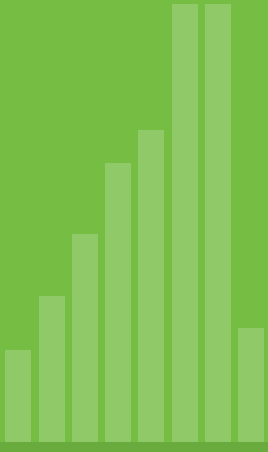
NEW HAMPSHIRE
POLICY POINTS

A GUIDE TO KEY ISSUES FACING GRANITE STATERS



NEW HAMPSHIRE
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INTRODUCTION

This first edition of *New Hampshire Policy Points* provides an overview of the Granite State and the people who call New Hampshire home. It focuses in on some of the issues that are most important to supporting thriving lives and livelihoods for New Hampshire's residents. Moreover, the book addresses areas of key policy investments that will help ensure greater well-being for all Granite Staters and a more equitable, inclusive, and prosperous New Hampshire.

It has been nearly three years since the beginning of the pandemic, and much has changed. The lives of everyday Granite Staters have been deeply impacted by a confluence of various global, national, statewide, and local factors. Challenges that faced Granite Staters and impacted the economy before the pandemic, such as access to child care and affordable housing, were only made worse by the COVID-19 crisis. Moreover, the negative consequences of the pandemic were not felt equally across the Granites State. Families and communities already at a disadvantage were more severely impacted by the pandemic, including residents with lower incomes and individuals of a racial or ethnic minority group in the state.

New Hampshire Policy Points is intended to provide an informative and accessible resource to policymakers and the general public alike, highlighting areas of key concerns. Touching on some important points but by no means comprehensive, each section within *New Hampshire Policy Points* includes the most up-to-date information available on each topic area as of October 2022. The facts and figures included within this book provide useful information and references for anyone interested in learning about New Hampshire and contributing to making the Granite State a better place for everyone to call home.

While the content of *New Hampshire Policy Points* has been organized into distinct sections, many issues are not only cross-cutting, but interact with one another. To aid readers in deepening knowledge and understanding of these connections, topic icons are inserted to guide readers to related content in other sections of the publication.

ABOUT NEW HAMPSHIRE FISCAL POLICY INSTITUTE

Founded in 2009, the New Hampshire Fiscal Policy Institute (NHFPI) is an independent, nonprofit, nonpartisan organization dedicated to exploring, developing, and promoting public policies that foster economic opportunity and prosperity for all New Hampshire residents, with an emphasis on families and individuals with low and moderate incomes. Based in Concord, NHFPI produces regular reports on the fiscal and economic challenges facing New Hampshire and strives to serve as a resource to anyone interested in meeting those challenges in a fair and sound fashion. All of NHFPI's reports and published material are available online at www.nhfpi.org.

New Hampshire Policy Points 2022 is available in digital form at www.nhfpi.org. Limited print copies are also available for purchase. Email us at info@nhfpi.org to find out more.

Additional information and a comprehensive listing of sources can be found on the New Hampshire Fiscal Policy Institute website at: www.nhfpi.org.

This publication and its conclusions are based on independent research and analysis conducted by NHFPI. Please email us at info@nhfpi.org with any inquires or when using or citing *New Hampshire Policy Points* in any forthcoming publications.

In the 2020 Census, the Granite State reported a total population of 1,377,529 individuals. The following graphic provides a snapshot of New Hampshire's population and demographic data from the 2010 and 2020 Census.

FIGURE 1

New Hampshire Population By County

Source: U.S. Census Bureau, Decennial Census, 2010 and 2020

County	Growth
Belknap	+6.0%
Carroll	+4.8%
Cheshire	-0.9%
Coos	-5.4%
Grafton	+2.2%
Hillsborough	+5.5%
Merrimack	+5.0%
Rockingham	+6.4%
Strafford	+6.3%
Sullivan	-1.6%

+ Increase in Population
− Decrease in Population

Lower Population — Higher Population

The most populous counties were Hillsborough (422,937), Rockingham (314,173), and Merrimack (153,808), with the least populous counties being Coos (31,286), Sullivan (43,063), and Carroll (50,107). From 2010 to 2020, only three counties experienced a decline in their populations; Coos (-5.4 percent), Sullivan (-1.6 percent), and Cheshire (-0.9 percent) had fewer residents in 2020 than in 2010, while all other counties experienced population growth, ranging from Grafton's 2.2 percent to Rockingham's 6.4 percent.

FIGURE 2

New Hampshire Population By Race and Ethnicity

Source: U.S. Census Bureau, Decennial Census, PL 94-171

Racial or Ethnic Group	Number of People in 2020	Percentage of 2020 Population	Percentage Growth Since 2010
Asian	35,604	2.6%	26.1%
Black or African American	18,655	1.4%	36.9%
Hispanic or Latino	59,454	4.3%	62.0%
Native American, American Indian, or Alaska Native	2,299	0.2%	-14.6%
Native Hawaiian and Other Pacific Islander	388	0.0%	17.9%
White	1,200,649	87.2%	-1.2%
Some Other Race	5,916	0.4%	228.1%
Two or More Races	54,564	4.0%	202.7%
Total	**1,377,529**	**100.0%**	**4.6%**

Note: *The U.S. Census Bureau classifies Hispanic or Latino as an ethnicity. This table shows anyone who identifies as Hispanic or Latino, regardless of race, as Hispanic or Latino and does not also count those individuals in a race category.*

KEY POINTS

New Hampshire's population growth is fueled primarily by in-migration, rather than births.

New Hampshire's population is becoming more diverse. U.S. Census Bureau data show that the fastest growing groups of new Granite Staters were among individuals identifying as a member of a racial or ethnic minority group in New Hampshire. The population of those identifying as white and non-Hispanic declined by 1.2 percent between 2010 and 2020, while the number of people identifying as a member of a racial or ethnic minority group in New Hampshire grew by 74.4 percent. About 20.2 percent of New Hampshire's children identified as being from a race or ethnicity other than white and non-Hispanic in 2020.

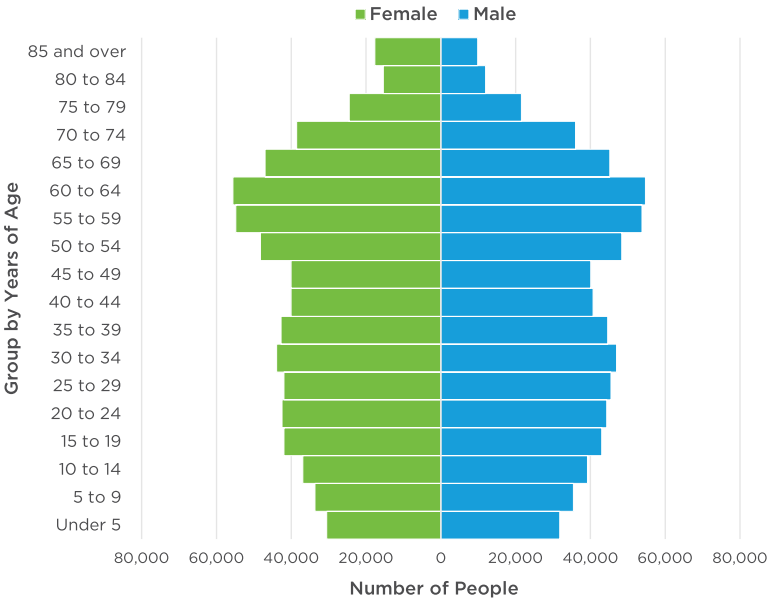
New Hampshire's child population overall has been declining, which is a troubling sign for the future of the state's economy. However, the number of children of color grew in the state, suggesting they are more representative of the future of the state's workforce and economy.

New Hampshire has an older population that is continuing to age. Estimates from 2021 indicated that, among the fifty states, only Maine had an estimated older median age than New Hampshire's median age of 43.1 years, which was statistically similar to both Vermont and West Virginia.

FIGURE 3

New Hampshire Population By Age

Source: U.S. Census Bureau, Population Estimates Program, July 1, 2021 Estimates



These shifting demographic trends have important implications for the future of the Granite State and where future funding needs and opportunities will arise.

Compared to other states, New Hampshire has a relatively high median household income, although many Granite Staters with lower incomes face considerable difficulty making ends meet.

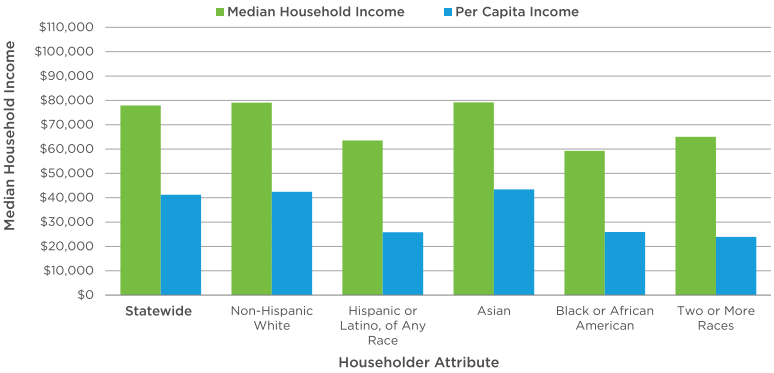
In 2021, the Granite State's median household income was about $78,500 per year. Median household income, which tracks the middle level of income for all households, provides a valuable but incomplete picture of the economic circumstances facing New Hampshire families. In 2021, over one in four Granite State households had less than $50,000 per year in income, and more than one in six had less than $35,000.

In 2021, the median income for families with at least one child under 18 was about $114,900. Certain populations, however, had median incomes significantly lower than the statewide

FIGURE 4

New Hampshire Median Household and Per Capita Income

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2016–2020



Note: *Individuals identifying Hispanic and Latino ethnicity included in calculations for non-white races.*

median, including families headed by single adults, individuals identifying as members of certain racial and ethnic minority groups, women, and people with fewer completed years of formal education. Households with at least one child under 18 and headed by a single female adult, for example, reported a median annual household income of about $37,400.

According to estimates from the United States Census Bureau, income inequality grew at a faster rate in New Hampshire from 2010 to 2019, during the recovery from the Great Recession, than in the nation overall. That suggests Granite Staters with lower or more modest incomes experienced increasing relative hardships during the last economic recovery. These Granite Staters are likely to have faced continued challenges making ends meet.

