

The Pandemic's Impact on the Regional Economy: Jobs, Labor Force, and State and Local Government Finances

New England States Government Finance Officers Seminar

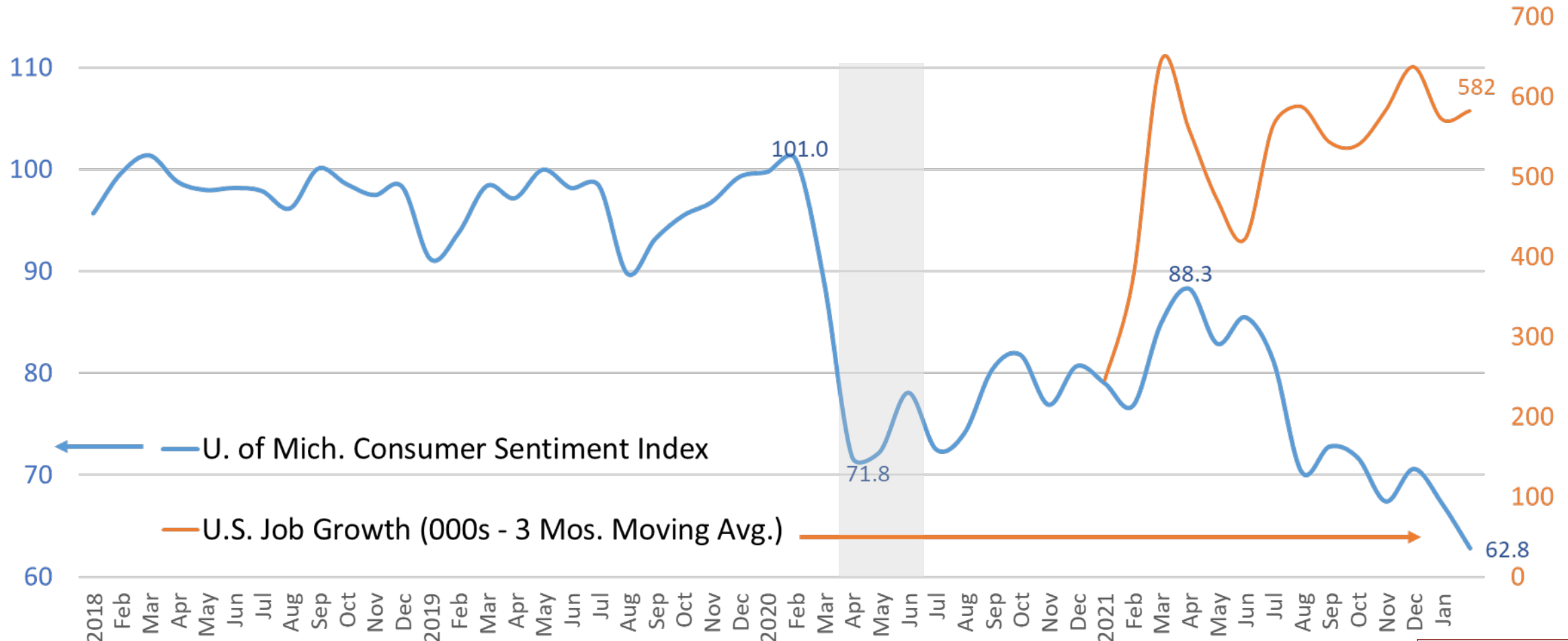
March 31, 2022

Brian Gottlob, Director, NH Economic and Labor Market Information Bureau

