



WORKFORCE CONSTRAINTS AND THE STATE BUDGET

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SOUTHWEST REGIONAL PLANNING COMMISSION
ECONOMIC DEVELOPMENT ADVISORY COMMITTEE

APRIL 12, 2023

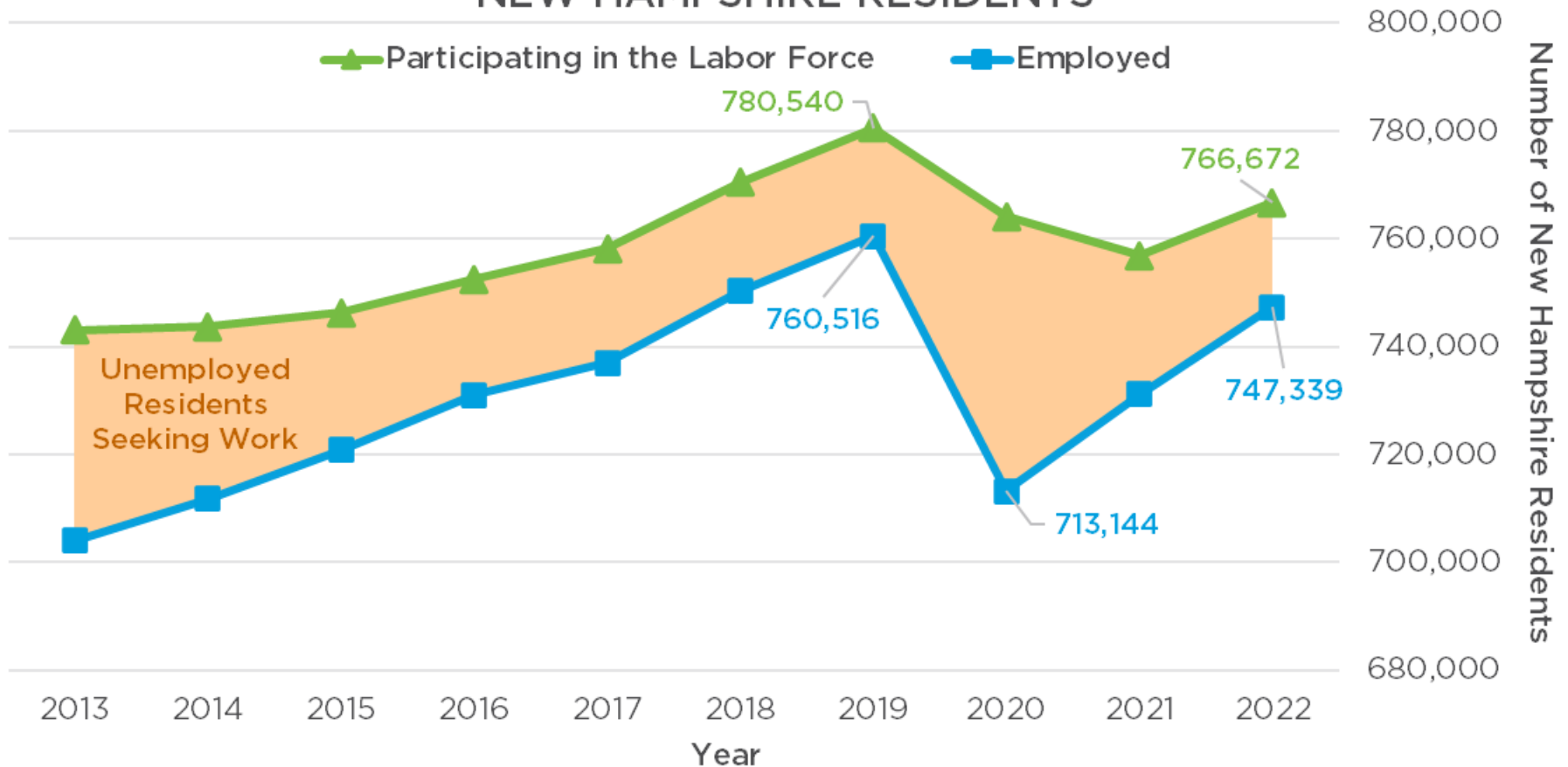
IN THIS PRESENTATION

- Changes in the size of the labor force facing New Hampshire and Cheshire County
- Identifiable causes for statewide labor force constraints
- Potential State investments in addressing those labor force constraints through the State Budget
- Flexible American Rescue Plan Act resources available at the local level

CHANGES IN THE SIZE OF THE LABOR FORCE

NUMBER OF NH RESIDENTS PARTICIPATING IN LABOR FORCE BELOW 2019 PEAK

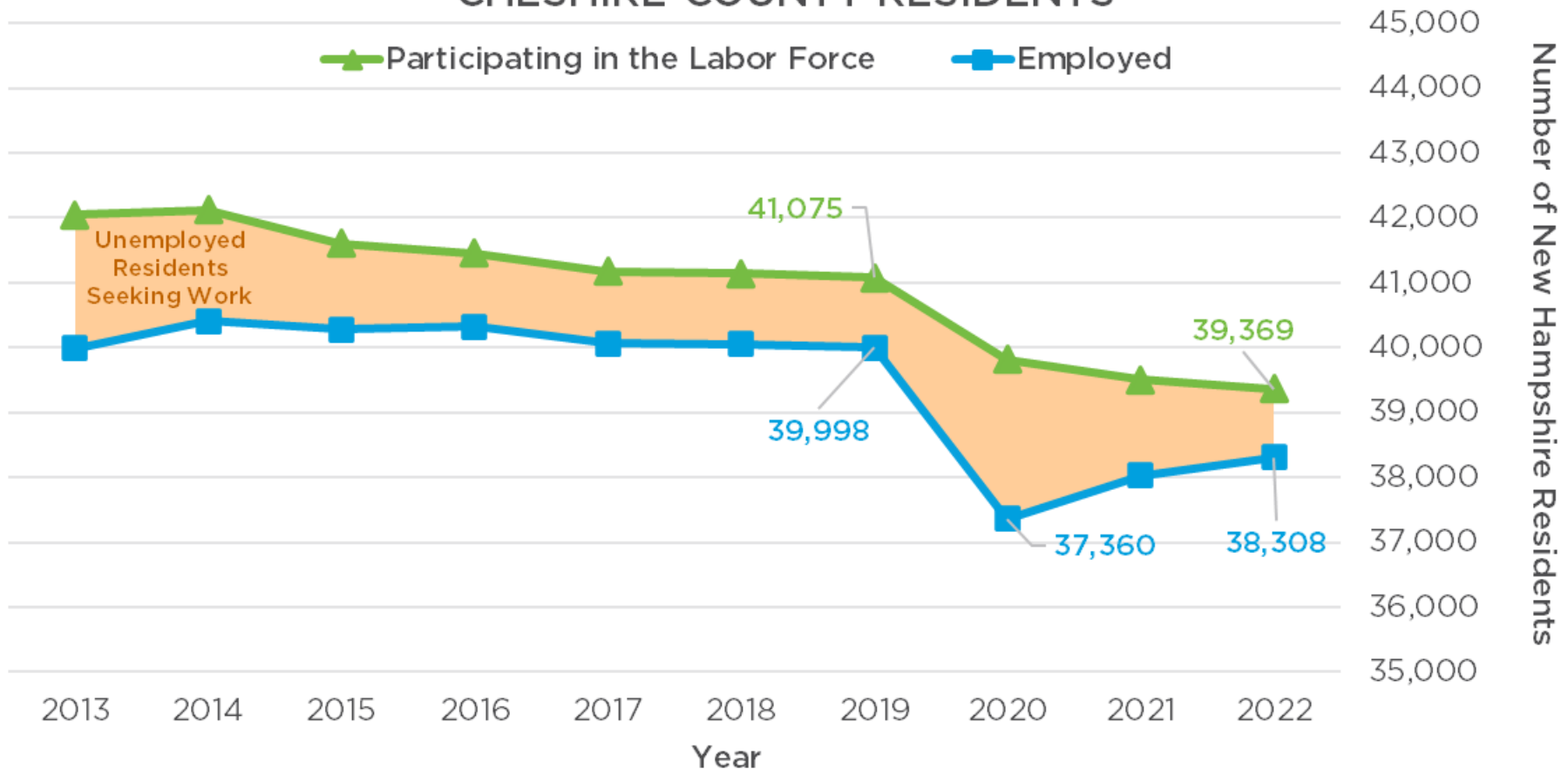
LABOR FORCE AND EMPLOYMENT AMONG NEW HAMPSHIRE RESIDENTS