POVERTY

As a state, New Hampshire has a relatively low level of poverty. Based on the official poverty measure, the estimated poverty rate in New Hampshire was 7.2 percent in 2021—the lowest in the nation. For those living in or near poverty, meeting basic, everyday household needs, such as food, clothing, and medical care, can present a significant challenge. Living in poverty means living below the federal poverty thresholds based on income. For households of one adult and no children, that threshold in 2021 was $13,788 per year; for households with two adults and two children, it was $27,479 per year. About 97,000 Granite Staters lived below the poverty thresholds in 2021.

Other measures indicate a higher relative poverty level in New Hampshire.

For example, the federal Supplemental Poverty Measure factors in additional expenses, including regional adjustments for housing costs. This measure shows that, from 2019–2021,

FIGURE 5

New Hampshire Residents in Poverty By Age Group

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

Age Group	Estimated Number of People in Poverty	Estimated Poverty Rate
0 to 17 Years Old	23,100	9.2%
18 to 64 Years Old	56,400	6.7%
65 or More Years Old	17,900	6.9%
Total	**97,400**	**7.2%**

New Hampshire's poverty rate was statistically similar to eleven other states, including three that had lower poverty rate point estimates. This shows the official poverty measure may not fully reflect the relative cost of living for people with very low incomes or with more limited means in the state.

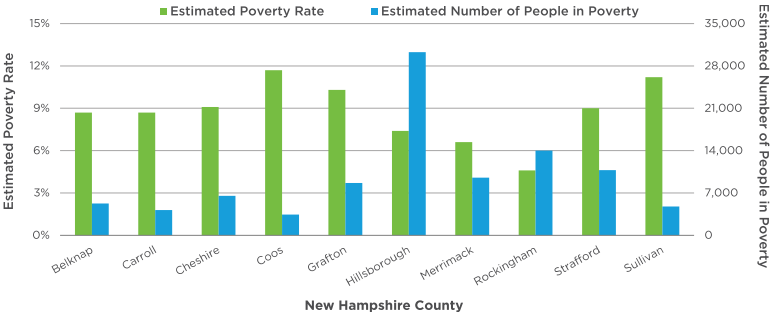
Poverty is more prevalent among certain groups of Granite Staters than others. Individuals identifying as members of certain racial and ethnic minority groups, or who are foreign-born, experience higher poverty rates. Additionally, households with children headed by a single woman have much higher rates of poverty in New Hampshire. Moreover, in 2021, about 9.2 percent of individuals under the age of 18 lived in poverty, compared to 6.9 percent of individuals over age 64. Poverty is also more prevalent among individuals with disabilities and individuals working part-time or not working.

Across New Hampshire, poverty rates also vary by geography. From 2016–2020, the poverty rate in Rockingham County was estimated to be about 4.6 percent, compared to the 11.7 percent poverty rate in Coos County. Furthermore, poverty rates within counties and municipalities can vary considerably. Communities with low concentrations of poverty may still have many residents

FIGURE 6

New Hampshire Poverty Rates By County

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2016–2020



in poverty due to the size of the population. For example, despite its relatively low poverty rate, Rockingham County had more residents in poverty than any New Hampshire county except for Hillsborough.

COST OF LIVING

The cost of living in certain areas provides key context when considering household incomes and challenges faced by those living in or near poverty. As prices for goods and services vary across different locations, the level of income families and individuals need to meet basic expenses also ranges across geographies. Researchers have provided estimates for the amount of income a family or individual would need to meet basic living costs in a particular location.

The 2021–2022 updates to the Massachusetts Institute of Technology (MIT) Living Wage Calculator estimated that the

yearly expenses faced by a single adult in New Hampshire with no children would be $36,023. For a family with two working adults and one child, annual living costs would total $77,195. For a family with a single adult and two children, however, expenses would total about $88,506, in part due to increased child care costs. Separate calculations from the Economic Policy Institute (EPI) Family Budget Calculator, updated for 2022, estimated that a family of two adults and one child living in Hillsborough County, New Hampshire's most populous region, would face yearly average expenses of $76,354, which is similar to the statewide MIT estimate. A family consisting of a single adult and two children living in Hillsborough County, based on the EPI Family Budget Calculator, would face average yearly expenses of $77,263.

Costs have been rising faster than usual for individuals and families in an economy still disrupted by the pandemic. Policy supports have helped many families meet these expenses, but many temporary policies designed in response to COVID-19 have either already expired or will end soon, leaving Granite Staters to face rising costs without that additional help.

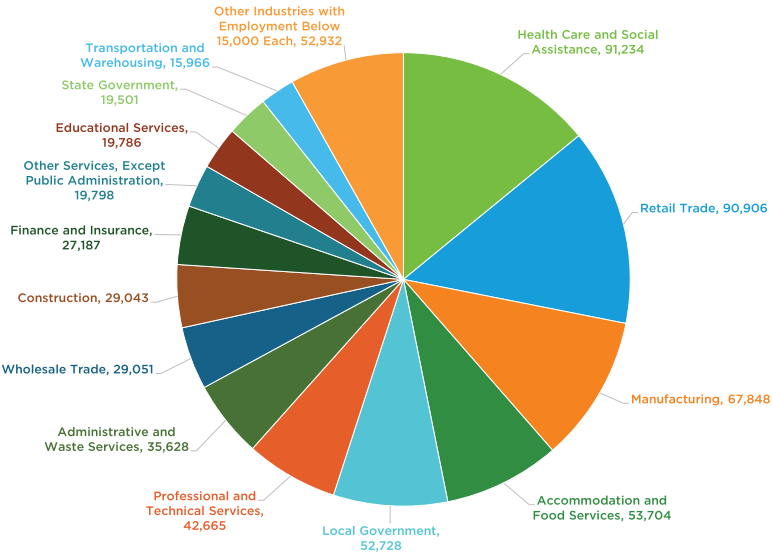
A thriving economy with well-paying jobs can create prosperity for residents as well as for the state and its communities.

Strong, diverse economies can be more resilient to economic downturns and the negative consequences of failure in a single industry. New Hampshire's state economy is diverse, relying on an array of distinct industries. As a whole, the Granite State's largest employment sectors in 2021 were Health Care and Social Assistance, followed by Retail Trade, Manufacturing, Accommodation and Food Services, Local Government, and Professional and Technical Services.

FIGURE 7

New Hampshire Employment By Industry

Source: New Hampshire Employment Security, Covered Employment and Wages, 2021 Averages



The pie chart shows the number of jobs in each employment sector that are based in the state. These figures do not include the many New Hampshire residents who commute to jobs out of state, such as to metropolitan Boston in neighboring Massachusetts, for more or higher-paying job opportunities. In 2021, approximately 12 percent of employed Granite Staters age 16 and older commuted out of state for work.

- Access to job opportunities in neighboring states, particularly in Massachusetts, has had a significant impact on the New Hampshire economy. The relative proximity to metropolitan Boston characteristic of communities in southeastern New Hampshire contributes to higher incomes and more urbanization in those areas, spurring more economic activity and employment growth. While rural areas further north and west in New Hampshire have not benefited as directly from metropolitan Boston, relative ease of access to those areas for tourism and recreation for travelers from other states has impacted local economies.

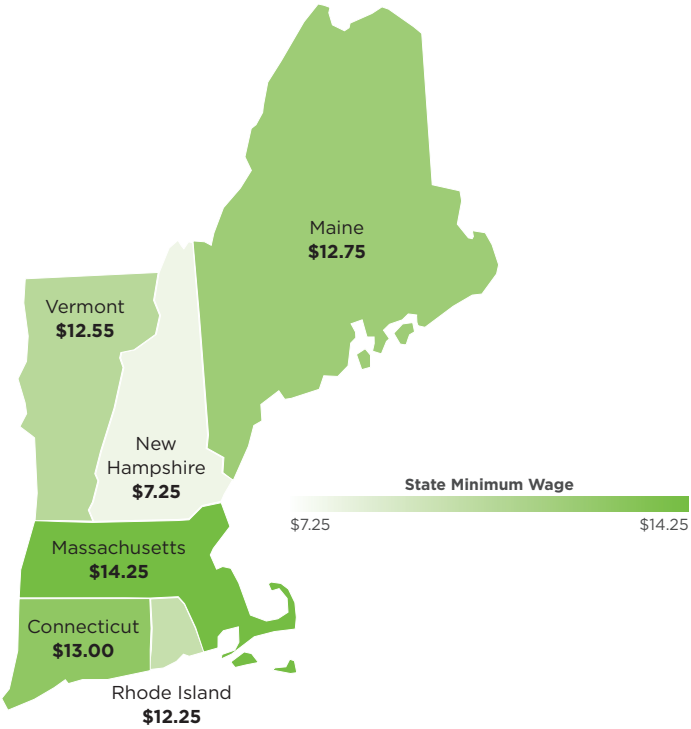
WAGES AND PANDEMIC IMPACTS

The minimum wage in New Hampshire is the lowest amount an employer can legally pay their employees in most situations. New Hampshire adheres to the federal minimum wage, which was last raised in 2009 and is currently $7.25 per hour. By comparison, every other New England state had a minimum wage of at least $12.25 per hour as of mid-2022. The minimum wage is not adjusted for inflation in New Hampshire or federally. In July 2009, a full-time worker earning the federal minimum wage earned $15,080 annually. However, adjusted to reflect the purchasing power of $15,080 in July 2022, the equivalent purchasing power of the 2022 minimum wage in July 2009 would have been $11,336, as goods and services have become more expensive while the wage has remained the same dollar value.

FIGURE 8

Minimum Wages in New England

Source: U.S. Department of Labor, Wage and Hour Division, Minimum Wages as of October 1, 2022



Of New Hampshire's five private industries that employed the most residents in 2021, three paid average wages lower than the statewide average wage. While the average reported weekly wage for Professional and Technical Services was $2,251, and Manufacturing employers reported an average weekly wage

of $1,551, average weekly wages reported by Retail Trade employers in New Hampshire was $790, and weekly wages averaged $513 for Accommodation and Food Services.

During 2020, employment declined significantly in key industries, including Healthcare and Social Assistance, Retail Trade, Education Services, and Accommodation and Food Services, resulting in lower wages for many people, including younger workers, workers with certain racial and ethnic backgrounds, and workers with lower levels of education, all of whom were disproportionately impacted by the COVID-19 pandemic. Granite Staters with lower wages were also more significantly impacted by the employment and income losses caused by the pandemic. During the long, slow recovery from the Great Recession of 2007–2009, wages for those earning lower and median incomes in New Hampshire took longer to

FIGURE 9

New Hampshire Average Weekly Wages By County

Source: New Hampshire Employment Security, Covered Employment and Wages, 2021 Averages

Belknap	$965
Carroll	$873
Cheshire	$1,014
Coos	$875
Grafton	$1,284
Hillsborough	$1,407
Merrimack	$1,169
Rockingham	$1,267
Strafford	$1,140
Sullivan	$997
New Hampshire	**$1,387**

recover than for those earning more, suggesting that these workers were not benefiting equitably from the economy even before the COVID-19 pandemic.

