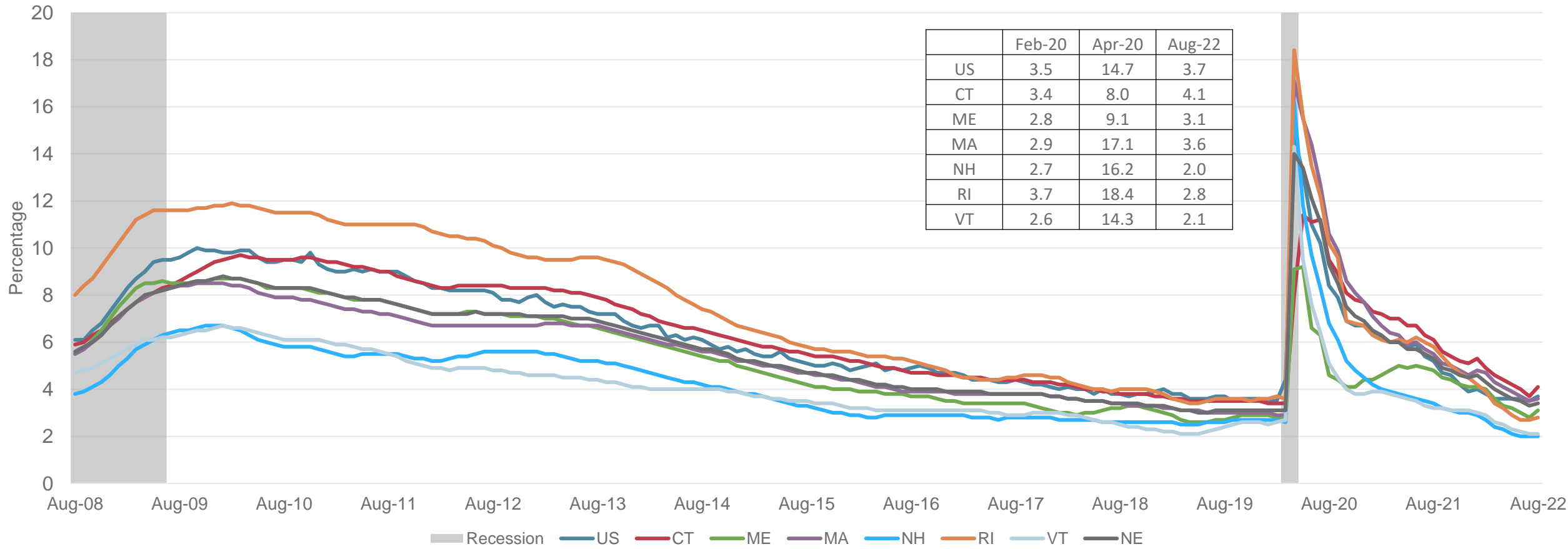
\$1,220

\$2,567

\$1,293

\$1,947

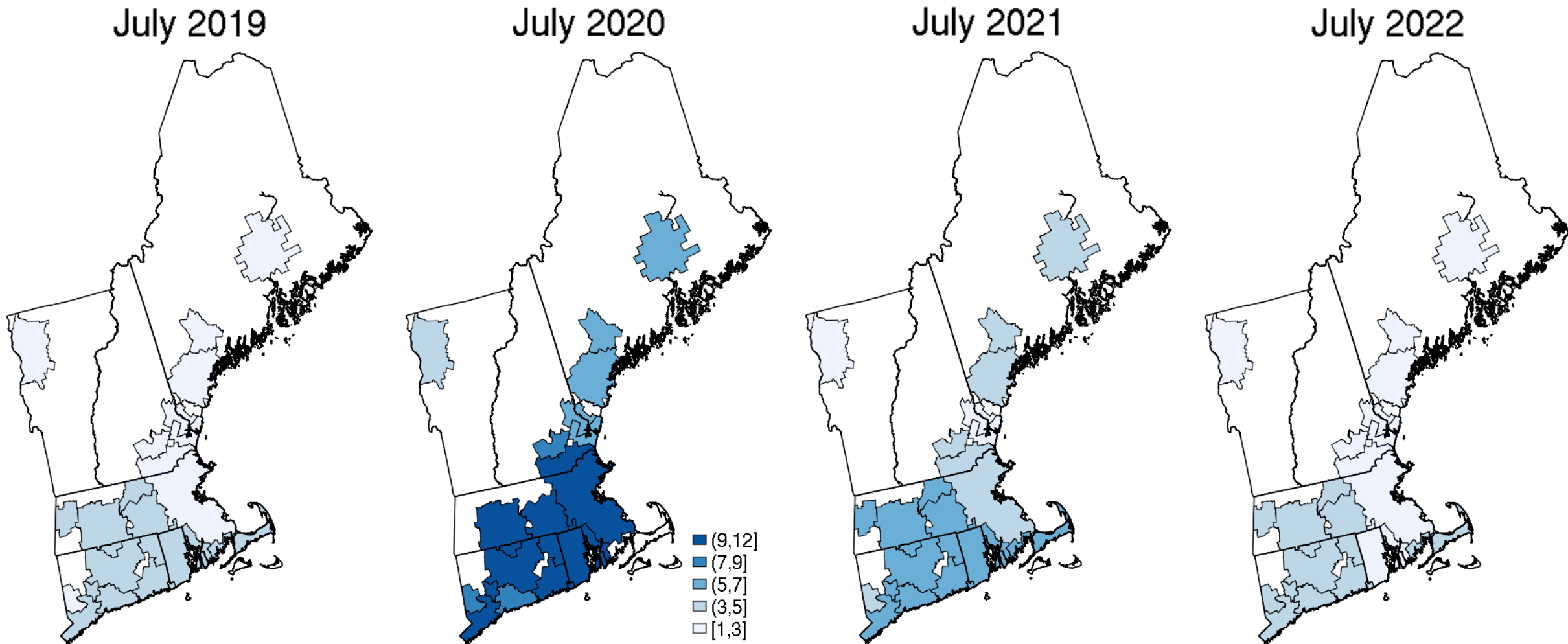
Unemployment Returning to Pre-pandemic Lows in Most Places