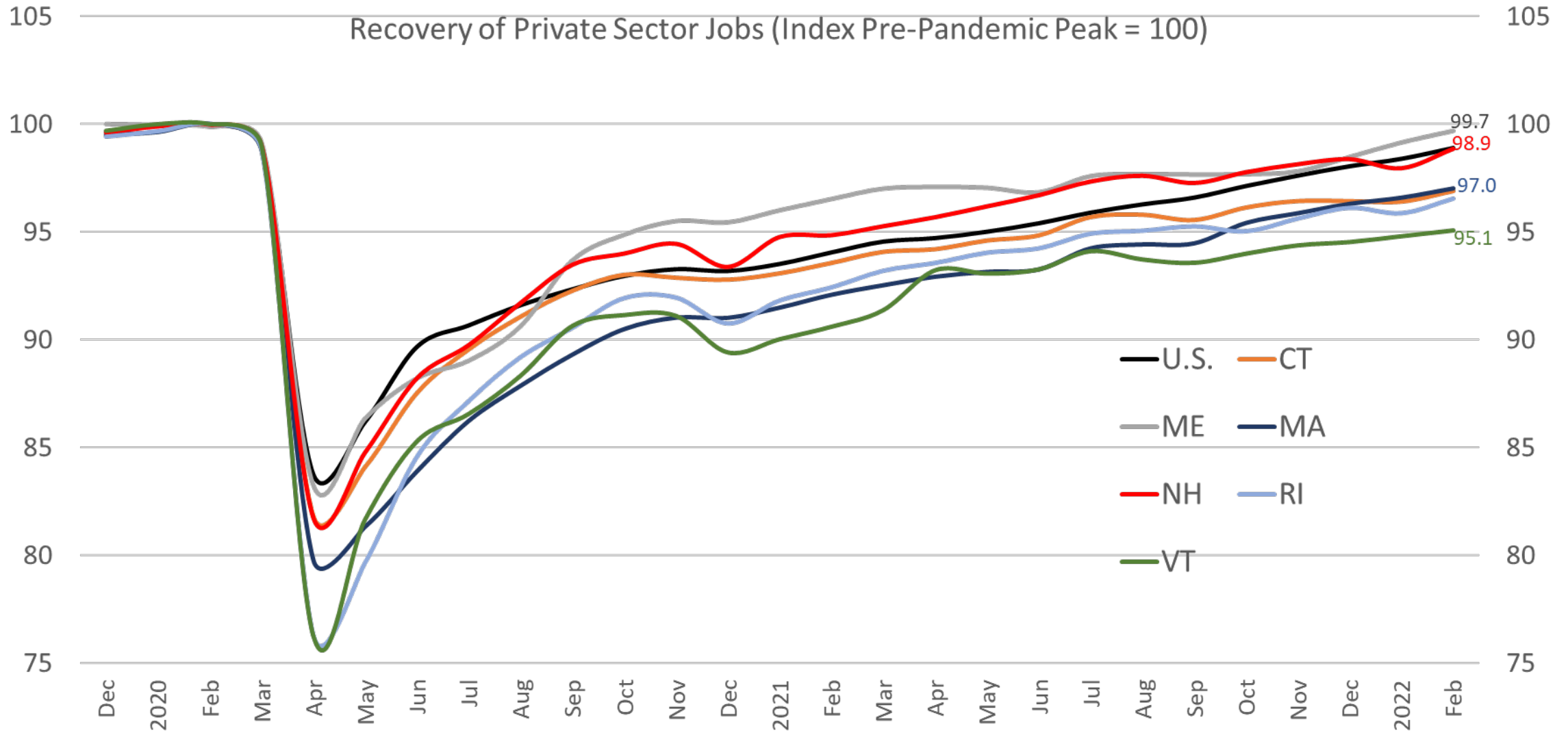
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The U.S. Economy Has Performed Well, but Higher Prices (Especially Gasoline and Food) Have Taken a Toll on Consumer Sentiment Despite Strong Job Growth and Employment Opportunities