During 2021, the average public and private sector weekly wage in the state was $1,387. The average wage of workers differs by county, with Hillsborough reporting the highest at $1,407, and Carroll the lowest at $873. Some of these differences in county-level average wages are due to higher concentrations of industries that pay workers more, and are more likely to employ workers full time, in some regions than in others.

UNEMPLOYMENT AND WORKFORCE CHALLENGES

The COVID-19 pandemic resulted in large declines in overall employment in New Hampshire in 2020. The number of Granite Staters employed in 2019 averaged over 756,300. In 2020, an average of just under 708,600 were employed, while in 2021 the figure rebounded to about 728,900. Workforce participation and the size of the labor force also declined during the pandemic. The size of the labor force, which includes the number of people employed and looking for work, averaged about 776,500 for New Hampshire in 2019. In 2020, it averaged under 759,800 and in 2021 it averaged over 755,400.

Prior to the pandemic, New Hampshire's unemployment rate was below 3.0 percent every month since December 2015. In April 2020, unemployment peaked at 16.2 percent statewide, and declined throughout the remainder of 2020 and into 2021. In early 2022, the unemployment rate returned to less than 3.0 percent statewide. A different measure of unemployment that, unlike the standard measure, includes discouraged, underemployed, and unemployed workers, showed higher levels of unemployment and labor underutilization in New Hampshire with the average rate for 2019 at 5.2 percent and at 6.1 percent for 2021.

Many workers who have left the labor force and not yet returned have identified issues with child care as a major barrier. A combination of factors, including New Hampshire's aging population, the health risks exacerbated by the pandemic, and challenges to accessing affordable housing and child care, have resulted in significant declines in labor force participation; the largest declines have been seen among younger adult workers, including those who are of ages that are more likely to have young children, and older workers, who faced substantially increased health risks from the pandemic. The initial employment losses of the pandemic impacted women more dramatically than men, as women were more likely to work in key industries directly disrupted by the pandemic. Women were also more likely to step back from the labor force to fill gaps in child care and family care giving needs.

Of those who have remained in the workforce, many experienced stagnation or decline in their purchasing power. When adjusted for inflation, the average private sector wage in New Hampshire was lower in July 2022 than in July 2020, early in the recovery from the pandemic. Sustained and substantial investments in New Hampshire's workforce, however, have the potential to help Granite State workers and families get back on their feet and boost the economy.

The high cost of housing in New Hampshire impacts all Granite Staters and the broader economy. While the lack of housing has been a significant concern in the state for some time, the challenges have become more acute in recent years.

THE AFFORDABLE HOUSING SHORTAGE

The median sale price of a single-family house in New Hampshire increased 80 percent statewide between March 2017 and March 2022. The increase in median single-family house sale prices has accelerated since the COVID-19 pandemic began. In 2019, the median cost of a home in the state was $300,000, and rose to $395,000 in 2021. While housing constraints vary across regions, finding affordable housing is a struggle for residents statewide.

The lack of housing contributes substantially to the increase in housing costs. In 2022, the New Hampshire Housing Finance Authority indicated the state would need at least 20,000 new housing units to create a more balanced market. Factors such as local zoning or land use laws that restrict the building of more affordable housing units, as well as increased labor and construction costs, all may contribute to the shortage of housing in the state.

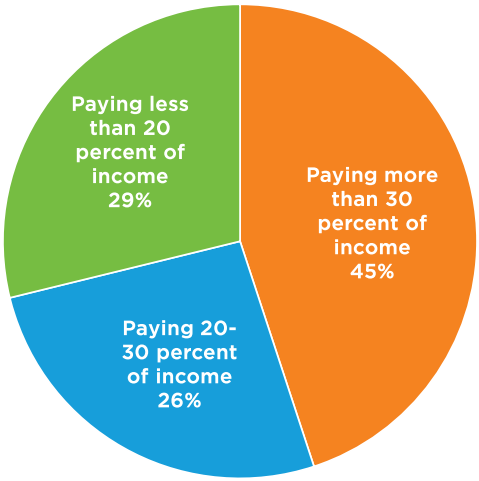
RENTAL HOUSING

The New Hampshire Housing Finance Authority identifies a vacancy rate for a balanced apartment rental market to be about 5 percent, which allows for a smoother transition of people into, out of, and between rental units. This vacancy rate also helps ensure there is a sufficient supply of rental units available at affordable prices. However, New Hampshire's vacancy rate has been very low, indicating a severe shortage of rentable dwellings across the state. In 2019, the statewide vacancy rate for two-bedroom apartments was 0.8 percent, and it dropped to 0.3 percent by Spring 2022. By comparison, the overall national

FIGURE 10

New Hampshire Rent as Percentage of Household Income

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



Note: *Estimates for all New Hampshire renter households. Cost of rent includes gross rent and utilities.*

vacancy rate was approximately 5.6 percent for the second quarter of 2022, suggesting a more severe rental housing shortage in New Hampshire than on average nationwide.

Rents have been rising in New Hampshire. In 2019, the median rental rate for a two-bedroom apartment in the state was estimated at $1,347 per month, and had risen to an estimated $1,584 per month in Spring 2022. During most of the past decade, rental rates in the state have been rising faster than inflation and average wages.

In 2021, the median household income of renter households in New Hampshire was about $53,100, while the median household income of homeowners was about $103,700.

Renters who spend more than 30 percent of their income on total rental costs may be cost-burdened and have trouble affording other expenses. In 2021, an estimated 45 percent of renters in New Hampshire were paying more than 30 percent of their income on rental costs. During 2016 to 2020, about three-quarters of renter households with incomes below $35,000 per year paid more than 30 percent of their incomes on rental costs.

IMPACTS OF LACK OF AFFORDABLE HOUSING

Granite Staters at all income levels are affected by rising housing costs, but those with lower incomes are disproportionately impacted, as they are more likely to be cost-burdened by housing expenses and rising prices. The disproportionate impacts on people with lower incomes means the lack of affordable housing is more likely to be a severe constraint for young individuals and families, households headed by a single parent, and individuals identifying as a member of certain racial or ethnic minority groups. The high costs of rental units and their associated cost burdens for lower-income households make achieving economic stability more challenging for many of these Granite Staters.

During June and July 2022, one-third of New Hampshire adults reported paying for usual household expenses during the last seven days had been somewhat or very difficult.

The lack of affordable housing has significant demographic and workforce impacts. The housing shortage limits New Hampshire's ability to attract and retain a young and diverse population, which is essential to ensuring a robust and resilient economy. In 2022, the State of New Hampshire projected adults

aged 60 years and older would exceed 30 percent of the state's population by 2030. As older Granite Staters leave the workforce, the housing shortage will leave businesses struggling to hire a skilled, talented, and diverse workforce, as new potential workers may not be able to find affordable housing in New Hampshire. Older adults looking to downsize to smaller homes may also put more pressure on the housing market as they limit the number of more affordable homes available for younger residents.

Granite Staters facing increased housing costs, accelerated by the pandemic, are also at greater risk of homelessness. The U.S. Government Accountability Office estimated that a $100 increase in median rent was associated with a 9 percent increase in the homelessness rate. Children experiencing multiple moves are more likely to have adverse mental health, educational, and behavioral outcomes, and may experience long-term impacts on both their health and economic well-being.

A lack of stable, affordable housing puts families at risk for both temporary and chronic homelessness and this risk is especially pronounced among certain populations in New Hampshire. The New Hampshire Coalition to End Homelessness reported in 2021 that those identifying as Hispanic were more than twice as likely to experience homelessness, and Black or African American Granite Staters were four times as likely to experience homelessness than their white peers. Additionally, a survey conducted by ABLE NH suggested an elevated risk of housing insecurity for people with developmental or intellectual disabilities in New Hampshire. The New Hampshire Coalition to End Homelessness estimated 4,682 people experienced homelessness in New Hampshire during 2021.

Finding solutions to ensure a sufficient supply of available, affordable housing is essential for a vibrant and prosperous economy that lifts all Granite Staters.

In New Hampshire and across the world, a healthy population contributes to more vibrant economies, lower health care costs, and increased lifespans. Health includes both individual and population-level factors that go far beyond formalized health care. Health is influenced by communities, education, safety, financial resources, and more, all of which contribute to the social determinants of health.

The New Hampshire Department of Health and Human Services defines social determinants of health as "the conditions in which people are born, grow, live, work and age that affect a wide range of health risks, health outcomes, and quality of life."

For example, income is a key indicator of resources available to individuals and families, which can substantially affect health. Income helps people afford basic needs, such as healthy food and stable housing, that impacts the health of adults and children. Households with lower incomes, particularly below or near poverty levels, are more likely to be food insecure and lack access to nutritious foods. People with low incomes are also more likely to have difficulty affording housing or keeping up with the costs of prescription drugs and medical care. Social determinants of health impact the health of all individuals, and both include and are affected by the systems designed to provide health care to Granite Staters.

ACCESS TO HEALTH COVERAGE AND SERVICES

Many New Hampshire residents have relatively good access to health services, but other residents, particularly those in rural areas, may face additional barriers. Access to physicians varies considerably within the state. While there were only 510 people per every one primary care physician in Grafton County in 2019, there were 1,570 people for each one in Strafford County. Between 2000 and 2021, nine out of New Hampshire's 16 rural

hospitals closed their labor and delivery units. An analysis from the Urban Institute indicated that, as a result of unit closures, the median driving time to the nearest labor and delivery units in the Granite State doubled from 2000 to 2018.

Even when health care providers are available nearby, many Granite Staters may not have the financial resources to access these services. About 61 percent of New Hampshire's population relied solely on private health insurance during 2016 to 2020. These individuals included the approximately 55 percent of all Granite Staters who had coverage solely through their employer, and about 6 percent who relied only on insurance purchased directly, including through the individual insurance marketplace. About 80,000 Granite Staters, or 6 percent of all residents, did not have health coverage of any form. That figure rises to about 11 percent for Granite Staters with incomes below the federal poverty threshold.