Source: New Hampshire Employment Security, GraniteStats, Local Area Unemployment Statistics

LONGER-TERM TREND, NO IMMEDIATE REBOUND IN CHESHIRE COUNTY

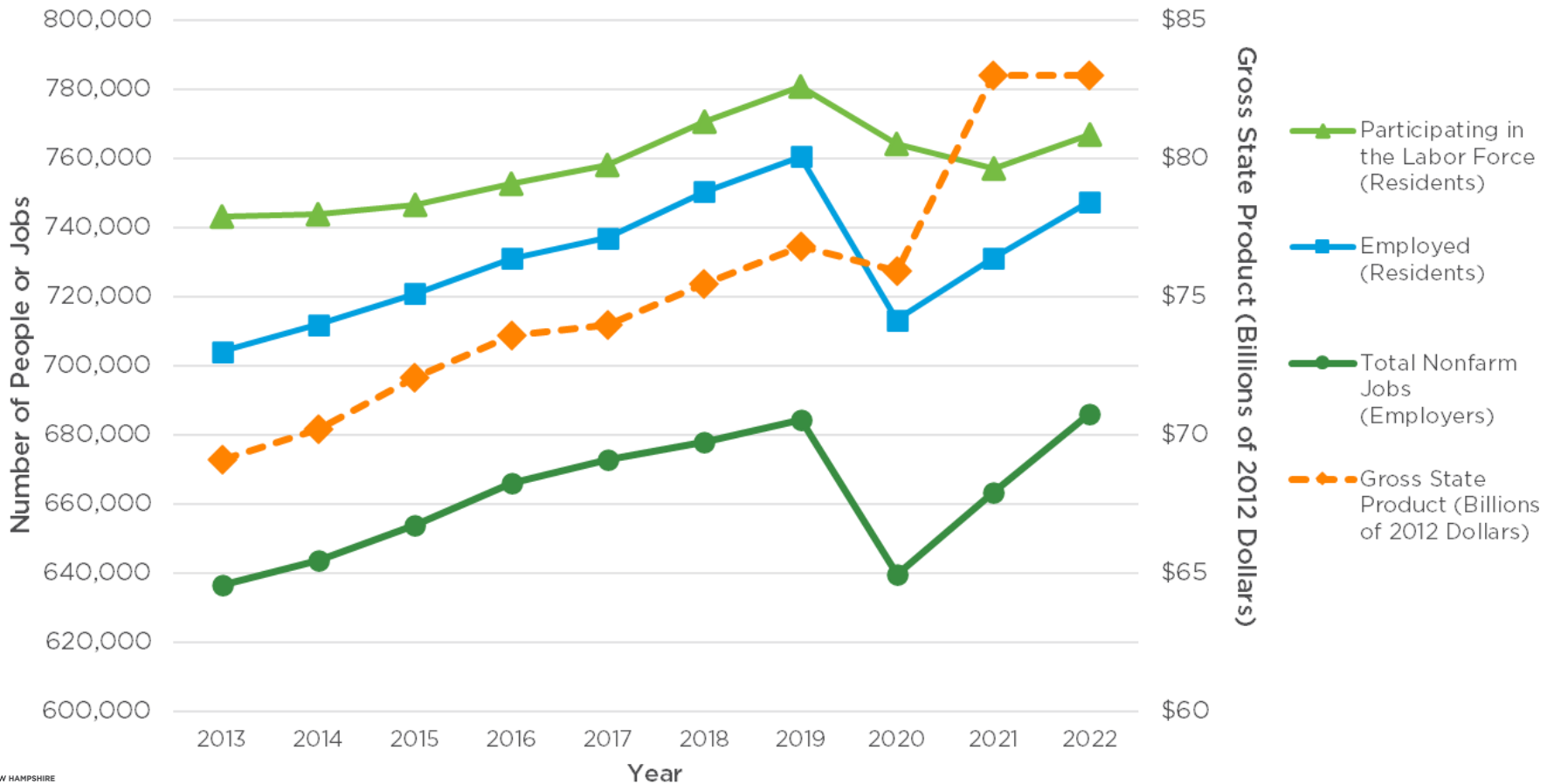
LABOR FORCE AND EMPLOYMENT AMONG CHESHIRE COUNTY RESIDENTS



Source: New Hampshire Employment Security, GraniteStats, Local Area Unemployment Statistics

NUMBER OF JOBS STATEWIDE UP ONLY SLIGHTLY WITH MUCH LARGER ECONOMY

LABOR FORCE, EMPLOYMENT, JOBS AND THE SIZE OF THE ECONOMY IN NEW HAMPSHIRE



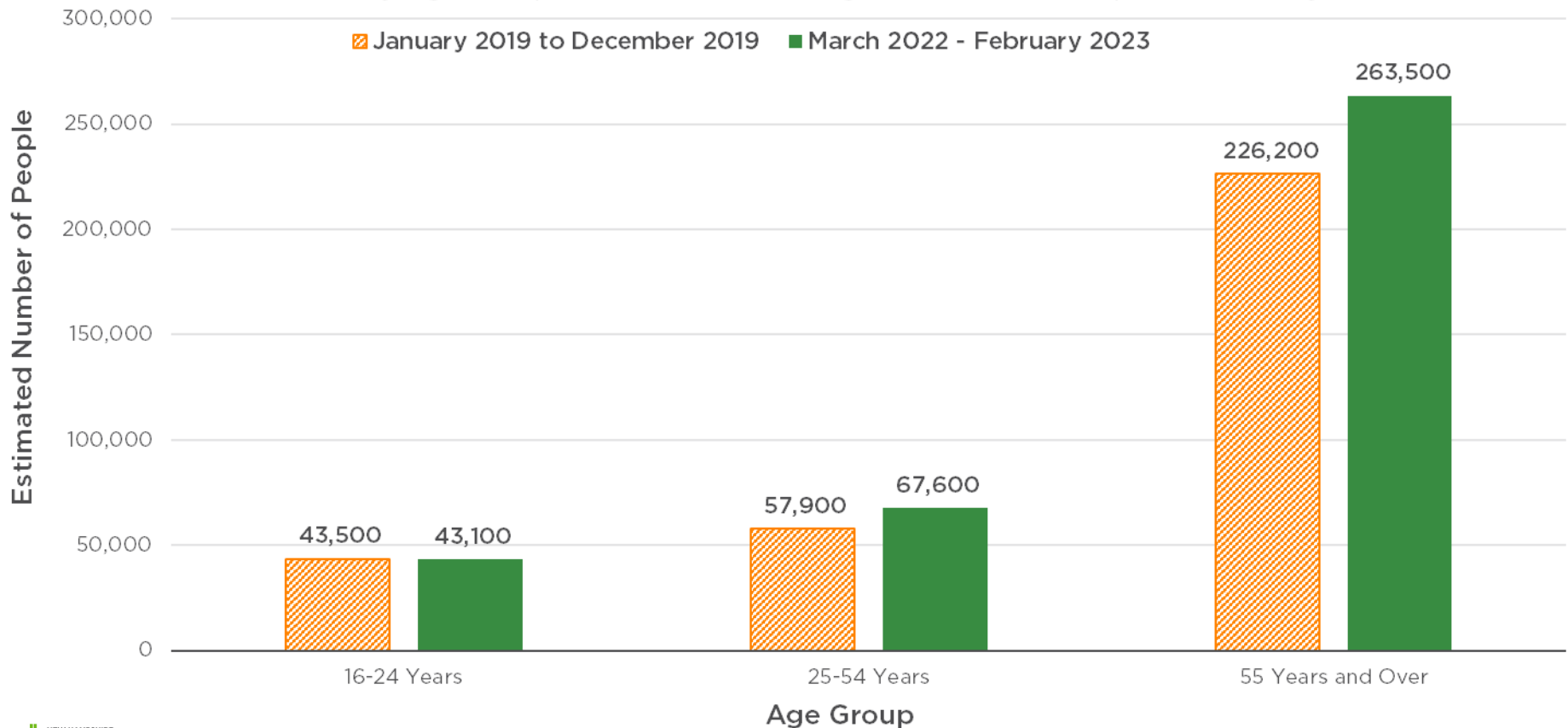
Source: New Hampshire Employment Security; U.S. Bureau of Economic Analysis