Seasonally adjusted

Source: Bureau of Labor Statistics, NBER, Haver Analytics

Unemployment Rates in New England by Metropolitan Areas

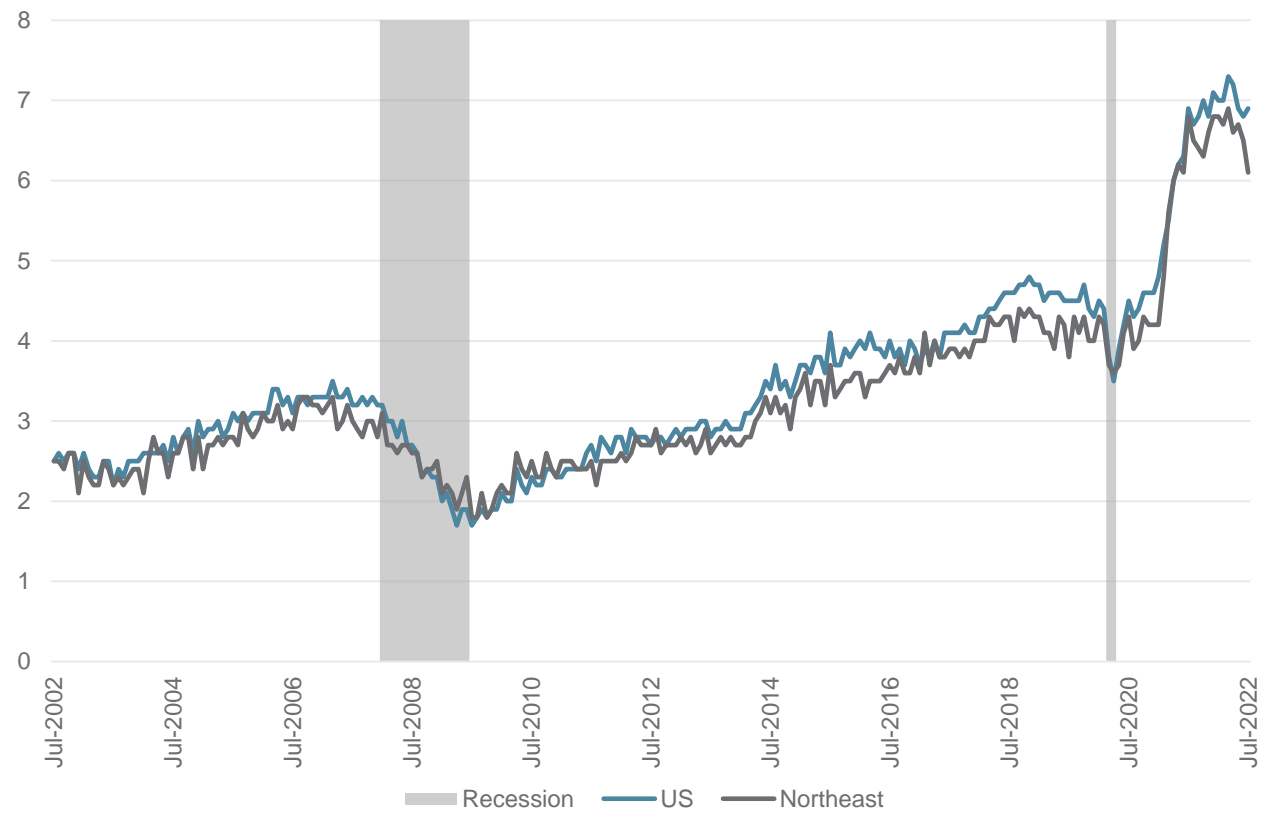


Note: Hartford-West Hartford-East Hartford NECTA UR data assigned to Hartford-East Hartford-Middletown NECTA on map. Boston-Cambridge-Nashua NECTA UR data assigned to Boston-Cambridge-Newton NECTA on map.

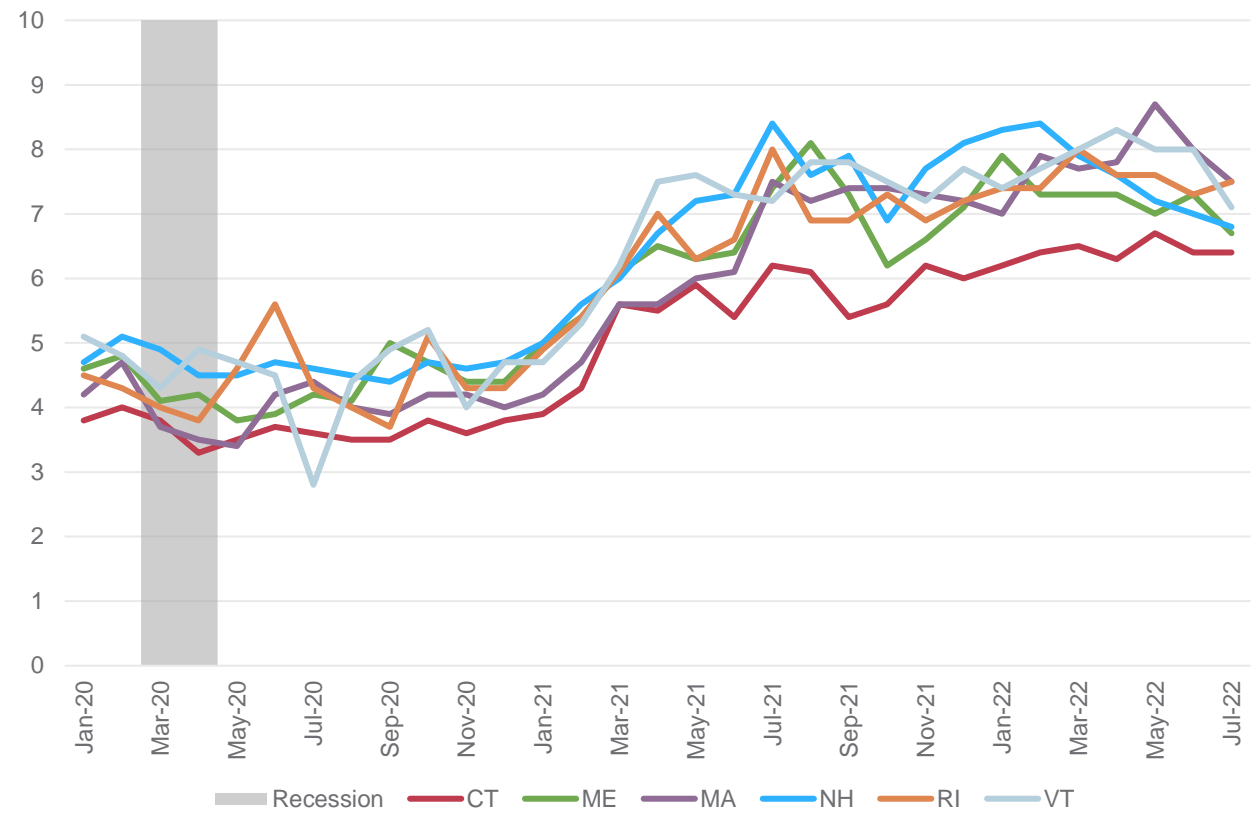
Source: Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Boston, IPUMS NHGIS