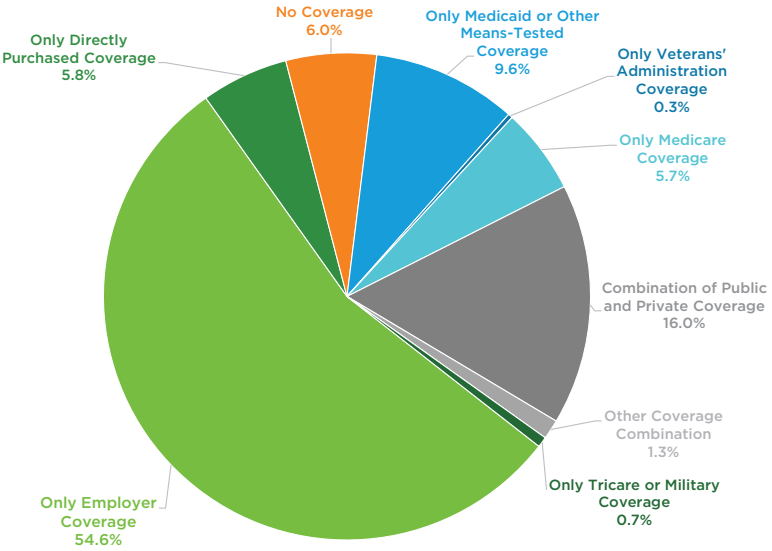
The remainder of Granite Staters accessed health services through public insurance or a combination of public and private coverage. Data from 2016–2020 suggest about one in five New Hampshire residents were enrolled in Medicare, with nearly 6 percent of all residents relying on Medicare as their only health coverage. Generally, adults aged 65 years and older are eligible for health coverage under the federal Medicare program.

Medicaid, a separate program, is a federal-state partnership designed to help ensure people with low incomes, those who are disabled, individuals who are pregnant, and certain other populations can still access care. In July 2022, approximately 241,000 New Hampshire residents were enrolled in Medicaid, or about 17 percent of the estimated 2021 population. This total included more than 10,000 adults over age 65 years and nearly 100,000 children, including children with severe disabilities or in foster care. Medicaid also provides long-term care coverage

FIGURE 11

New Hampshire Resident Health Coverage By Type

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2016–2020



to eligible older adults and adults with disabilities. Access to Medicaid has been temporarily but substantially expanded since the beginning of the COVID-19 pandemic, providing a critical support for Granite Staters in need at a time when access to health services has been even more central to well-being.

OLDER ADULTS

New Hampshire's demographics impact the state's health needs and outcomes. In 2021, the median age of New Hampshire's population was 43.1 years, which tied with Vermont and West

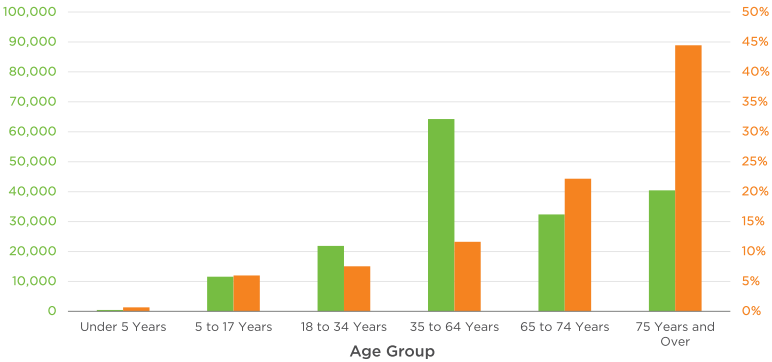
Virginia as the nation's second oldest, trailing only Maine. An estimated 386,000 adult Granite Staters, about 27.8 percent of the population, were between 55 and 74 years old in 2021.

Older adults are more likely to have some form of disability. In New Hampshire, more than one in five adults age 65 to 74 years had some form of disability during the 2016–2020 period, as did about 44 percent of adults age 75 years and older. For older adults with low incomes and limited assets, Medicaid funds long-term services and supports, both in nursing facilities and in homes or communities. As New Hampshire's younger adults age over the next two decades, the need for health, transportation, and housing services will increase.

FIGURE 12

New Hampshire Individuals With Disabilities By Age Group

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2016–2020



BEHAVIORAL HEALTH

As with physical health, the mental health of Granite Staters can have a profound impact on overall well-being. Survey data suggest that, during the first eight months of 2022, about three in ten New Hampshire adults had symptoms of either anxiety disorder, depressive disorder, or both. Comparatively, national data collected in 2019 suggested about one in ten adults had anxiety or depressive disorders prior to the COVID-19 pandemic.

New Hampshire faces challenges providing needed mental health care. Hospital patients often face a substantial waiting period for mental health services to become available, as need has substantially outpaced capacity. In recent years, New Hampshire made significant investments, including through the establishment of statewide mobile crisis response units for children, to help address these growing needs.

Substance misuse has also had a deep impact on the Granite State in recent years. The number of people in New Hampshire who died in a drug-related death was almost four times that of the number of people who died in a highway motor vehicle accident each year between 2014 and 2020. During this time, drug overdose deaths peaked in 2017 with 490, and remained elevated at 417 confirmed deaths in 2020. The number of people receiving substance use disorder services through Medicaid each month more than doubled between late 2016 and early 2020. That number has continued to rise since the pandemic began, as both health and economic strains exacerbated the stress on individuals.

FOOD INSECURITY

Key federal and state aid programs are designed to help improve access to health care and reduce the risks facing individuals in times of economic hardship. The Supplemental Nutrition

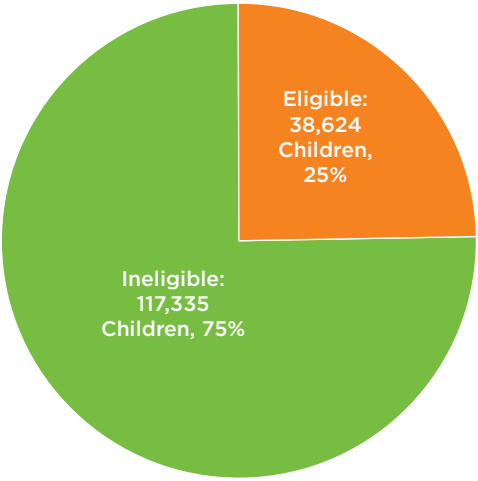
Assistance Program (SNAP), known commonly as Food Stamps, provides resources specifically for food. Nationally, food insecurity has been more prevalent among households with children, particularly those with young children, and among households headed by an individual identifying as Black or Hispanic. In New Hampshire, an estimated 30,000 households were food insecure during the 2019 to 2021 period. SNAP disproportionately serves children in New Hampshire; at the end of July 2021, 38.3 percent of the 68,250 Granite Staters enrolled were children, while children comprised only 18.5 percent of New Hampshire's residents in July 2021. Separately, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) served over 12,000 individuals, mostly children and infants, during 2019.

Food assistance is also provided to children from households with low incomes who are attending school. In October 2019, nearly one in four New Hampshire students were eligible for free and reduced-price school meals. Students of color, who account for a growing percentage of all children, are more likely to be eligible for free and reduced-price meals, indicating generally fewer financial resources at home. These assistance programs, targeted at alleviating food insecurity, seek to help improve the well-being of adults and children in both the short- and long-term. Children from food secure households are less likely than their food insecure peers to experience developmental impairments, perform poorly in school, or face adverse health outcomes that lead to a lower quality of life as an adult.

FIGURE 13

Free and Reduced-Price Meal Eligibility Among New Hampshire Students

Source: New Hampshire Department of Education, October 2019 Data, Grades K–12



Food assistance programs help enhance food security, boosting the resources available for food and other needs among families with low incomes. This food assistance likely helps improve the health and well-being of individuals and families both immediately and in the future.

Education is a core public service and key to a strong democracy. Education supports social mobility, opening doors to greater access to job opportunities and helping build financial stability.

Higher levels of educational attainment are associated with higher levels of health and well-being later in life, including longer lifespans. Educational attainment is also correlated with lower levels of unemployment and poverty. Investing in education and training opportunities for a skilled and well-educated workforce is key to supporting both the individual lives of Granite Staters and the state economy overall.

New Hampshire's population has a relatively high level of formal education. About 94 percent of Granite State residents over 25 years old held at least a high school diploma or equivalent in 2021, and approximately 40 percent had a bachelor's degree or above. These figures are higher than the national averages. While New Hampshire's high school graduation rate is similar to those of Vermont and Maine, the percentage of New Hampshire's population holding a bachelor's degree or above falls below that of Massachusetts, Vermont, and Connecticut. In New Hampshire, the median earnings of individuals age 25 and over increases with the level of formal education attained.

EARLY CHILDHOOD EDUCATION

Early childhood education plays a significant role in the development of children and in supporting working families. For children, investments in high-quality early childhood education and care can improve performance in school and reduce the likelihood of poverty later in life. For families, access to affordable and reliable child care means parents can pursue employment opportunities while trusting their children will be cared for and kept safe. Furthermore, investments in early childhood education benefit the economy. A RAND Corporation

analysis of preschool programs estimated a positive economic return of $2 for every dollar invested by the State of New Hampshire in a hypothetical high-quality, one-year preschool program. This return on investment is even higher for programs targeted at children from households with low incomes.

Prior to the pandemic, licensed child care capacity addressed only about 60 percent of the estimated need of children under the age of six in New Hampshire. By October 2020, about eight months into the pandemic, the Granite State's formal capacity to meet child care needs fell to about 50 percent.

As the State does not provide funding for full-day preschool programs, the availability of affordable and accessible private child care is critical to working families and their ability to participate fully in the economy. National survey data show women, on average, perform more hours of child care duties per day than men. New Hampshire unemployment insurance program data indicate the initial impacts of the pandemic disproportionately led to more women losing their jobs at the start of the pandemic. Furthermore, New Hampshire survey data show declines in workforce participation during the pandemic were due in part to filling gaps in child care left by center and school closures.

K–12 PUBLIC EDUCATION

Local public education in New Hampshire is primarily administered by school districts covering individual cities and towns or encompassing collaborative efforts among multiple municipalities.

During the 2020–2021 school year, about 61 percent of school district funding for local public education was collected through local property taxes. Approximately 29 percent came through Adequate Education Aid from the State, including State property

taxes raised and retained locally. Most Adequate Education Aid is allocated through grants on a per pupil basis. These grants depend on several factors, including the number of students who are English language learners, who have special education needs, and who live in households with low incomes. Federal grants provided about 7 percent of local school district revenue, while other State aid and other locally generated revenue comprised the rest.

Significant inequities in education funding exist across New Hampshire due to the heavy reliance on local property taxes to raise revenue. Since property valuations vary substantially between school districts, as does the number of students served, there are significant disparities in the resources available for, and invested in, each student across town and city borders.