IDENTIFIABLE REASONS FOR LABOR FORCE CONSTRAINTS

LARGER NUMBER OF OLDER ADULTS NOW SAYING THAT THEY DO NOT WANT A JOB

ESTIMATED NUMBER OF NEW HAMPSHIRE RESIDENTS WHO DO NOT WANT A JOB NOW

By Age Group, Twelve-Month Averages from Current Population Survey



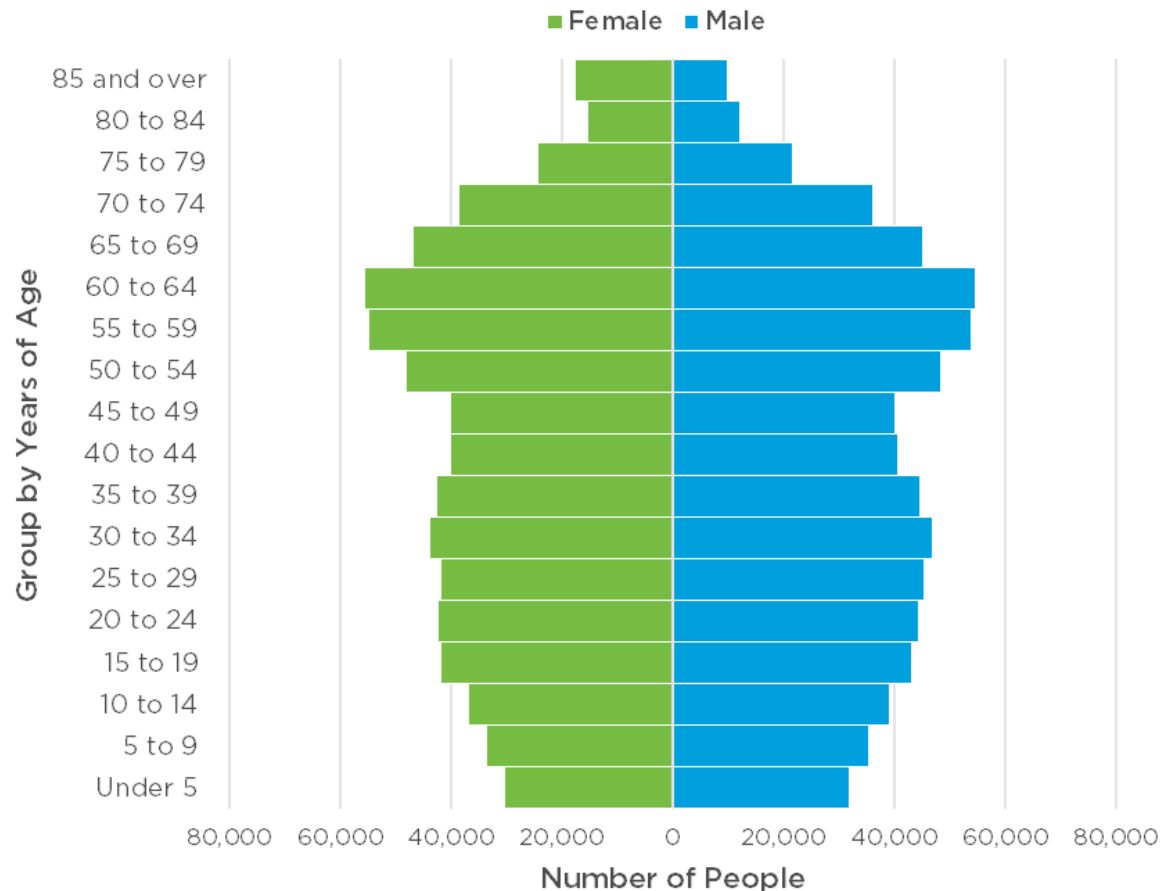
DEMOGRAPHICS LIKELY TO ADD TO LABOR FORCE CONSTRAINTS

- State projections estimate more than 30 percent of state population will be 60 years old or older by 2030
- Labor force participation typically declines after age 55, drops substantially for 65-74 year olds

Sources: New Hampshire Department of Business and Economic Affairs, Office of Planning and Development September 2022 report State, County, and Municipal Population Projections: 2020-2050; New Hampshire Employment Security