Employers Would Like to Hire Many More Workers

Job Openings Rate



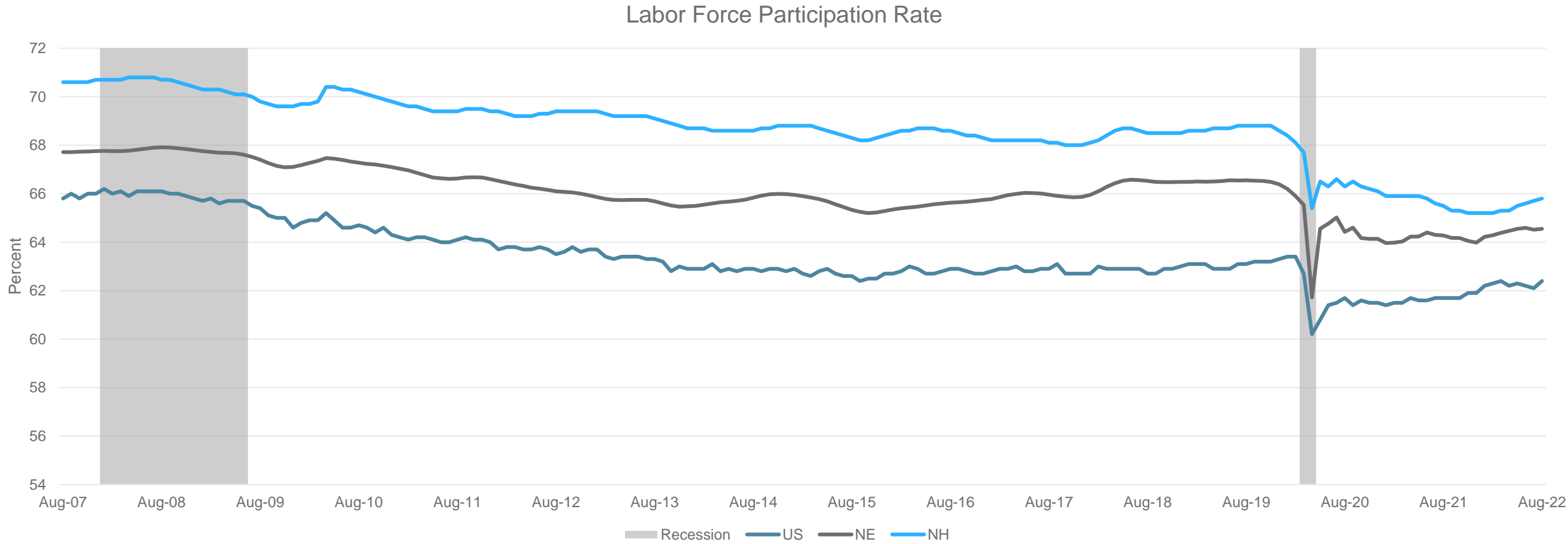
Job Openings Rate - New England States



Seasonally adjusted.