FIGURE 14

State Funding for Elementary and Secondary Local Public Education

Source: U.S. Census Bureau, Annual Survey of School System Finances, 2020

State or Nation	Percentage Funding for Local Public Education from State Sources	Estimated Rank Among 50 States
Vermont	91%	1
Hawaii	90%	2
Arkansas	75%	3
Washington	71%	4
New Mexico	68%	5
United States	**47%**	**--**
Connecticut	37%	46
Texas	34%	47
South Dakota	34%	48
Nebraska	33%	49
New Hampshire	31%	50

Greater support for education from the State could help alleviate these disparities. While New Hampshire had the 8th highest estimated total revenue per pupil among the 50 states, it ranked 35th in state revenue per pupil, and had the smallest percentage of local public education revenue coming from the state government. By directing more resources to districts with lower property values and students with lower incomes, the State could help address issues of education inequity and strengthen New Hampshire's future workforce.

HIGHER EDUCATION

The Granite State is home to both public and private universities and colleges, as well as public community colleges, which provide a range of opportunities for higher education within the state. The University System of New Hampshire includes three institutions located on six campuses, while the Community College System of New Hampshire includes seven colleges over nine campuses.

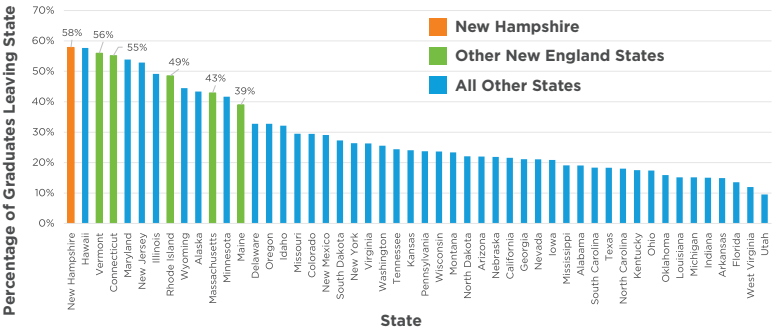
New Hampshire provided the smallest amount of state and local funding, both relative to state population and to personal income, for public higher education of any state in the nation in fiscal year 2022. Both prior to and during the pandemic, New Hampshire increased investments into public higher education, but still lagged behind every other state.

Relative to other states, these low funding levels contribute to higher education costs for students, and factor into the disproportionately high debt load of many Granite State graduates. New Hampshire students face some of the nation's highest in-state tuition rates for public universities and colleges. Average student debt in New Hampshire is the highest of all 50 states, with per-graduate debt for students who have any debt totaling nearly $40,000 per year for the Class of 2020.

FIGURE 15

Percentage of Recent High School Graduates Leaving State to Attend a Four-Year College or University in Another State

Source: U.S. Department of Education, Integrated Postsecondary Education Data System, Table 309.30.



Notes: *Figures includes graduates who completed high school in the previous 12 months, and are based on Fall 2018 higher education institutions enrollment.*

These high costs may contribute to more high school graduates leaving the state for more affordable opportunities. In 2018, nearly 60% of New Hampshire high school graduates reported going out-of-state to attend a four-year college or university, which is the highest rate in the nation.

CONTINUING EDUCATION AND JOB TRAINING

Beyond college or university, post-secondary education in New Hampshire can come in the forms of apprenticeships, non-degree certificates, and other training programs offered through both public and private institutions. Trade schools can help the Granite State fill critical shortages of workers among many

key industries, including carpentry, plumbing, and electrical work. These trades provide many meaningful opportunities for students to pursue well-paying, stable careers and engage in the state economy.

BUILDING A STRONG WORKFORCE

As New Hampshire seeks to bolster its economy and expand its workforce pipeline, greater investments in education, ranging from early childhood to higher education and other post-secondary opportunities, will be key to helping ensure broad access to opportunity and to building a vibrant and resilient economy.

High quality schools can serve as anchor institutions for communities and help attract new families and residents. As New Hampshire's population grows older, the state's future economic success depends on its ability to both attract and retain young people and to invest in the individuals and families already in New Hampshire. Expansions of educational opportunities, especially for Granite Staters who currently face difficulty accessing them, can help to build a more enriched and vibrant New Hampshire for everyone.

The internet is increasingly important to successfully accessing education, health care, information resources, goods and services, and job opportunities in the modern economy. Expanding access to broadband infrastructure, especially in rural areas where access to high-speed internet is more limited, is linked to growth in both population and jobs, more new businesses, higher property values, and lower unemployment rates.

INTERNET COVERAGE IN NEW HAMPSHIRE

According to U.S. Census Bureau data collected during the 2016 to 2020 time period in New Hampshire, an estimated 93.7 percent of Granite Staters were in a household with a computer or smartphone, tablet, or other type of computing device, while 84.5 percent specifically had a desktop or laptop in that period. About 88.8 percent of Granite Staters resided in households with some form of broadband internet subscription, including a cellular data plan or a satellite connection; 79.9 percent had a cable, fiber optic, or DSL broadband subscription, excluding cellular and satellite plans. About 10.8 percent of all Granite Staters did not have any type of internet subscription, while 6.3 percent of Granite Staters did not own any type of computing device, including a smartphone or tablet. Approximately 4.6 percent own only a smartphone and no other form of computing device.

An assessment from BroadbandNow, a national research organization that uses both public and private-sector data to estimate internet access, ranked New Hampshire 23rd among the 50 states and the District of Columbia in its 2022 report based on wired or at-home wireless internet coverage, speed, and price. BroadbandNow estimated that about 89.6 percent of New Hampshire residents could locally access broadband internet based on the speeds the U.S. Federal Communications

Commission defines as "broadband," which requires connection speeds at 25 megabits per second download and 3 megabits per second upload.

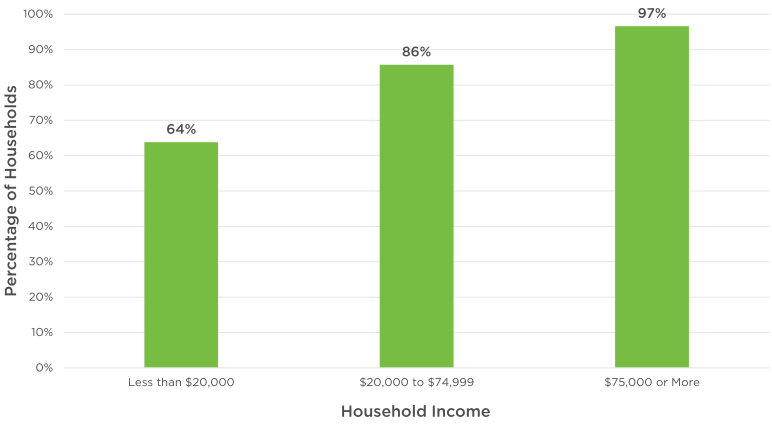
COST OF INTERNET ACCESS

While broadband internet coverage carried by wired infrastructure reaches most Granite Staters, the price of internet service may be cost prohibitive for many people. BroadbandNow calculated that only 36.4 percent of residents have access to a wired internet plan that would cost $60 per month or less. This access varied across states, with 88.5 percent of Rhode Island residents having access to these low-priced wired broadband plans, and only 4.5 percent of Maine residents and 1.1 percent of Vermonters having this access.

FIGURE 16

New Hampshire Internet Subscriptions By Household Income

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2016–2020



- Higher prices limit broadband access, particularly for households with lower incomes. While only 3.4 percent of Granite Staters in households with incomes greater than $75,000 annually did not have an internet subscription in the 2016 to 2020 period, that figure was an estimated 36.2 percent of New Hampshire households with incomes less than $20,000.

INVESTMENTS IN BROADBAND ACCESS

State and federal investments have sought to expand access to broadband internet services in New Hampshire. In 2020, the State devoted flexible federal funds associated with COVID-19 relief efforts to improving broadband infrastructure. Two significant federal laws passed in 2021, the American Rescue Plan Act and the Infrastructure Investments and Jobs Act, both devoted funds to broadband infrastructure. American Rescue Plan Act funds were allowed to be deployed flexibly by states and communities.

The federal government also established a permanent program, following a temporary pandemic-era assistance program, to provide people with low incomes with discounts of up to $30 per month on their internet subscription bills.

Access to broadband can help Granite Staters find employment and connect to education and health services in an efficient and cost-effective manner. Enhanced access for households with fewer resources and those living in rural areas can help promote better health and economic outcomes and boost upward mobility.

New Hampshire's transportation systems provide the means by which people and goods get to where they need to go. This infrastructure includes the roads, bridges, railroads, and bus routes both people and goods depend on to get to their destinations, ports and waterways that support national and international commerce, and airports that enable planes to safely arrive and depart from New Hampshire. These transportation systems are essential for residents, visitors, and goods moving in, out, and across the state.

ROADS AND BRIDGES

With Granite Staters heavily reliant on motor vehicles to travel, well-maintained roads and bridges are of critical importance. The upkeep of roads is a shared responsibility in New Hampshire, with both the State and local governments maintaining roads and significant federal funding supporting key road projects. According to information published in 2022, the New Hampshire Department of Transportation (DOT) manages 4,601 miles (27.6 percent) of all 16,688 miles of public roads in New Hampshire, with the remainder managed by local governments. Of DOT's road miles, about 75 percent were reported eligible for federal funding to support improvements and repairs in 2021, while the remaining 25 percent were only eligible for State funding. In addition, the State manages 2,160 bridges.

The State reported well-maintained major roads in March 2022, with 96 percent of divided highways and 92 percent of statewide corridors in good or fair condition. However, only 80 percent of regional corridors, and 62 percent of local connectors, were in good or fair condition, with the rest in poor or very poor condition.

Local governments are responsible for about 12,087 miles of roadway in New Hampshire. An additional 1,689 bridges are under the jurisdiction of New Hampshire's municipalities. Rural communities with lower population densities often have more miles of road per resident to maintain. They may depend on more State funding for maintenance compared to localities with a larger property tax base. Rural communities with lower incomes and smaller tax bases may also find it particularly challenging to afford the high costs for road and bridge repairs with locally-raised funds.

PLANES AND TRAINS

New Hampshire had 133 registered airports in 2021, 24 of which were open to the public, including three served by commercial passenger airlines. Manchester-Boston Regional Airport is the largest commercial airport located in the Granite State.

The DOT reported New Hampshire had about 450 miles of operating rail lines in 2021, of which 203 miles were maintained by the State government. Two privately-owned Amtrak rail lines serve New Hampshire, including the Downeaster, which stops in Dover, Durham, and Exeter on its path from Maine to Massachusetts, and the Vermonter, which runs along the Connecticut River and stops in Claremont. Tourists are also carried short distances on the Conway Scenic Railroad and the Mount Washington Cog Railway, while other active rail lines in New Hampshire are dedicated to freight.