U. of Michigan Consumer Sentiment and Monthly U.S. Job Growth

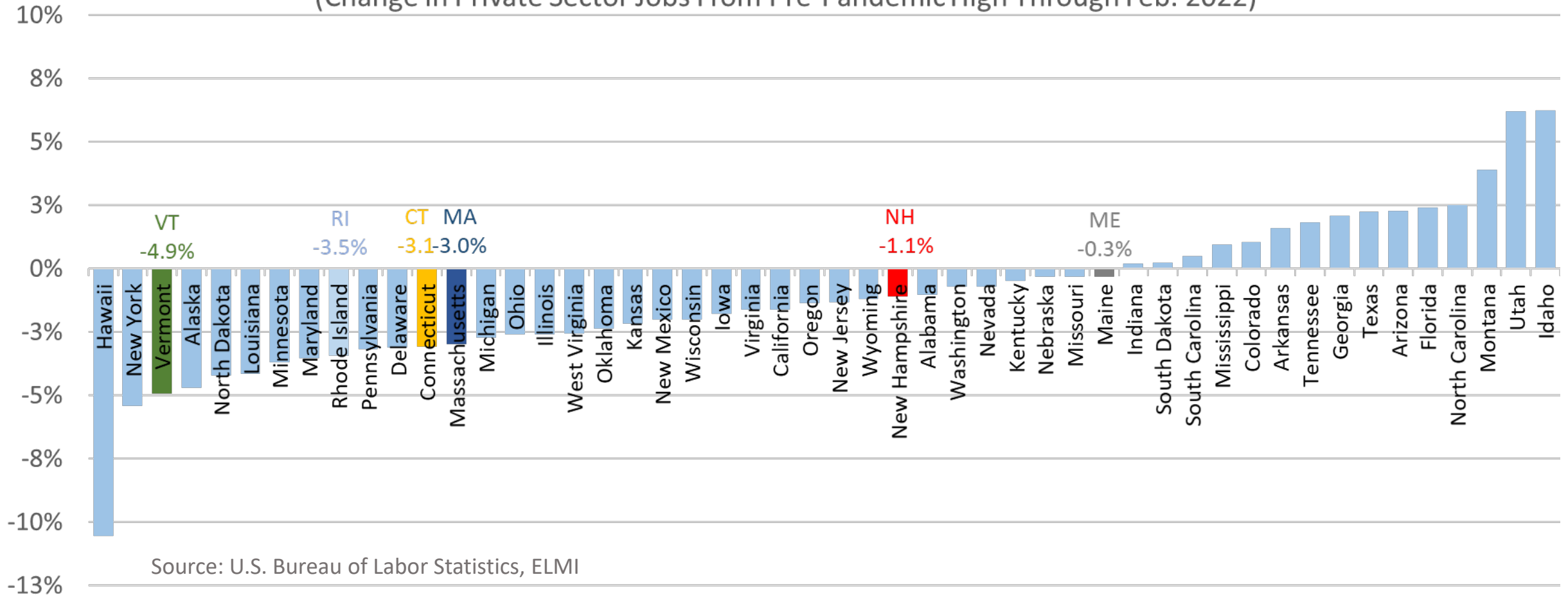


Maine and New Hampshire are Closest to Recovering all Private Sector Jobs



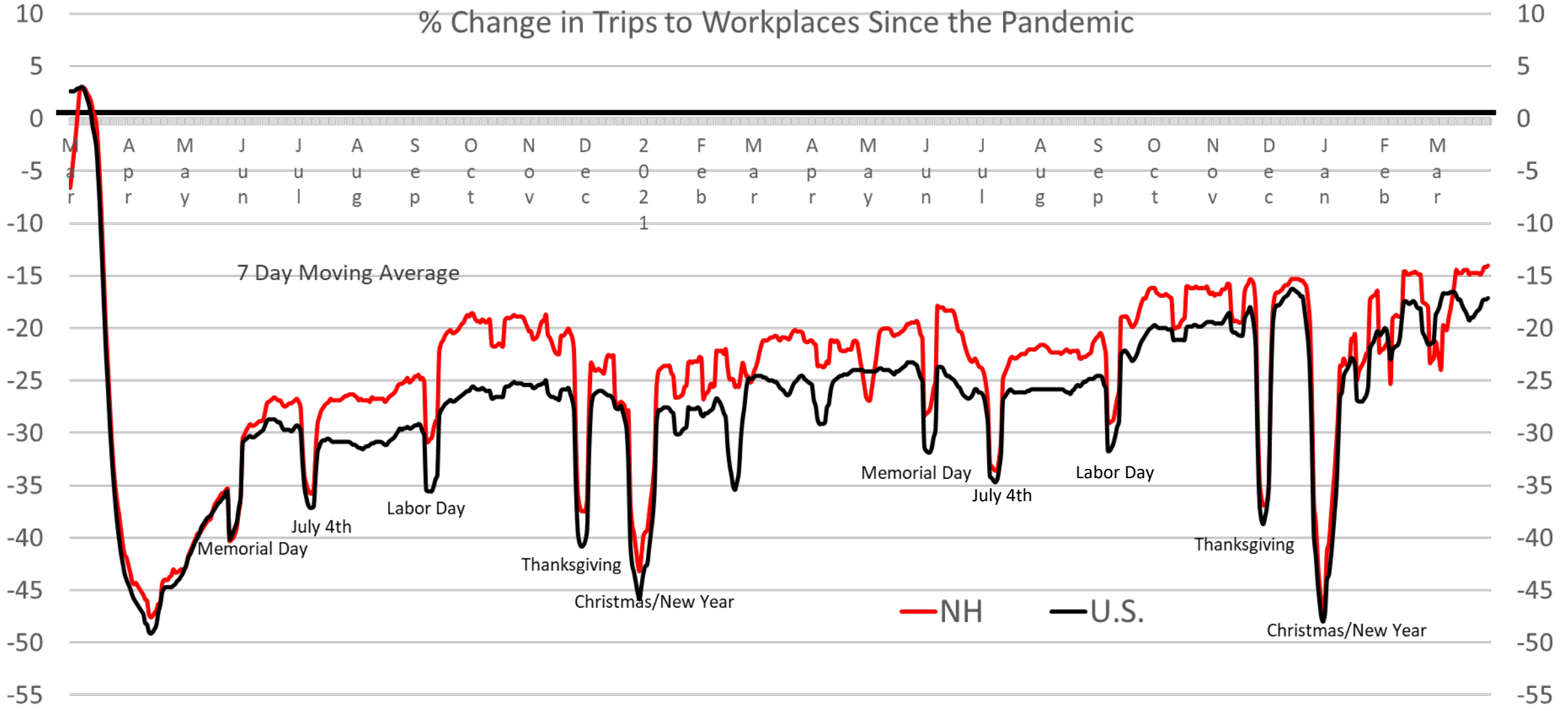
Maine & NH are Closer Than any State in the Northeast to Recovering all the Private Sector Jobs Lost During the Pandemic