Source: JOLTS, Bureau of Labor Statistics, NBER, Haver Analytics

But the Labor Force Has Not/May Not Return

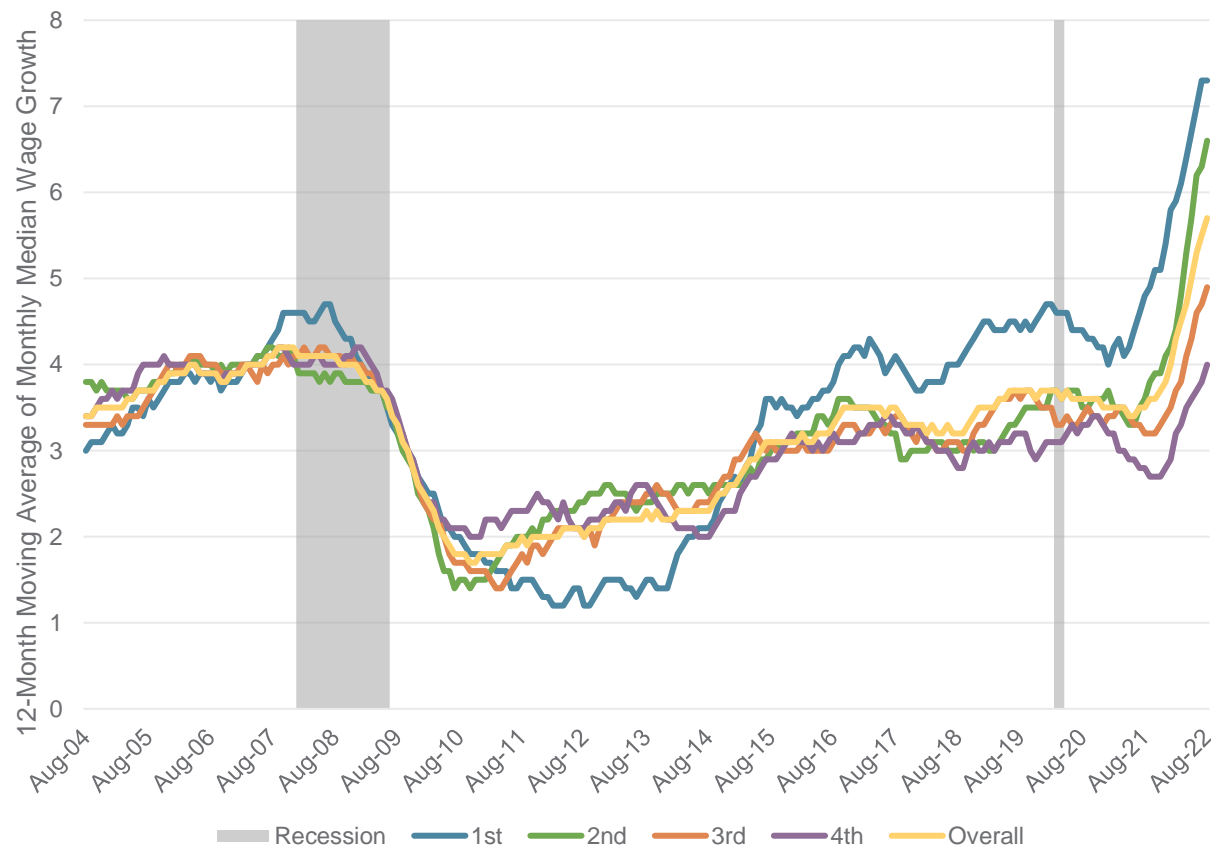


Seasonally adjusted

Source: Bureau of Labor Statistics, NBER, Haver Analytics

Tight Markets Driving Nominal Wages; Gains Outstripped by Inflation

Wage Growth Tracker by Average Wage Quartile

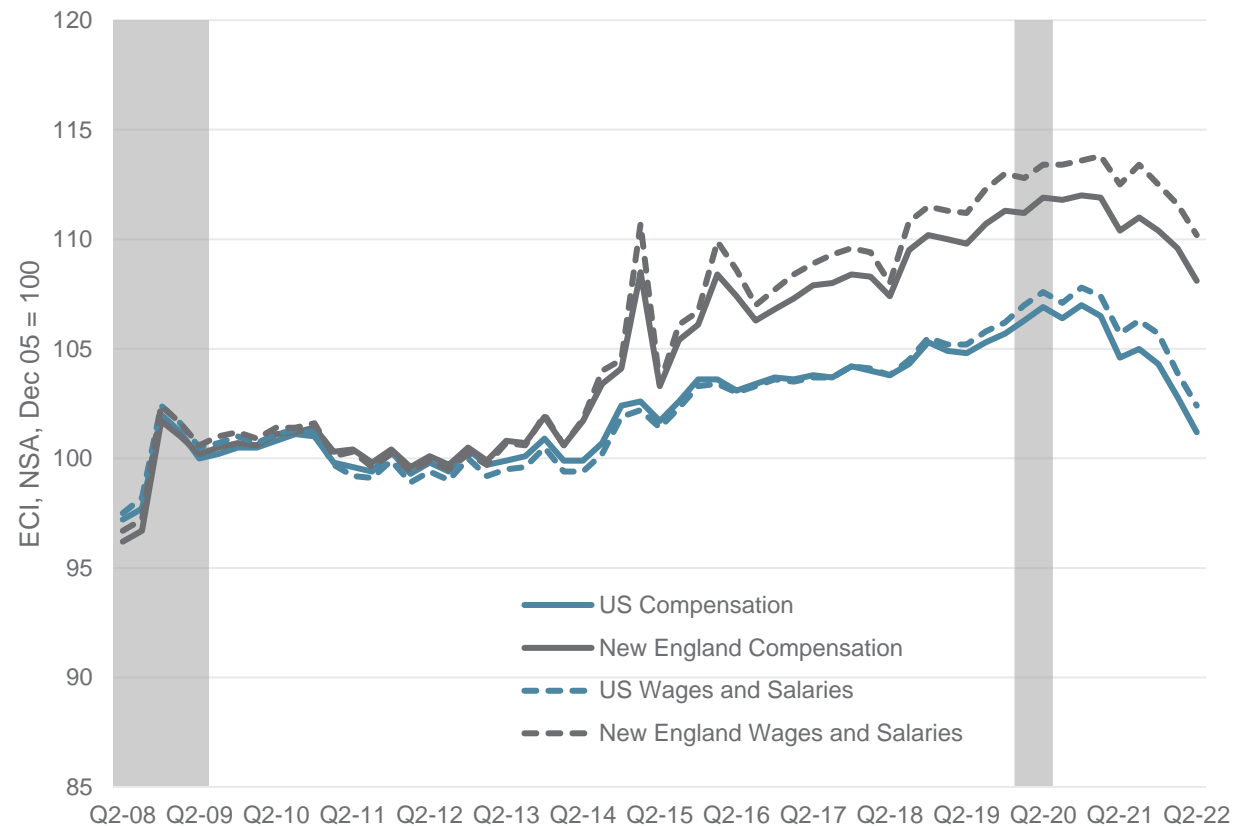


Lefthand figure notes: Wages computed on an hourly basis. Ranking based on the distribution of average hourly wages in month t and month $t-12$. Those in the lowest 25 percent of average wages are in the 1st quartile and those in the highest 25 percent of average wages are in the 4th quartile.