PUBLIC TRANSPORTATION

New Hampshire has limited public transit options for residents across the state. Communities have made an effort to establish local public transit, often benefiting from federal and other grants. As of 2022, there are 11 local public transit systems

or authorities in New Hampshire, primarily based in cities in the state, but also serving more rural areas such as Carroll County and towns near the White Mountains. Several intercity bus or train routes also provide Granite Staters access to interstate travel, primarily to metropolitan Boston.

Despite these efforts, only 34 communities have a regular fixed bus route, according to the Nashua Transit System and the New Hampshire Transit Association. Additionally, those organizations found that 2019 funding levels for public transportation in New Hampshire, including state and federal funding, ranked 49th in the nation and was also well below that of the per capita investment by the median state, North Dakota, in 2018. While some communities that lack fixed routes have volunteer or non-profit efforts to support transportation services, particularly for older adults, the lack of public transportation limits Granite Staters' access to reliable transportation.

New Hampshire's lack of public transit may disproportionately impact certain populations. Data collected in New Hampshire between 2016 and 2020 show people with lower incomes made greater use of public transit; while about 37 percent of people who drove to work alone made less than $35,000 per year, about half of public transit commuters had similarly low incomes. About 5.5 percent of people who drove to work alone were within 150 percent of the poverty threshold, compared to 14.5 percent of public transit riders. Furthermore, about 1.6 percent of New Hampshire households had no vehicles available. People who speak languages other than English at home, who identify as Hispanic or Latino, who are not U.S. citizens, and who work in service occupations are also more likely to use public transit to get to work. The current public transit infrastructure in New Hampshire is not a time-efficient means to get to work; while the average commute drive time

for New Hampshire residents driving alone or carpooling was slightly more than 27 minutes, the average commute time by public transit was about 57 minutes, requiring more time out of the day even for those who have access to public transit.

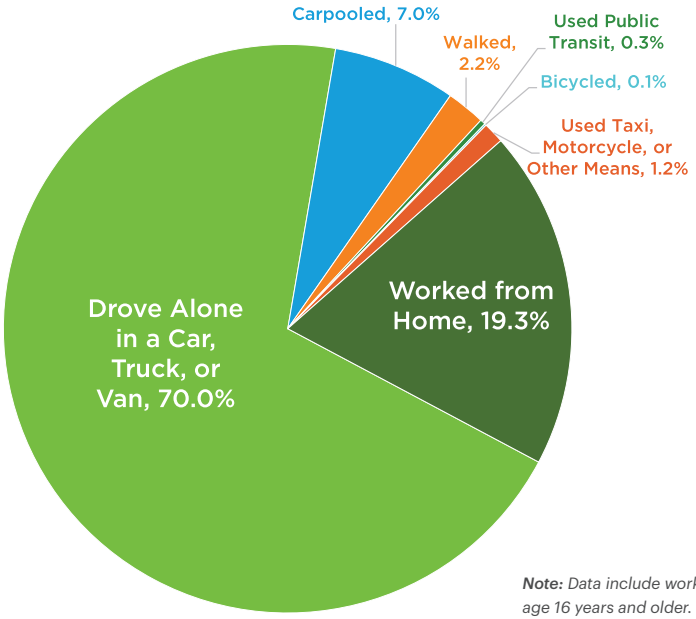
GETTING TO WORK

New Hampshire residents primarily relied on cars, trucks, and vans to get to work during 2021. Approximately 77 percent of workers age 16 and over traveled by motor vehicle to their jobs;

FIGURE 17

New Hampshire Resident Transportation to Work

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



Note: *Data include workers age 16 years and older.*

about 7 percent of all workers carpooled, while 70 percent drove alone. About 2 percent walked, and an estimated 0.1 percent bicycled. Approximately 1 percent took a taxicab, motorcycle, or some other means. Only an estimated 0.3 percent of commuters took public transit to work. About 19 percent of working Granite Staters connected remotely from home in 2021, an increase from about 7 percent in 2019.

FEDERAL INVESTMENTS AND ONGOING MAINTENANCE

The federal government has enhanced funding for transportation systems through the Infrastructure Investment and Jobs Act, which boosted funding for existing federal grants and provided funding for new transportation initiatives. The DOT projects federal funding over a five-year period for New Hampshire's highway programs will increase by about $244.1 million (24.5 percent) compared to the prior five years, and public transportation funding will increase by an estimated $33.6 million (34.4 percent). New funding dedicated to bridges ($225.0 million), airports ($45.6 million), and electric vehicle charging stations ($17.3 million) is also expected to flow to the State from the Infrastructure Investment and Jobs Act. The DOT projects that, with these added investments, the number of structurally-deficient State bridges would drop from 118 in 2021 to 88 in 2032. However, the DOT still expects to pave fewer miles of roads in the coming decades, even with the funding increase, and road conditions are expected to decline.

Continuous maintenance and repair can help lengthen the lifespan of transportation infrastructure. Keeping roads and bridges in good condition, rather than delaying repairs until they deteriorate, is generally more cost effective; in 2016, the DOT reported that preserving bridges can have a benefit-cost ratio as high as ten to one.

Additional upgrades and maintenance will likely be needed. In 2017, the American Society of Civil Engineers gave New Hampshire's roads, bridges, and rail lines each a grade of C-, while aviation earned a C+, and ports received a D+ as a grade.

Reliable transportation and the infrastructure that supports it are critical to people's lives and livelihoods. Ongoing public investments in the roadways and bridges that people rely upon, as well as public transit options and the efficient movement of goods throughout the state, can both enhance access to transportation and employment options and help reduce long-term costs for the State, local governments, and all Granite Staters.

From roads and bridges to education and public health, New Hampshire governments provide a wide range of programs and services that benefit all Granite Staters. Public services in New Hampshire are provided and supported through state, county, and local governments, the last of which includes cities, towns, villages, school districts, and other local governing bodies.

Cities and most towns provide and support key services for their residents, including police and fire protection, waste management, and public infrastructure, among others. Local school districts, which can be integrated within municipalities or be governed separately, provide public education. Local governments fund these services primarily through the collection of taxes, with the majority of both tax and non-tax local revenue raised through property taxes.

County governments oversee the register of deeds, county attorneys, county sheriffs, correctional facilities, and county nursing homes. They are also responsible for funding most of the non-federal portion of Medicaid for long-term services and supports provided to eligible older adults and adults with physical disabilities who are county residents. County revenues rely on property taxes, Medicaid and limited Medicare payments, fees, and other locally-generated revenues to fund these services.

State government provides the widest variety of services in New Hampshire. Responsibilities of the state government include public health, human services, education, public utilities, economic development, environmental protection, public safety, transportation, and other areas. The State also regulates gambling and liquor sales, and raises revenue through taxes and fees. Like the federal government, the State government is divided into the executive, legislative, and judicial branches. The Governor and Legislature are responsible for crafting and

adopting a State Budget every two years, which is the primary method of directing public investments to support residents, businesses, and the overall economy.

THE STATE BUDGET

The New Hampshire State Budget funds most public services and programs at the state level.

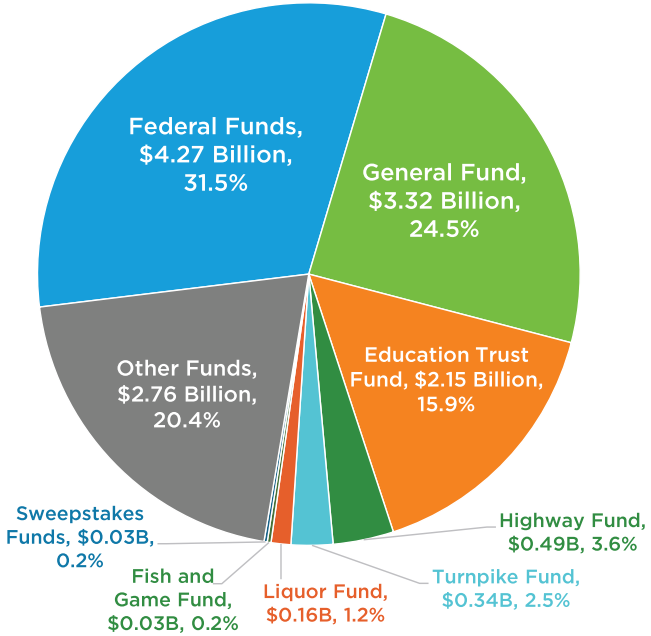
The State Budget is organized into funds serving different purposes, including funds for education, highways, wildlife management, and other areas. About 30 percent of State Budget-funded operations are supported by revenue from the federal government, including funding for key programs such as transportation, clean drinking water infrastructure and management, and aid to individuals and families through Medicaid and food assistance programs. State dollars can be used to leverage additional federal dollars as well, and New Hampshire is relatively typical among states in its reliance of federal funds for supporting needed services.

State Budget funds can be thought of as accounts, similar to those at a bank; revenue flows in from different sources for each fund, and money in different funds is used for designated purposes. The State Budget's General Fund holds the resources that State policymakers can use for the widest variety of purposes, as revenues are primarily generated by State taxes. The Education Trust Fund is dedicated to funding the Adequate Education Grants, which provide resources on a per pupil basis to New Hampshire school districts to help cover costs. These two funds are often analyzed together, as they are frequently balanced together.

FIGURE 18

New Hampshire State Budget Composition By Fund

Source: New Hampshire Office of Legislative Budget Assistant



Note: *Figures are appropriations for State Fiscal Years 2022 and 2023, reflecting only appropriations summarized in Section 1.07, Chapter 90, Laws of 2021.*

Examinations of State revenue often primarily focus on the dollars flowing to these two funds, as they draw on many of the same revenue sources. However, revenue flowing to the Highway, Turnpike, and Fish and Game Funds are also used to support specific State services.

STATE REVENUE: WHERE DOES THE MONEY COME FROM?

The State government has a relatively wide variety of revenue sources to help pay for public services. These include both various taxes and non-tax revenue sources, such as lottery ticket sales.

THE TWO BUSINESS TAXES

In Fiscal Year 2021, the Business Profits Tax (BPT) and the Business Enterprise Tax (BET) were the single largest and third largest tax revenue sources, respectively. Often analyzed together, these two taxes jointly contribute about one-third of the annual revenue deposited into the General and Education Trust Funds. The BPT is similar to a traditional state corporate income tax, which is primarily based on net business revenues, while the BET is unique to New Hampshire and taxes businesses based on compensation, interest, and dividends paid or accrued. A company that doesn't earn a profit likely will not need to pay BPT, but may still owe BET. Since 2015, both taxes have had a series of significant rate reductions.