NEW HAMPSHIRE POPULATION BY AGE

2021 Estimates for Age and Sex



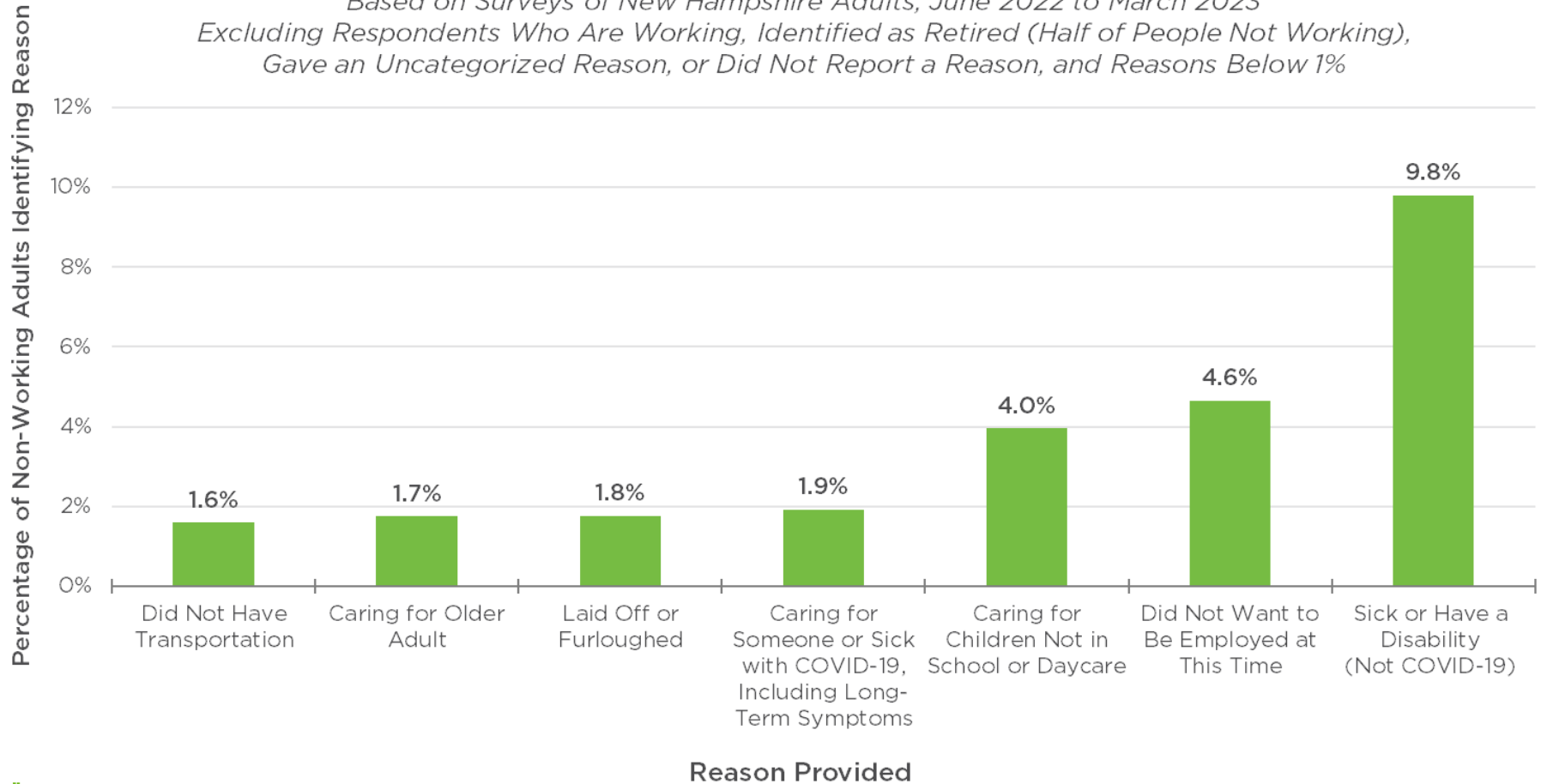
Source: U.S. Census Bureau, Population Estimates Program, July 1, 2021 Estimates

ILLNESS, DISABILITY, CHILD CARE KEY REASONS IDENTIFIED FOR NOT WORKING

COMMON IDENTIFIED REASONS FOR NOT WORKING

Based on Surveys of New Hampshire Adults, June 2022 to March 2023

Excluding Respondents Who Are Working, Identified as Retired (Half of People Not Working), Gave an Uncategorized Reason, or Did Not Report a Reason, and Reasons Below 1%

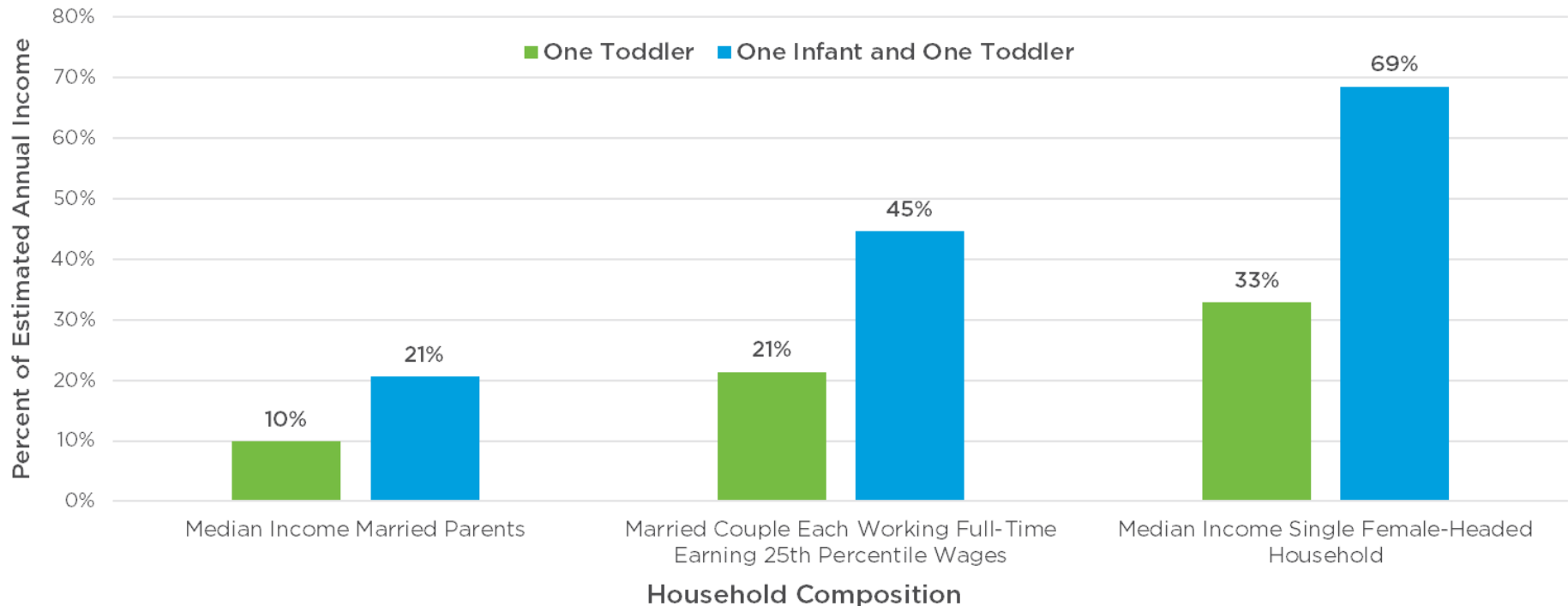


Source: U.S. Census Bureau, Household Pulse Survey. Note: Insufficient data cells assumed to be zero for purposes of averages.