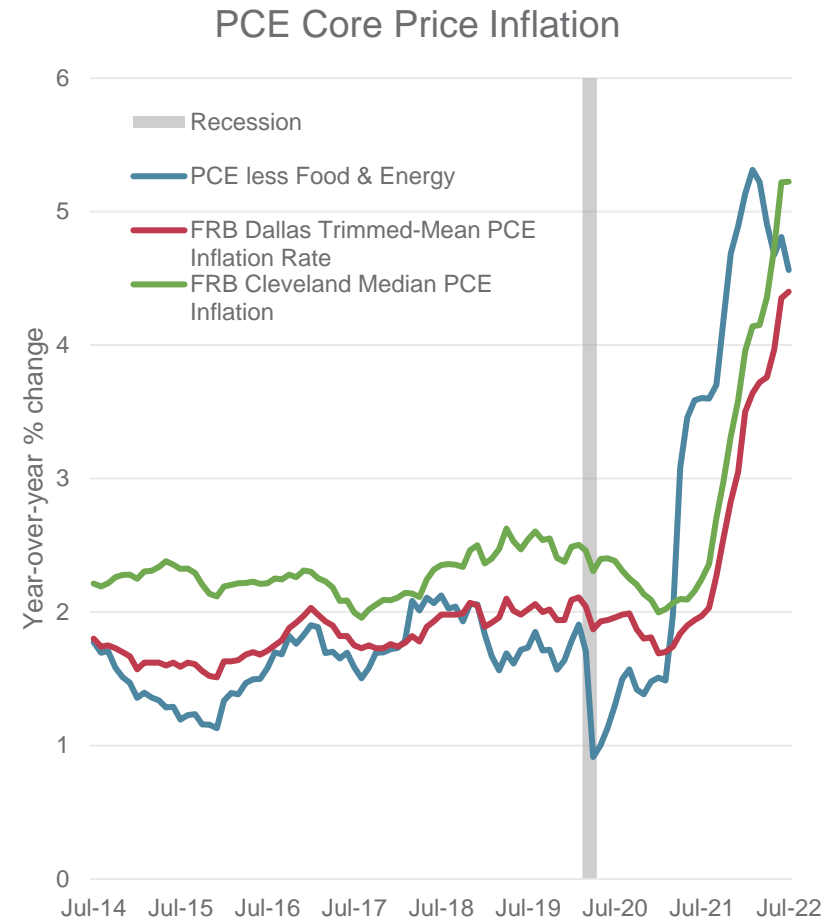
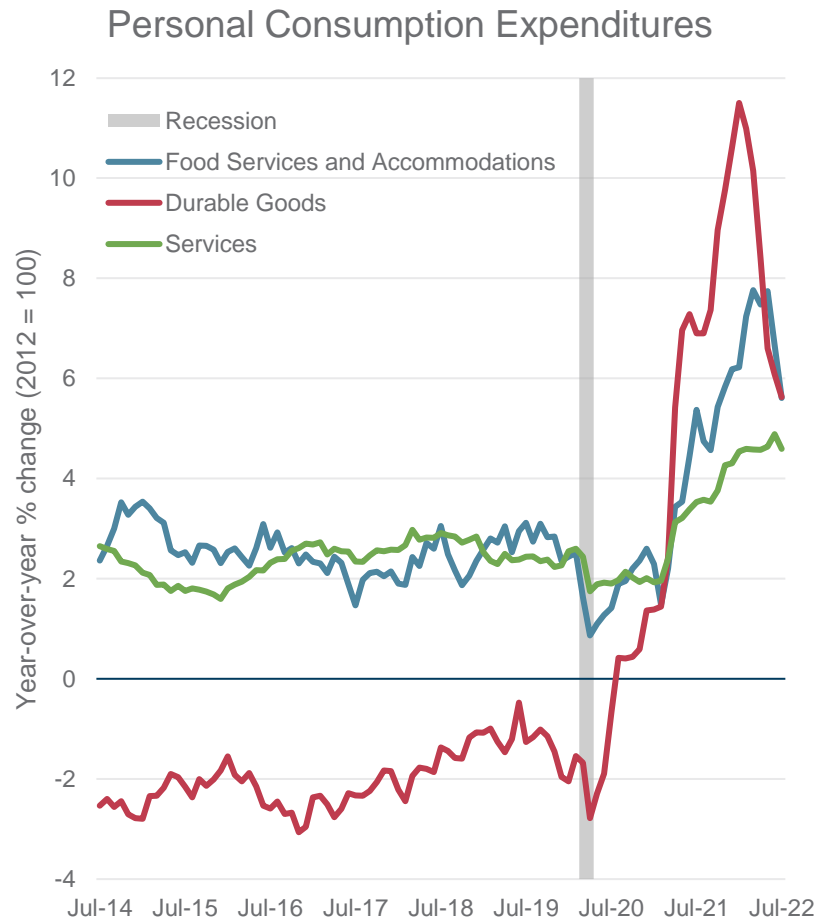
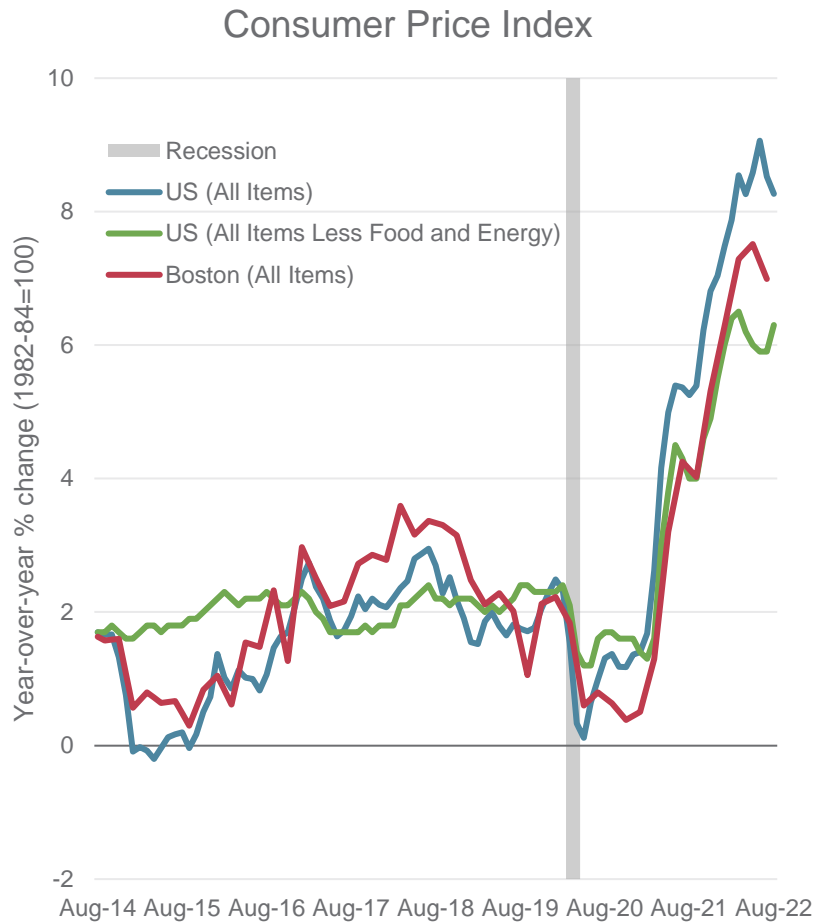
Righthand figure notes: Not seasonally adjusted.

Source: Federal Reserve Bank of Atlanta, Current Population Survey, Bureau of Labor Statistics, NBER, Haver Analytics