OTHER MAJOR STATE REVENUE SOURCES

The Statewide Education Property Tax (SWEPT) is unique among tax sources because its revenues are not actually collected by the State, but are retained in local school districts to support State funding for Adequate Education Grants to support local public education. The State requires municipalities to charge this tax to fund amounts determined by the State. This tax raises $363 million each year, which is set in law and not adjusted for inflation, unless the total is altered by policymakers changing State law.

The Meals and Rentals Tax charges an 8.5 percent tax on food or beverage purchases from restaurants, including take-out

meals and prepared meals or opened products from grocery stores. The 8.5 percent tax is also charged on hotel room and automobile rentals in the state for time periods of less than 180 days. In addition to contributing to the General and Education Trust Funds, portions of the tax have supported the State's travel and tourism development agency, municipalities at an amount based on their population, and school building bonds.

The Tobacco Tax charges $1.78 per pack of 20 cigarettes and adjusts proportionally for the number of cigarettes in packs of different sizes. The first $1.00 of the $1.78 goes to the General Fund, with the remaining $0.78 per pack supporting the Education Trust Fund. Other tobacco products are taxed at 65.03 percent of the wholesale price.

The Real Estate Transfer Tax is paid by both the buyer and the seller in any sale of, or sale of interest in, real estate, and is largely driven by single-family home purchases. The tax is $0.75 per $100 charged to the buyer and the seller, with one-third of tax revenues going to the Education Trust Fund and the remainder going to the General Fund.

The Interest and Dividends Tax raises revenue from individuals who earn passive income collected through existing assets they own, and is largely paid by people who have high incomes. Interest earned from bank accounts, bonds, debt payments, and other investments are taxed at 5 percent, as are dividends and distributions collected from owning stocks and other forms of company ownership. The first $2,400 for individuals or $4,800 from joint filers is exempt, with additional exemptions for older individuals or individuals with certain disabilities. Interest and Dividends Tax revenue supports the General Fund, but this tax is being phased out under current law.

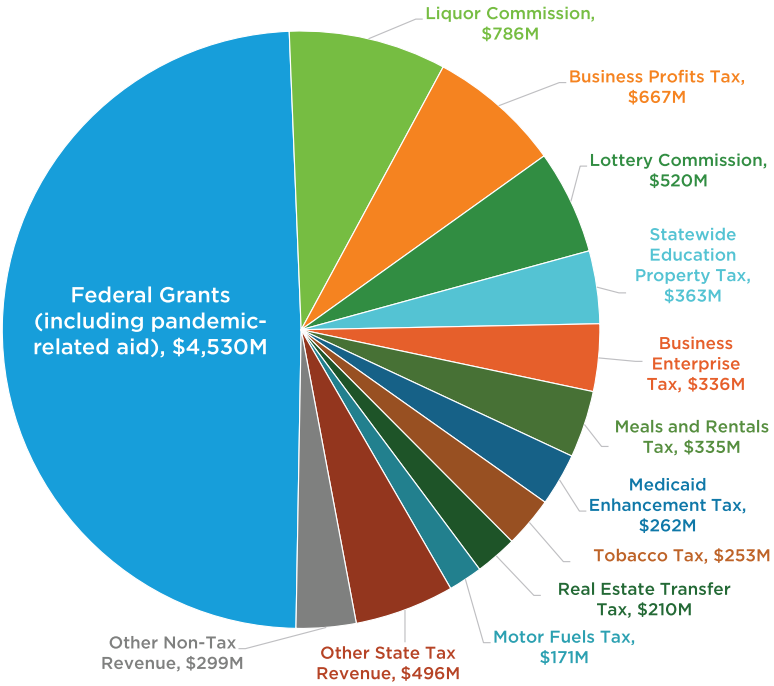
The State also collects revenue through the Insurance Premium Tax on insurance companies, the Motor Fuels Tax on gasoline

and other fuels, the Medicaid Enhancement Tax for certain health services provided by hospitals, the Communications Services Tax applied to select two-way communications technologies, and the Utility Property Tax on property owned by utility companies. Key non-tax revenue sources include alcohol

FIGURE 19

New Hampshire State Revenue Sources, Governmental and Enterprise Funds

Source: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2021



sales through the Liquor Commission, gaming revenue through the Lottery Commission, and revenue from tolling on New Hampshire turnpikes.

LOCAL REVENUE: WHERE DOES THE MONEY COME FROM?

While the tax revenue picture is relatively diverse and varied at the State level, local tax revenues are dominated by property taxes, which comprise 98 percent of all local tax revenues.

LOCAL PROPERTY TAXES

Prior to the arrival of COVID-19 relief funds from the federal government, approximately 60 percent of all local government revenue, including State and federal grants, came from property taxes. The majority of all State and local tax dollars paid in New Hampshire are property taxes. For New Hampshire businesses specifically, about half of all State and local tax dollars collected from businesses come through property taxes, even when accounting for the State's two business-focused taxes. Local taxes account for the majority of all tax revenue collected by State and local governments in New Hampshire.

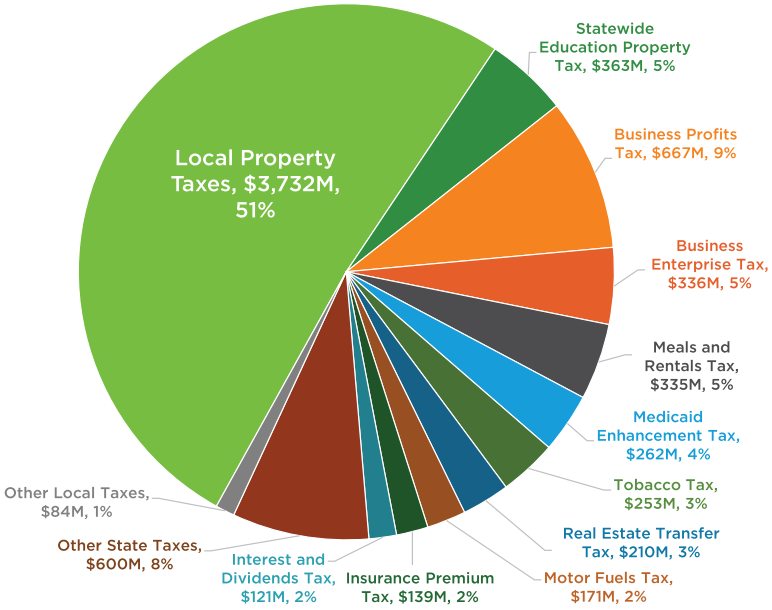
STATE AID TO LOCAL GOVERNMENTS

The State government provides financial support to local governments in a variety of ways. The State shares revenue with school districts through Adequate Education Grants provided on a per-pupil basis, school building aid through an application process, and additional support for students with special education needs. The State shares some Meals and Rentals Tax revenue with municipal governments based on their populations. Other revenue sharing programs include assistance for water and environmental infrastructure improvements as well as dedicated revenues for road and bridge work.

FIGURE 20

New Hampshire State and Local Tax Revenue Sources

Sources: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2021; New Hampshire Department of Revenue Administration, Completed Public Tax Rates 2021; U.S. Census Bureau, Survey of State and Local Government Finances, 2019



Notes: *Figures represent State Fiscal Year 2021, except for Local Property Taxes, which reflect Tax Year 2021, and Other Local Taxes, which are fiscal year 2019 data.*

When State policy decisions reduce revenue available to fund these programs, such as during and in the year following the Great Recession, total program funding may decline. Local governments may increase property taxes to make up

revenue shortfalls and keep funding for these programs stable, effectively shifting the cost for funding services from State revenues to local property taxes.

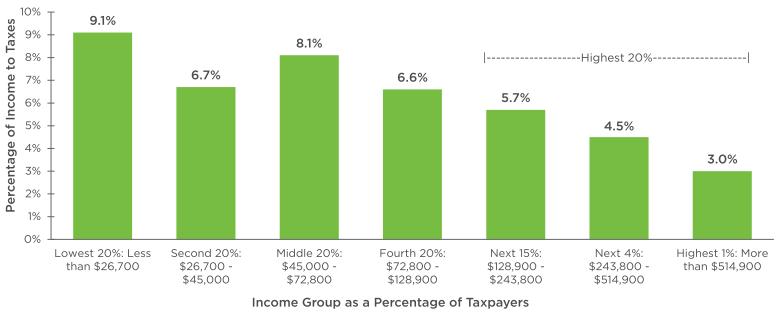
IMPACT OF STATE AND LOCAL TAXATION

Property taxes, the largest of any type of State or local tax in New Hampshire, are not directly responsive to people's ability to pay. As a result, taxes paid to state, county, and local governments in New Hampshire accounted for about 9.1 percent of income for the lowest 20 percent of income earners who are not older adults, according to a 2018 analysis from the Institute on Taxation and Economic Policy. For the middle 20 percent of income earners, the percentage of income going to state,

FIGURE 21

New Hampshire State and Local Taxes as Share of Family Income

Source: Institute on Taxation and Economic Policy, Who Pays? Sixth Edition, October 2018



Note: *Figure shows modeled effective tax rate as a share of income by income group, modeled after 2015 income levels, for taxpayers under the age of 65 years, based on tax laws as of September 2018. This analysis does not include taxpayers who are dependents or who have negative incomes.*

county, and local taxes was 8.1 percent, and for the top 1 percent of earners, the effective tax rate fell to an estimated 3.0 percent.

Property taxes and taxes on sales, such as the Meals and Rentals Tax, had the largest impacts on individuals with low and moderate incomes, while the percentage of income required to pay the Interest and Dividends Tax was highest for the top 1 percent of income earners.

PANDEMIC-RELATED FEDERAL AID

Signed into law on March 11, 2021, the federal American Rescue Plan Act (ARPA) was designed to provide direct support to individuals, families, states, and local governments to address the health and economic impacts of COVID-19. ARPA provides grants for specific purposes as well as significant flexible funds to be used by state and local governments for four broad purposes: to respond to the negative health and economic impacts of the pandemic, to provide premium pay for essential workers, to offset losses in public revenue, or to invest in water, sewer, and broadband infrastructure. Within this framework, these funds can be used to improve long-term health and economic outcomes and support communities disproportionally impacted by the pandemic. The combined federal funding that flowed to New Hampshire's State and local governments in flexible federal ARPA funds was nearly $1.5 billion.

The State also received flexible funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Neither set of these flexible federal funds have been allocated through the traditional State Budget process as of mid-2022.

BUILDING A MORE EQUITABLE AND INCLUSIVE ECONOMY

Much can be done to improve the lives and livelihoods of Granite Staters, help ensure thriving communities and opportunities for all of New Hampshire's residents, and build a more equitable and inclusive economy.