CHILD CARE AVAILABILITY, AFFORDABILITY LIMITED IN NEW HAMPSHIRE

PRICES FOR CENTER-BASED CHILD CARE AS A PERCENT OF INCOME IN NEW HAMPSHIRE

Full-Time Annual Price in 2021 Relative to Household Incomes

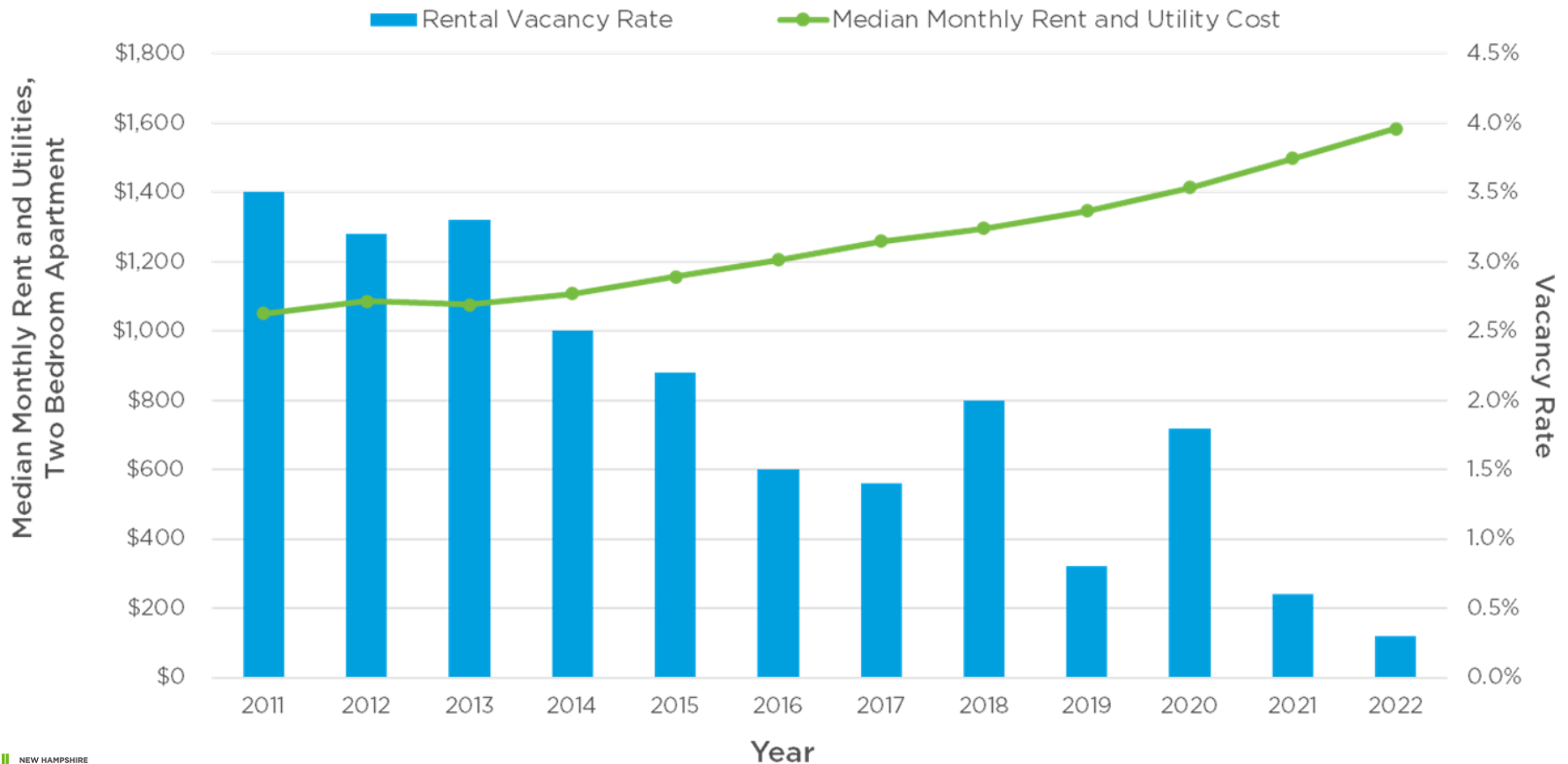


Note: Full-time 25th percentile wage earner calculations based on estimated hourly wages for May 2021 and 2,080 hours worked per year. Calculation assumes the two 25th percentile wage jobs are the only sources of income for the household. Incomes for other households based on survey data collected from 2017-2021, and adjusted for inflation to 2021 dollars. Average child care prices for infants and toddlers added together for calculations. Sources: U.S. Bureau of Labor Statistics, May 2021 State Occupational Employment and Wage Estimates; U.S. Census Bureau, American Community Survey, 2017-2021 Five Year Estimates; Child Care Aware of America, Child Care Affordability in New Hampshire Fact Sheet, 2021.