Real Compensation: Private Industry Workers



Price Increases Broad-based

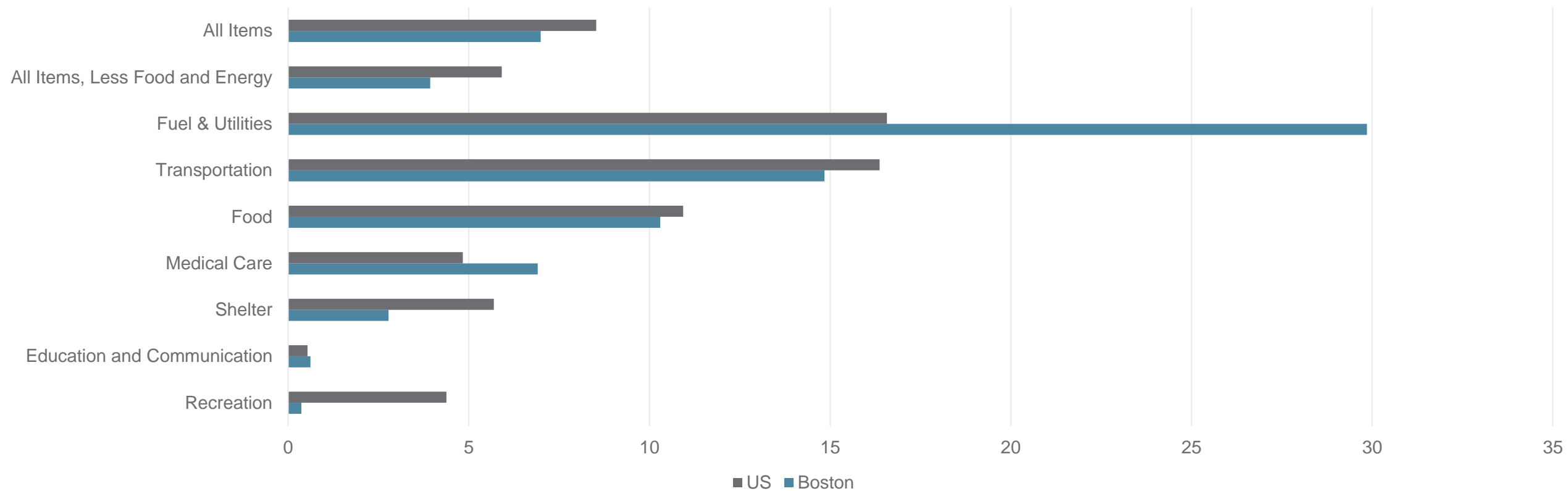


Lefthand figure: Not seasonally adjusted. Center figure: Seasonally adjusted.

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Federal Reserve Bank of Dallas, Federal Reserve Bank of Cleveland, NBER, Haver Analytics