Data released by the U.S. Census Bureau in 2022 indicated that targeted relief directed toward lower-income households in response to the COVID-19 pandemic cut the child poverty rate nationally nearly in half in 2021. Other expanded public assistance programs, such as boosted unemployment insurance and expanded food aid, helped families weather the worst impacts of the pandemic and allowed them to more fully participate and engage in the economy.

In 2021, New Hampshire's median household income was significantly higher than in 2019, even after adjusting for inflation. This boost in household incomes, and the accompanying increases in spending, suggest that the families receiving assistance spent money in the local economy that they would not have been able to without the targeted aid.

Research released by Moody's Analytics in 2021 underscored the importance of investments aimed at providing support to families and individuals with lower incomes, as these programs do not only offer direct aid to struggling households, but also result in the most effective forms of economic stimulus. These targeted policies were projected to generate more than a dollar in economic activity for each federal dollar invested in 2021; for every federal dollar invested in food assistance benefits, the economy would see an estimated return of $1.61, as well as $1.49 for supplemental unemployment insurance payments, $1.27 for each Earned Income Tax Credit dollar, and $1.25 per dollar invested in the Child Tax Credit. Meanwhile, tax reductions for

FIGURE 22

Economic Impacts of Policy Investments

Source: Moody's Analytics, The Biden Fiscal Rescue Package: Light on the Horizon, January 15, 2021

Selected Policy Change Analyzed	Economic Growth Per $1 Invested
Supplemental Nutrition Assistance Program Benefits	$1.61
Supplemental Unemployment Insurance	$1.49
Work-Share Unemployment Insurance	$1.37
Aid to State and Local Governments	$1.34
Low Income Home Energy Assistance Program (LIHEAP)	$1.31
Transportation Infrastructure Spending	$1.29
Earned Income Tax Credit	$1.27
Child Tax Credit	$1.25
Child Care (Universal Child Care Act)	$1.19
Universal Pre-Kindergarten	$1.17
Care for Older Adults	$1.15
Economic Impact Payments	$1.09
Payroll Tax Holiday for Employees	$1.07
Payroll Tax Holiday for Employers	$0.95
Personal Income Tax Rate	$0.88
Student Loan Debt Forgiveness	$0.65
Dividend and Capital Gain Tax Rate Reduction	$0.38
Corporate Tax Rate Reduction	$0.32
Net Operating Losses	$0.24

Note: *Estimates of change in the size of the national economy, as measured by Gross Domestic Product, in the fourth quarter of 2021 for each $1.00 change in selected federal expenditure or tax change in the first quarter of 2021. Policies evaluated relative to the parameters of the federal 2021 American Rescue Plan Act, as proposed in January 2021.*

corporations and their operating losses, as well as tax reductions for income from capital gains, showed far less positive impact on economic growth.

More economic stability and support for families helps ensure parents are able to bring their sick children to the doctor's office,

and that kids across New Hampshire are able to grow up with a roof over their heads and food on the table. Support for public programs means greater access to high quality education and training opportunities that help Granite Staters flourish, support their families, and build a better future for their children.

New Hampshire still faces many challenges to an equitable economic recovery, foremost among them the high cost of housing, limited access to affordable child care, and rising costs for everyday living expenses. Directing available resources to provide long-term support for struggling residents will be key to not only New Hampshire's recovery, but its ongoing prosperity and success. Public policy can play an essential role in providing solutions to the challenges faced by Granite Staters, improving the well-being of all residents, and in helping to ensure a thriving and prosperous state for all who call New Hampshire home today and for future generations to come.

SOURCES FOR CONTENT AND IMAGES

POPULATION AND DEMOGRAPHICS

Sources: United States Census Bureau, Decennial Census, 2010 and 2020; U.S. Census Bureau, Population Estimates Program, 2021

Figure 1: New Hampshire Population By County
Source: U.S. Census Bureau, Decennial Census, 2010 and 2020

Figure 2: New Hampshire Population By Race and Ethnicity
Note: The U.S. Census Bureau classifies Hispanic or Latino as an ethnicity. This table shows anyone who identifies as Hispanic or Latino, regardless of race, as Hispanic or Latino and does not also count those individuals in a race category.
Source: U.S. Census Bureau, Decennial Census, PL 94-171

Figure 3: New Hampshire Population By Age
Source: U.S. Census Bureau, Population Estimates Program, July 1, 2021 Estimates

INCOME AND ECONOMIC SECURITY

Sources: U.S. Census Bureau, American Community Survey; U.S. Census Bureau, Current Population Survey; Massachusetts Institute of Technology; Economic Policy Institute

Figure 4: New Hampshire Median Household and Per Capita Income
Note: Individuals identifying Hispanic and Latino ethnicity included in calculations for non-white races.
Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2016–2020

Figure 5: New Hampshire Residents in Poverty By Age Group
Source: U.S. Census Bureau, American Community Survey One-Year Estimates, 2021

Figure 6: New Hampshire Poverty Rates By County
Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2016–2020

ECONOMY AND JOBS

Sources: New Hampshire Employment Security; U.S. Census Bureau, American Community Survey; U.S. Department of Labor, U.S. Bureau of Labor Statistics

Figure 7: New Hampshire Employment By Industry
Source: New Hampshire Employment Security, Covered Employment and Wages, 2021 Averages

Figure 8: Minimum Wages in New England
Source: U.S. Department of Labor, Wage and Hour Division

Figure 9: New Hampshire Average Weekly Wages By County
Source: New Hampshire Employment Security, Covered Employment and Wages, 2021 Averages

HOUSING

Sources: U.S. Census Bureau, American Community Survey; New Hampshire Housing Finance Authority; New Hampshire Association of Realtors; New Hampshire Department of Business and Economic Affairs; U.S. Government Accountability Office; Journal of the American Academy of Pediatrics; The Urban Institute; U.S. Department of Health and Human Services; New Hampshire Coalition to End Homelessness; ABLE NH

Figure 10: New Hampshire Rent as Percentage of Household Income
Note: Estimates for all New Hampshire renter households. Cost of rent includes gross rent and utilities.
Source: U.S. Census Bureau, American Community Survey One-Year Estimates, 2021

HEALTH

Sources: University of Wisconsin Population Health Institute; U.S. Department of Agriculture; U.S. Census Bureau; Kaiser Family Foundation; New Hampshire Department of Health and Human Services; New Hampshire Department of Justice, Office of the Chief Medical Examiner; U.S. Department of Transportation, Federal Highway Administration; New Hampshire Department of Education

Figure 11: New Hampshire Resident Health Coverage By Type
Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2016–2020

Figure 12: New Hampshire Individuals With Disabilities By Age Group
Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2016–2020

Figure 13: Free and Reduced-Price Meal Eligibility Among New Hampshire Students
Source: New Hampshire Department of Education, October 2019 Data, Grades K–12

EDUCATION

Sources: Journal of Economic Growth; Indiana University; Annual Review of Public Health; Pennsylvania State University; Economic Development Quarterly; U.S. Census Bureau; U.S. Bureau of Labor Statistics; New Hampshire Department of Education; University System of New Hampshire; Community College System of New Hampshire; U.S. Department of Education; State Higher Education Executive Officers Association; New Hampshire Department of Health and Human Services; RAND Corporation; Econsult Solutions Inc.

Figure 14: State Funding for Elementary and Secondary Local Public Education
Source: U.S. Census Bureau, Annual Survey of School System Finances, 2020

Figure 15: Percentage of Recent High School Graduates Leaving State to Attend a Four-Year College or University in Another State
Notes: Figures includes graduates who completed high school in the previous 12 months, and are based on Fall 2018 higher education institutions enrollment.
Source: U.S. Department of Education, Integrated Postsecondary Education Data System, Table 309.30.

BROADBAND INTERNET

Sources: Pew Research Center; The Office of the National Coordinator for Health Information Technology; Federal Reserve Bank of Richmond; The Brookings Institution; BroadbandNow; U.S. Department of Commerce; U.S. Federal Communications Commission

Figure 16: New Hampshire Internet Subscriptions By Household Income
Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2016–2020

TRANSPORTATION

Sources: U.S. Census Bureau; New Hampshire Department of Transportation; Nashua Transit System; New Hampshire Transit Association; Government Finance Officers Association; New Hampshire Office of Legislative Budget Assistant; American Society of Civil Engineers

Figure 17: New Hampshire Resident Transportation to Work
Note: Data include workers age 16 years and older.
Source: U.S. Census Bureau, American Community Survey One-Year Estimates, 2021

HOW WE FUND PUBLIC SERVICES

Sources: New Hampshire Department of Revenue Administration; New Hampshire Annual Comprehensive Financial Reports; New Hampshire Office of Legislative Budget Assistant; New Hampshire State Treasury; New Hampshire State Statutes; U.S. Census Bureau; Council on State Taxation; Institute on Taxation and Economic Policy; U.S. Treasury Department; New Hampshire Governor's Office for Emergency Relief and Recovery

Figure 18: New Hampshire State Budget Composition By Fund
Note: Figures are appropriations for State Fiscal Years 2022 and 2023, reflecting only appropriations summarized in Section 1.07, Chapter 90, Laws of 2021.
Source: New Hampshire Office of Legislative Budget Assistant

Figure 19: New Hampshire State Revenue Sources, Governmental and Enterprise Funds
Source: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2021

Figure 20: New Hampshire State and Local Tax Revenue Sources
Notes: Figures represent State Fiscal Year 2021, except for Local Property Taxes, which reflect Tax Year 2021, and Other Local Taxes, which are fiscal year 2019 data.
Sources: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2021; New Hampshire Department of Revenue Administration, Completed Public Tax Rates 2021; U.S. Census Bureau, Survey of State and Local Government Finances, 2019

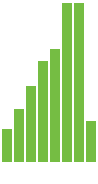
Figure 21: New Hampshire State and Local Taxes as Share of Family Income
Note: Figure shows modeled effective tax rate as a share of income by income group, modeled after 2015 income levels, for taxpayers under the age of 65 years, based on tax laws as of September 2018. This analysis does not include taxpayers who are dependents or who have negative incomes.
Source: Institute on Taxation and Economic Policy, Who Pays? Sixth Edition, October 2018

BUILDING A MORE EQUITABLE AND INCLUSIVE ECONOMY

Figure 22: Economic Impacts of Policy Investments

Note: Estimates of change in the size of the national economy, as measured by Gross Domestic Product, in the fourth quarter of 2021 for each $1.00 change in selected federal expenditure or tax change in the first quarter of 2021. Policies evaluated relative to the parameters of the federal 2021 American Rescue Plan Act, as proposed in January 2021.

Source: Moody's Analytics, The Biden Fiscal Rescue Package: Light on the Horizon, January 15, 2021



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