LACK OF HOUSING INVENTORY LIMITS ABILITY OF WORKERS TO MOVE TO NH

MEDIAN MONTHLY RENTAL COSTS AND VACANCY RATES

New Hampshire Statewide Data, Two Bedroom Apartments

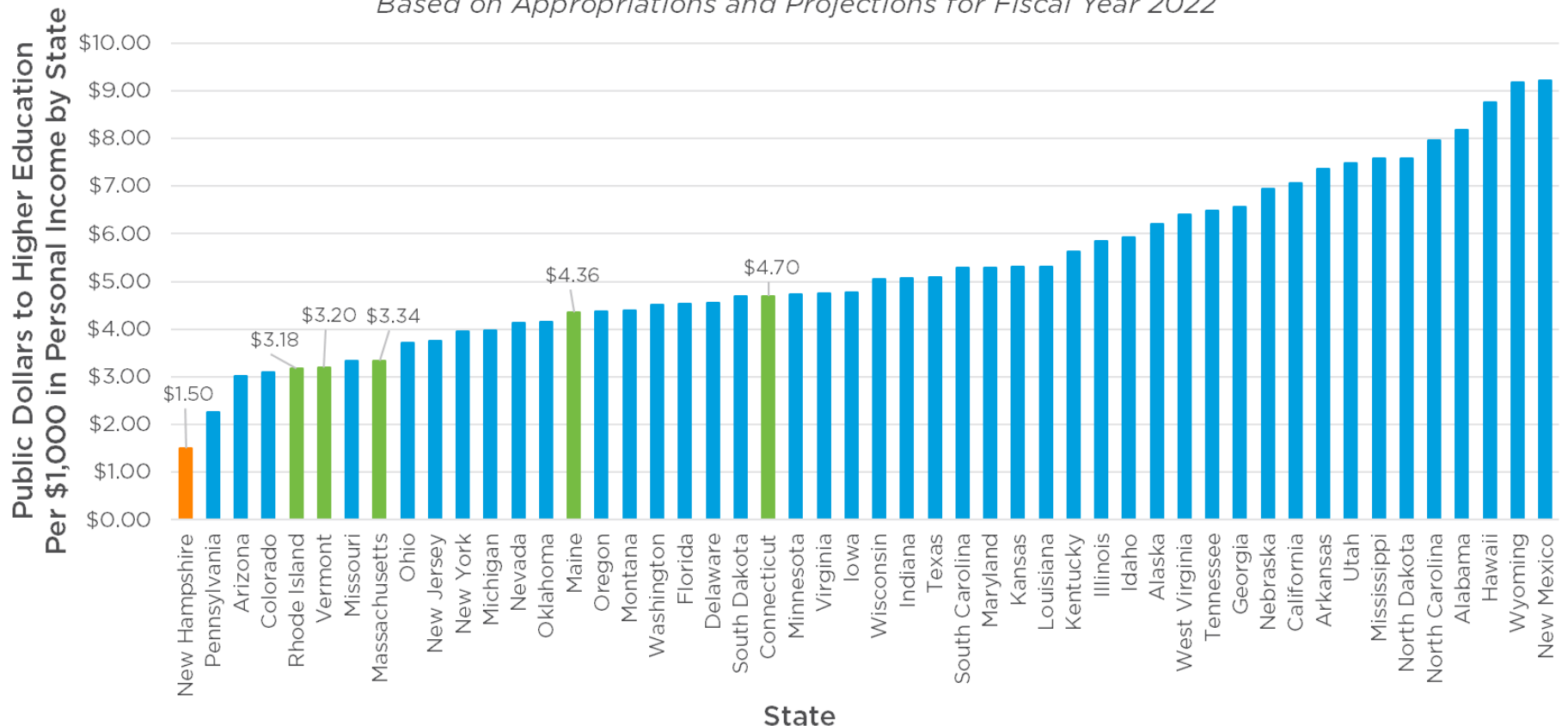


Source: New Hampshire Housing Finance Authority

RELATIVELY EXPENSIVE PUBLIC HIGHER EDUCATION, FEWER STATE FUNDS

NUMBER OF DOLLARS APPROPRIATED TO FUND PUBLIC HIGHER EDUCATION PER \$1,000 IN PERSONAL INCOME AT STATE LEVEL

Based on Appropriations and Projections for Fiscal Year 2022

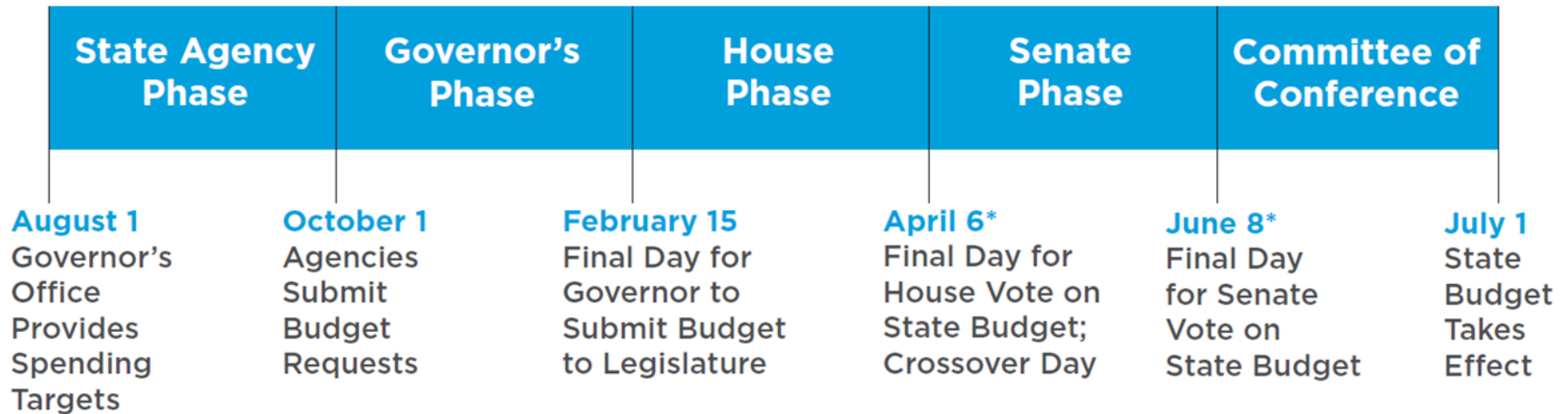


Source: State Higher Education Executive Officers Association and Illinois State University

ONGOING STATE BUDGET CONSIDERATIONS RELATIVE TO WORKFORCE SUPPORTS

HOUSE PHASE OF CURRENT STATE BUDGET PROCESS COMPLETED, CHANGES TO COME

STATE BUDGET PROCESS TIMELINE



*Dates set by legislative leadership for the 2023 session; all other dates specified in statute.

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HOUSE MADE KEY CHANGES TO SUPPORT HOUSING, CHILD CARE THROUGH BUDGET

Housing Supports and Programming

- One-time contribution of \$30 million to the Affordable Housing Fund
- One-time contribution of \$15 million to InvestNH Fund, established in law to support municipalities, change from current \$100 million fund supported with flexible federal funds from the American Rescue Plan Act
- Enables creation of a land use review docket in State superior court

Child Care

- Increase access to State support for households through expansion of Child Care Scholarship eligibility to 85 percent of Area Median Income
- Set reimbursements for child care centers to 75 percent of market rate survey or a “true cost” calculation yet to be determined

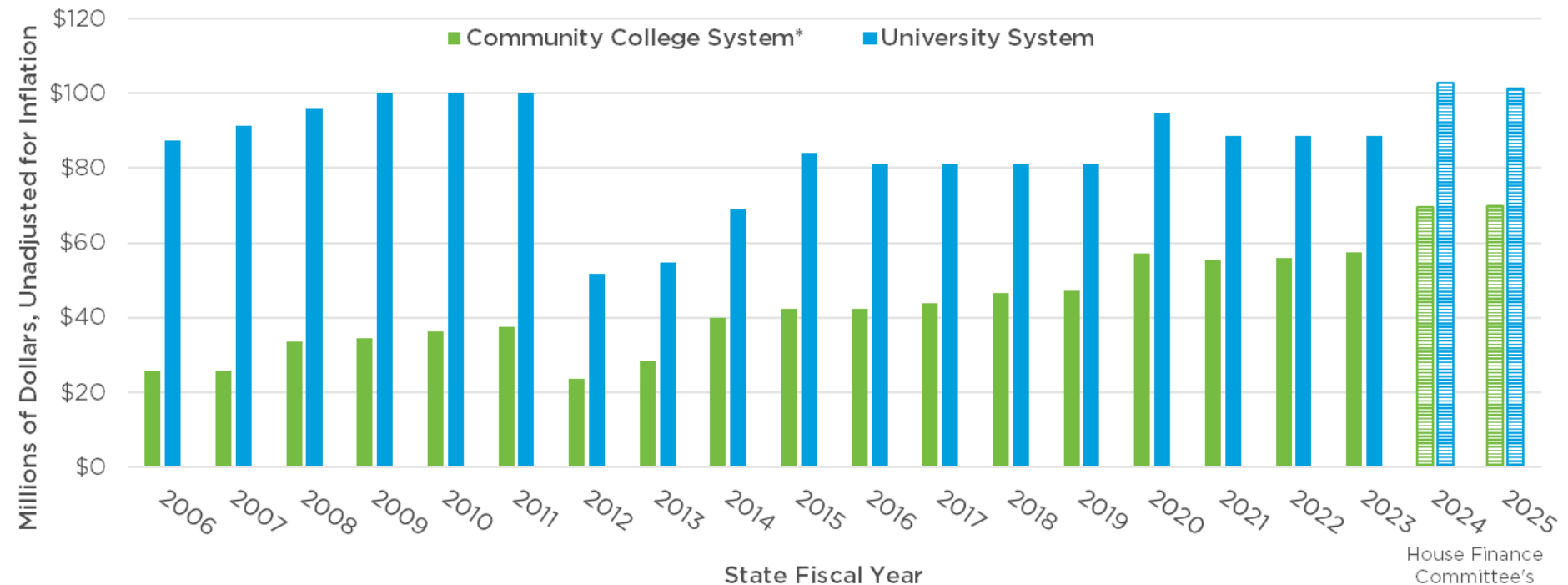
Education

- Both the Governor’s and the House’s State Budget proposals would increase funding for the University and Community College Systems incrementally
- Both proposals include overhauls to the State’s education funding formula for local public education; House targets more resources to less-wealthy districts