Components of the Consumer Price Index

Percent Change, July 2021 - July 2022

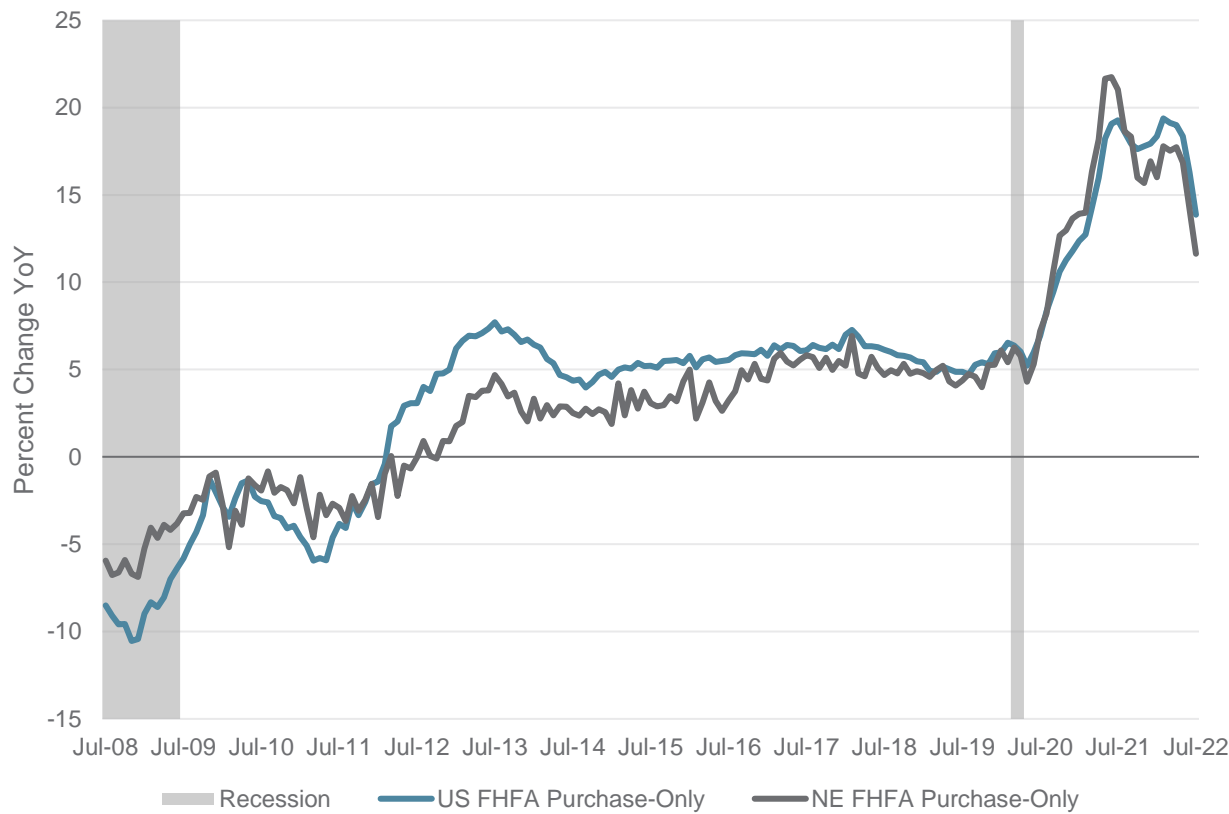


Not seasonally adjusted

Source: Bureau of Labor Statistics, Haver Analytics

Housing prices up sharply

Repeat-Sales Home Price Index

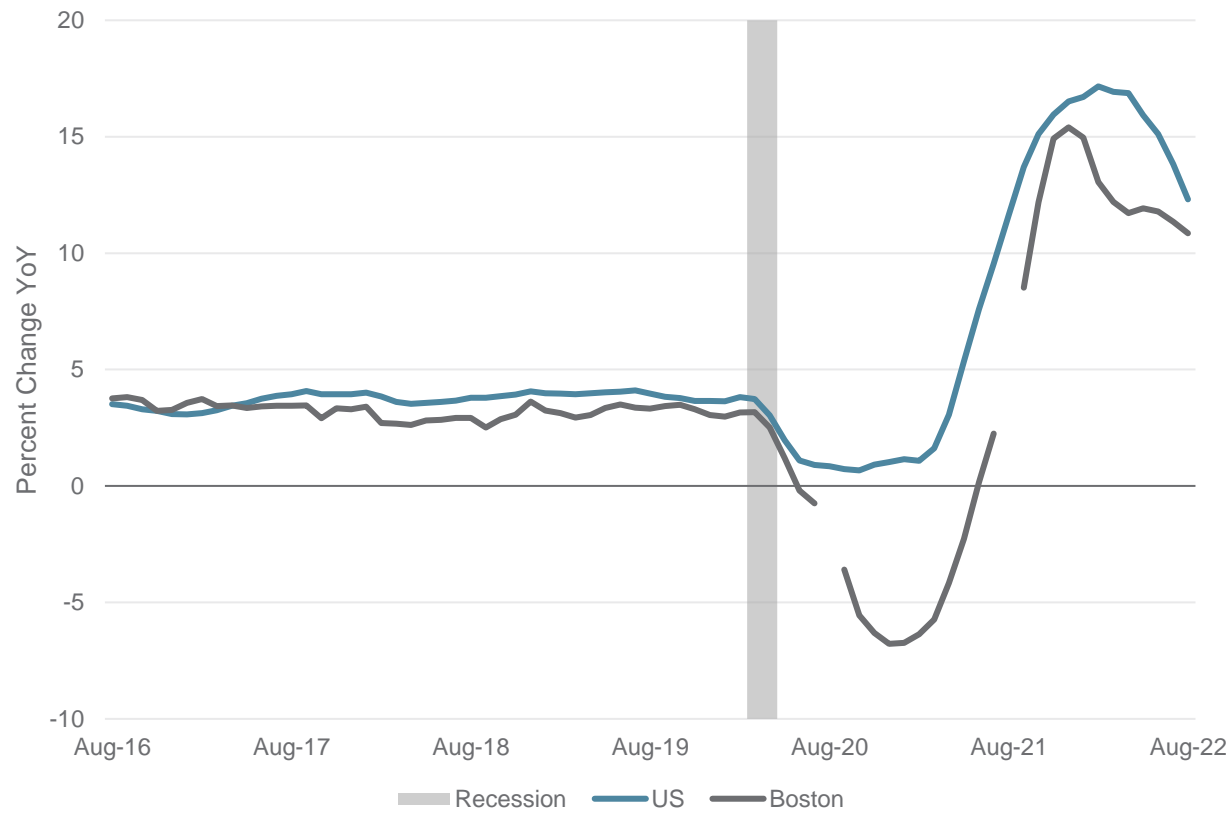


Not seasonally adjusted

Note: Zillow Observed Rent Index missing for August 2020, so August 2020 and August 2021 YoY % change missing.

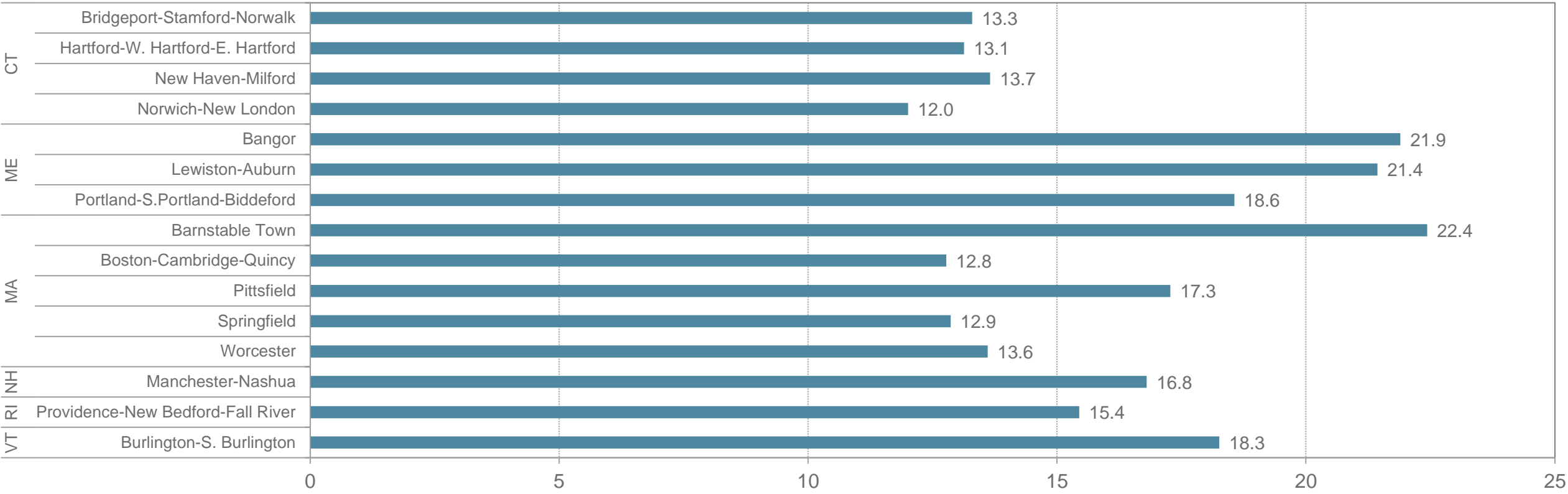
Source: FHFA, Zillow, NBER, Haver Analytics