How Close Each State is to Recovering its Pre-Covid Level of Private Sector Jobs
(Change in Private Sector Jobs From Pre-Pandemic High Through Feb. 2022)



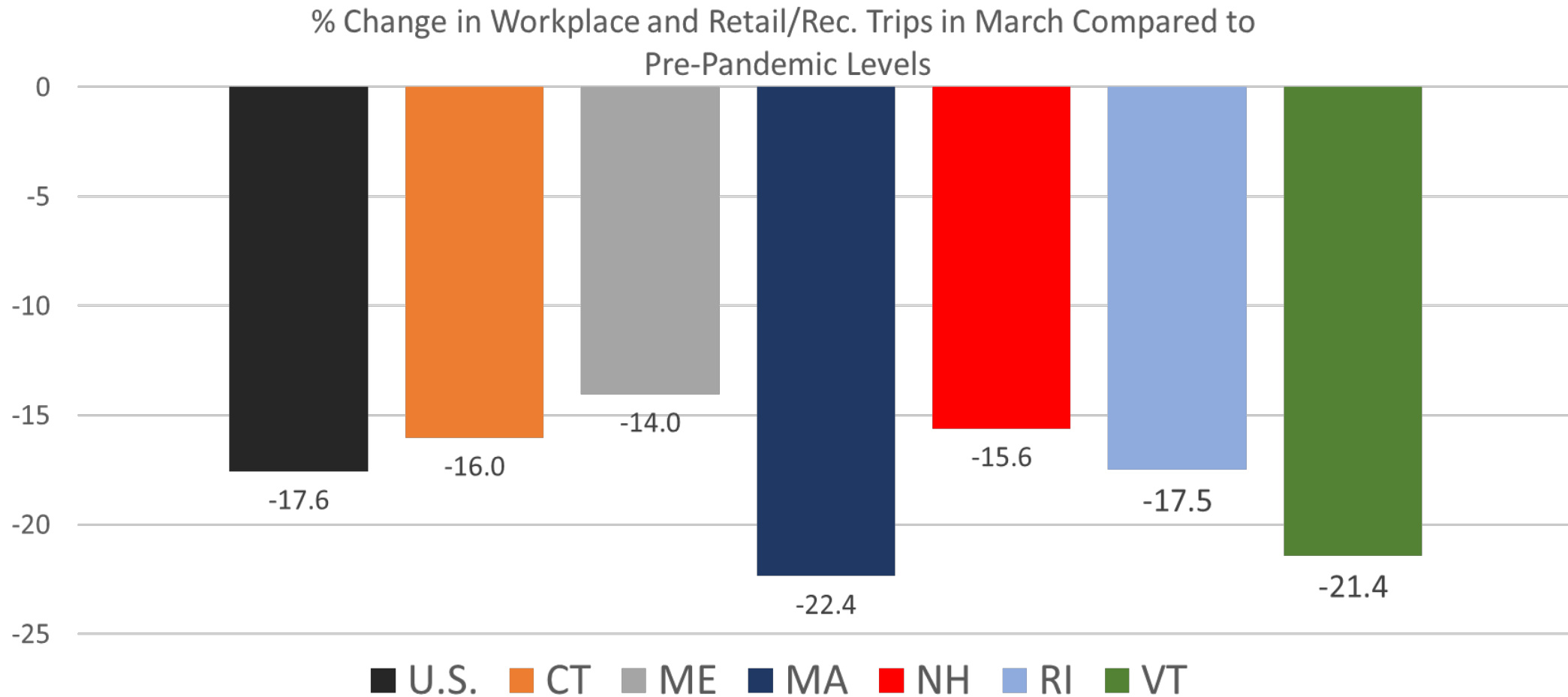
Source: U.S. Bureau of Labor Statistics, ELM I