HIGHER EDUCATION BOOST INCLUDES TARGETED FUNDS FOR SPECIFIC PROJECTS

NEW HAMPSHIRE PUBLIC HIGHER EDUCATION FUNDING IN THE STATE BUDGET

Includes Certain One-Time Appropriations for Certain Projects or Initiatives



House Finance Committee's Proposal

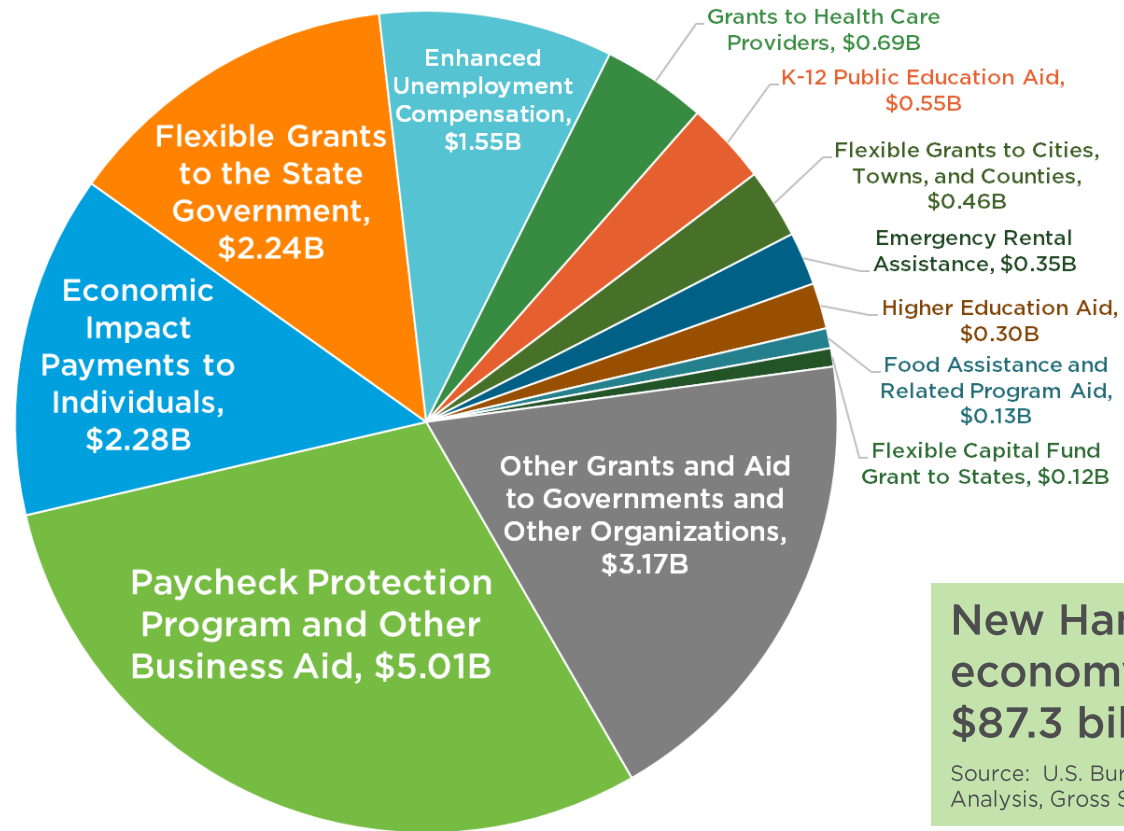
*Note: Prior to SFY 2012, the Community College System was organized differently, and its entire structure was included in the State Budget. In this graph, only General Fund line item and one-time Trailer Bill appropriations are included in the historical data.

Sources: New Hampshire State Operating Budgets and Trailer Bills as Enacted; Office of Legislative Budget Assistant, Compare House Finance to Governor, March 28, 2023 and March 29, 2023 Combined General and Education Trust Funds Surplus Statement; 2023-1247h

FLEXIBLE FEDERAL FUNDS FROM THE AMERICAN RESCUE PLAN ACT

ABOUT \$17 BILLION TO NEW HAMPSHIRE FEDERAL ASSISTANCE RELATED TO COVID-19 IN NEW HAMPSHIRE

Total of Nearly \$16.9 billion Through July 7, 2022



New Hampshire economy in 2019: \$87.3 billion

Source: U.S. Bureau of Economic Analysis, Gross State Product

Note: Sums may include small amounts of double-counting due to summation mismatches. Totals presented are derivations. Small amounts of aid to individuals are also included in the "Other Grants and Aid" section, including aid for funeral expenses.

Source: New Hampshire Office of Legislative Budget Assistant, Federal COVID-19 Funds, New Hampshire Allocations, July 7, 2022.

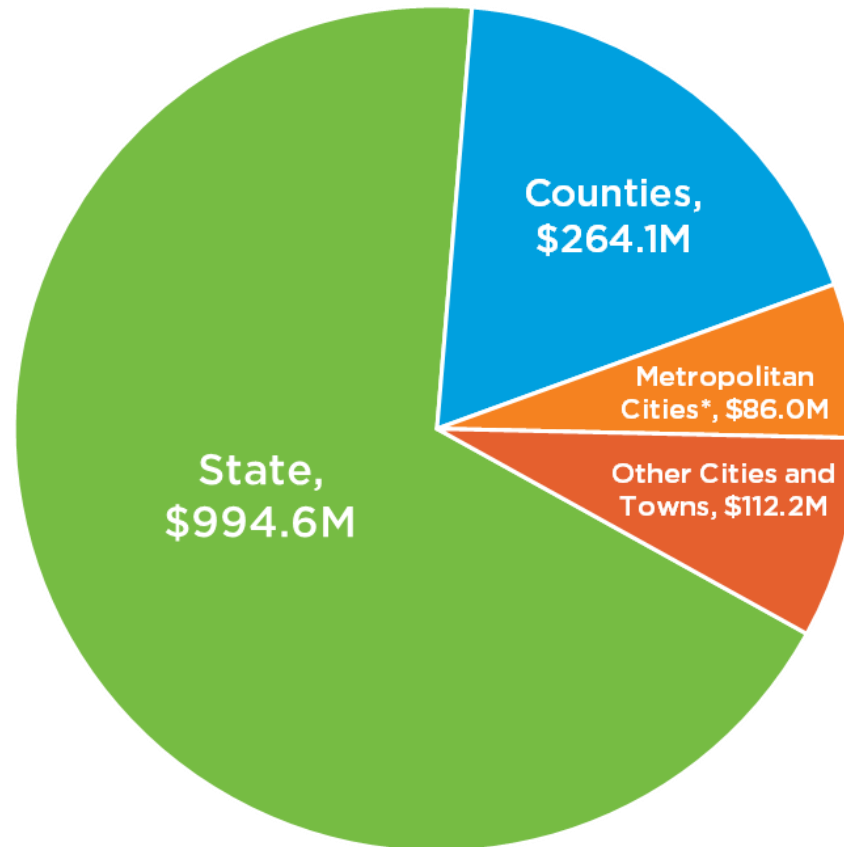
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS IN NEW HAMPSHIRE

NEW HAMPSHIRE'S ALLOCATIONS OF AMERICAN RESCUE PLAN ACT CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

Source: U.S. Department of the Treasury, *Coronavirus State and Local Fiscal Recovery Funds*, accessed May 16, 2021

Funds must be obligated by December 31, 2024 and spent by December 31, 2026.

Source: U.S. Department of the Treasury



*"Metropolitan Cities" in New Hampshire include Dover, Manchester, Nashua, Portsmouth, and Rochester.

FISCAL RECOVERY FUNDS PERMITTED USES

Relatively flexible funds designed 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

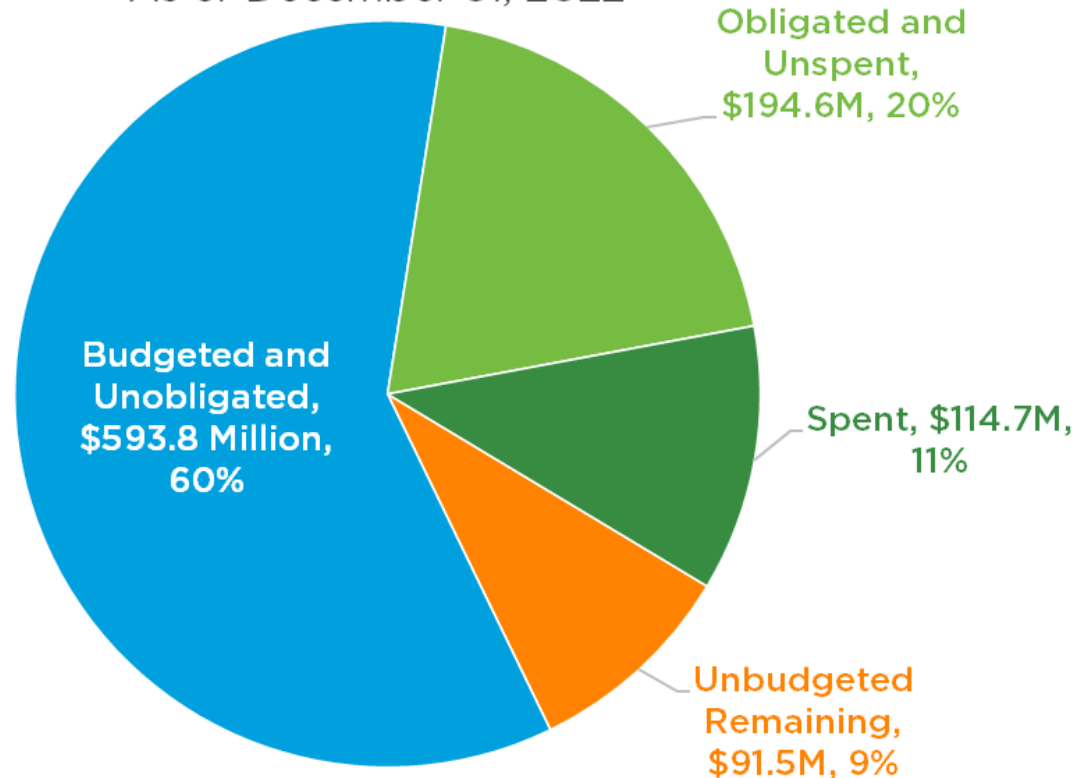
1. U.S. Department of the Treasury, Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule, January 2022