Zillow Observed Rent Index



House Price Changes - MSA

Percent Change, Q2 2021 - Q2 2022



Not seasonally adjusted

Source: Federal Home Loan Mortgage Corporation, Haver Analytics

Public Policy/Investment in Support of Broad-based Growth

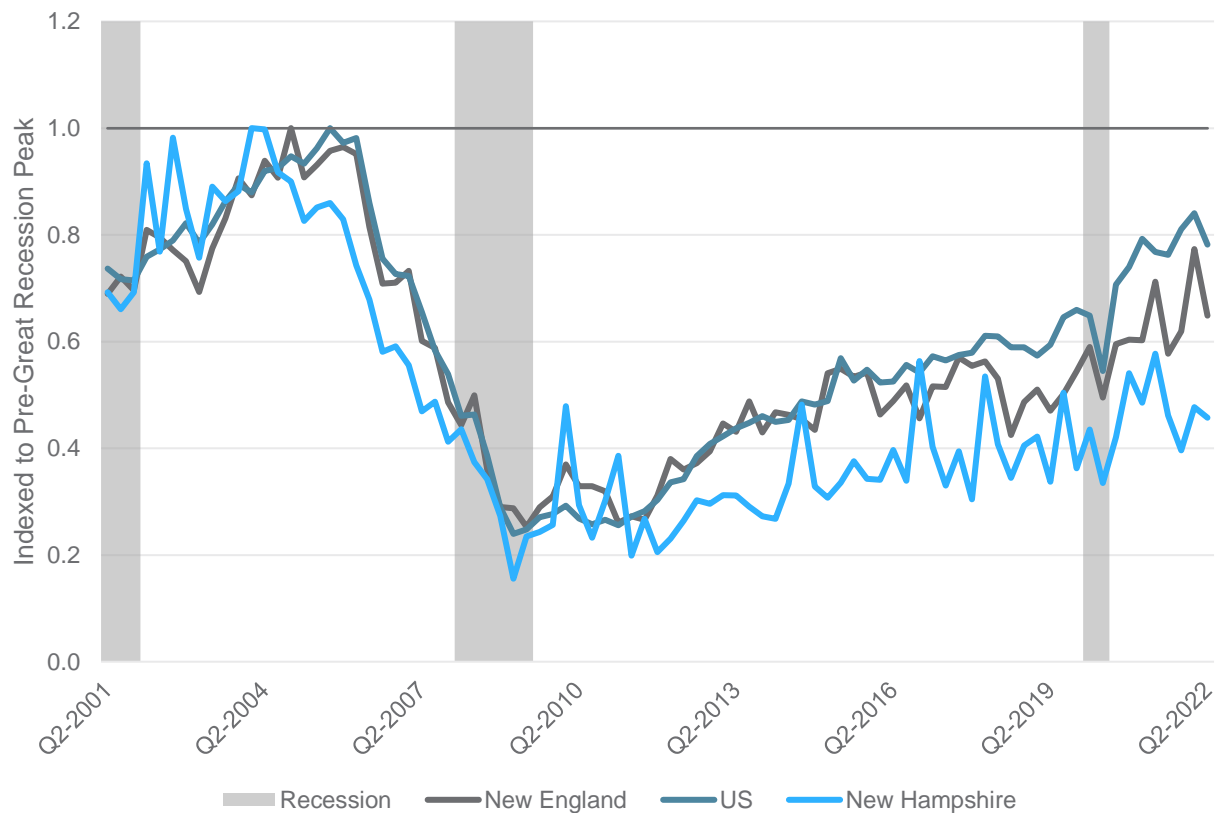
- ▶ Infrastructure

- ▶ Housing

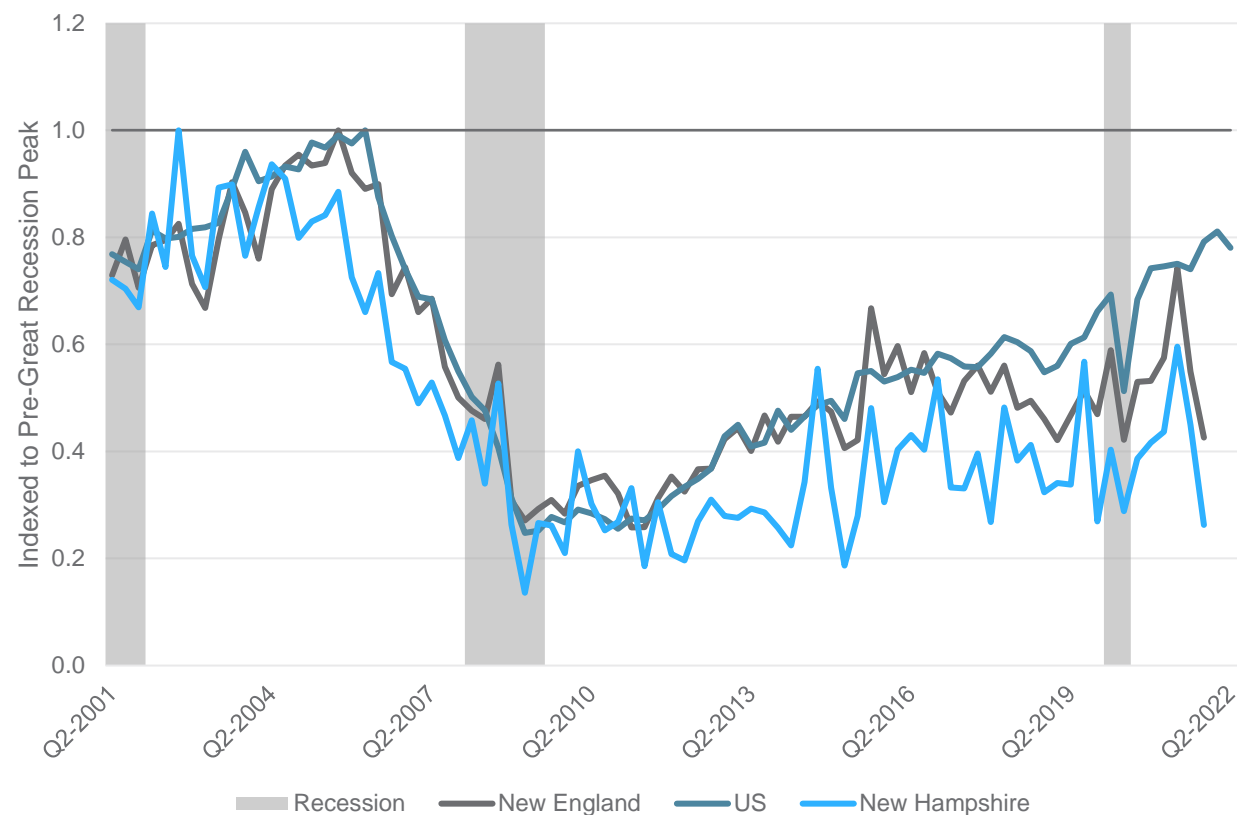
- ▶ Education

Housing Permits and Starts

Housing Permits (Units)



Housing Starts (Units)



Permits: seasonally adjusted; Starts: seasonally adjusted at annual rates

Source: Census Bureau, MUFG Union Bank, NBER, Haver Analytics

New England: Unemployment and Earnings by Educational Attainment

	Unemployment Rate				Average Weekly Earnings
	2019	2020	2021	2022	2022
Less than HS	8.1%	21.3%	14.8%	8.4%	\$556
HS or equivalent	3.1%	13.5%	7.9%	5.1%	\$916
Some college	3.2%	12.7%	5.9%	3.7%	\$1,002
College or more	2.3%	7.7%	4.3%	2.2%	\$1,598

Note: Average weekly earnings are nominal. Analysis restricted to individuals age 16+. Samples used are June, July, and August for each year.

Source: CPS IPUMS

Thank you.