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

AS OF DECEMBER 31, 2022, LESS THAN 12 PERCENT SPENT, 20 PERCENT OBLIGATED

AMERICAN RESCUE PLAN ACT CORONAVIRUS STATE FISCAL RECOVERY FUND EXPENDITURES IN NEW HAMPSHIRE

As of December 31, 2022

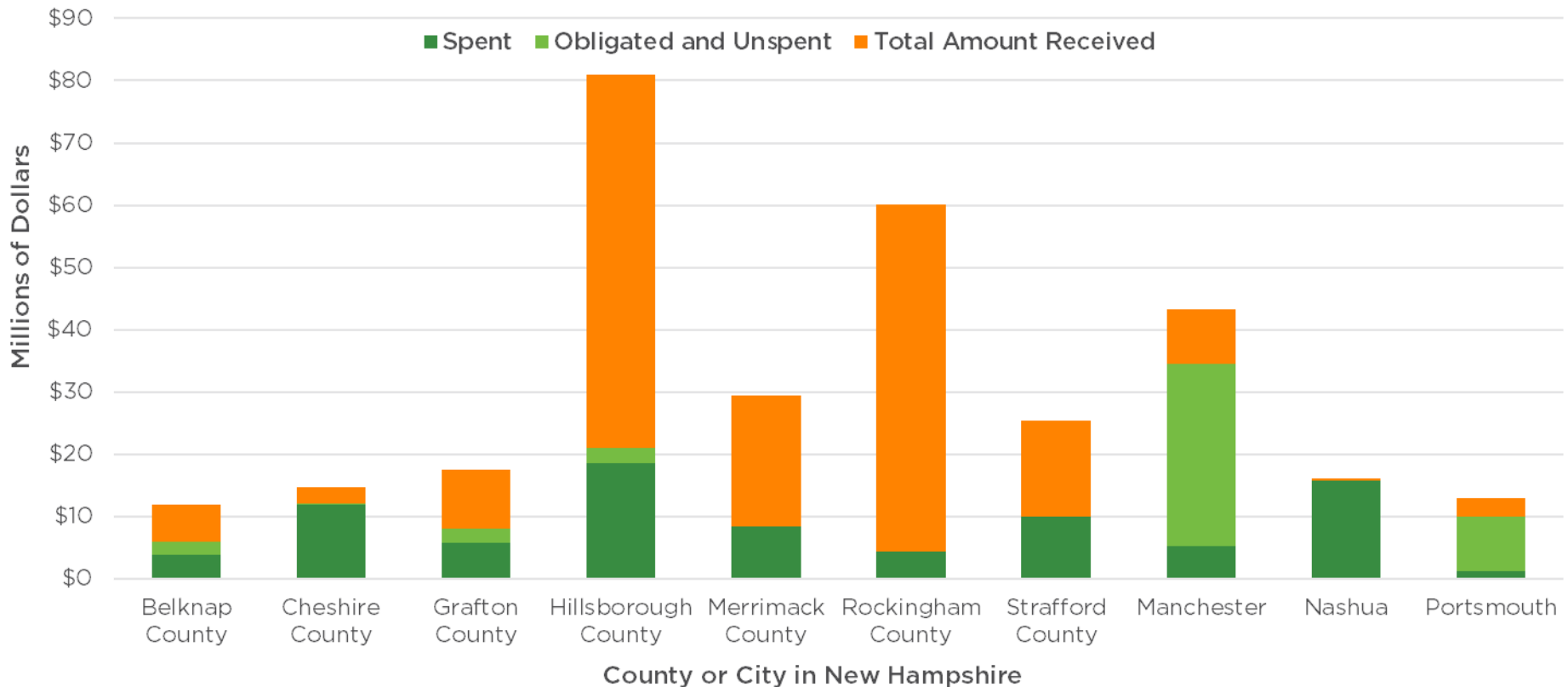


Source: U.S. Treasury Department

LOCAL GOVERNMENT EXPENDITURE RATES VARY WITHIN THE STATE

USE OF CORONAVIRUS LOCAL FISCAL RECOVERY FUNDS BY REPORTING NEW HAMPSHIRE COMMUNITY

Counties and Cities with Over \$10 Million in Received Funds, Data as of December 31, 2022



Source: U.S. Treasury Department

KEY USES BY CHESHIRE COUNTY

- Cheshire County reported spending 80.8 percent of the \$14.78 million it had received, as of the end of December 2022
- \$3.57 million for newly-created public ambulance service called Cheshire EMS, in part through purchasing a private ambulance service
- \$2.44 million for HVAC and other COVID-19-related upgrades to county buildings
- \$1.89 million in aid to nonprofits
- \$1.81 million in premium pay to county employees
- \$1.07 million for Maplewood construction project due to delays
- \$1.0 million in direct aid to municipalities
- Also provided aid to help small businesses, performing arts, and community events
- Premium pay for county employees and assistance to nonprofits were frequent uses of NH county Coronavirus Local Fiscal Recovery Funds

Source: U.S. Department of the Treasury

KEY TAKEAWAYS

- Key workforce constraints likely slowing New Hampshire's economy, including in Cheshire County
- Child care costs and availability appear to limit workforce participation, and limited affordable housing options may prevent workers from moving to New Hampshire
- State Budget includes increases in funding for affordable housing opportunities, as well as expanded access to public child care assistance for families and providers
- Housing shortage will not be solved, but may be helped, with State Budget resources
- Boost to education aid may support future workforce growth and retention
- Flexible American Rescue Plan Act funds have provided a substantial opportunity to support a more equitable economy

ADDITIONAL RESOURCES

- Issue Brief: The Governor's Budget Proposal for State Fiscal Years 2024 and 2025 – March 27, 2023
<https://nhfpi.org/resource/the-governors-budget-proposal-for-state-fiscal-years-2024-and-2025/>
- Webinar: Examining the State Budget: Understanding the House Finance Committee's Proposal – April 4, 2023
<https://nhfpi.org/resource/examining-the-state-budget-understanding-the-house-finance-committees-proposal/>
- Blog: A Snapshot of New Hampshire's Workforce and the Impacts of the COVID-19 Pandemic After Three Years – March 23, 2023
<https://nhfpi.org/blog/a-snapshot-of-new-hampshires-workforce-and-the-impacts-of-the-covid-19-pandemic-after-three-years/>
- Resource Pages: <https://nhfpi.org/topic/budget/>
<https://nhfpi.org/topic/economy/>



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