Daily Trips to Workplaces are Closer to Pre-Pandemic Levels But Probably Will Never Return to Pre-Pandemic Levels – With Impacts on Downtowns and Commercial Properties



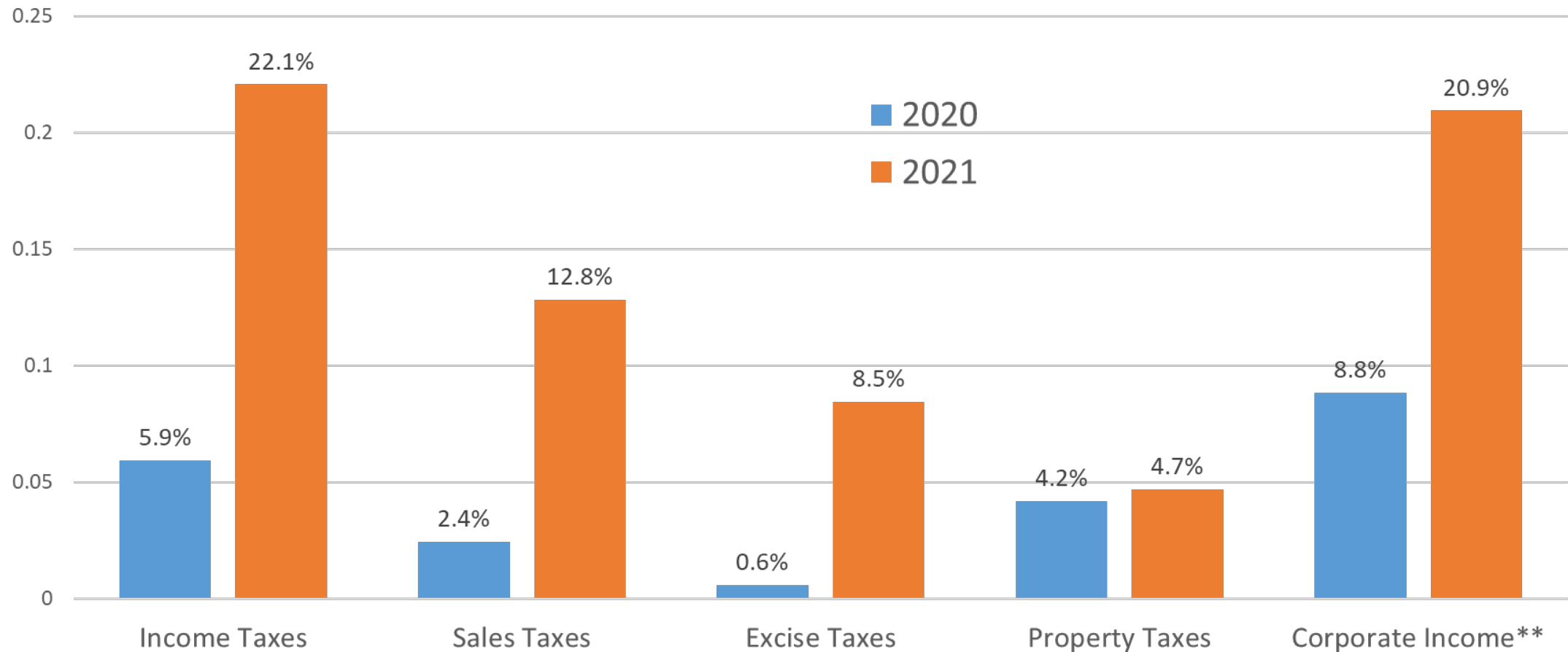
Source: Google Community Mobility Reports, ELMI

Change in Trips to Workplaces Compared to Pre-Pandemic Levels Roughly Matches How Close States are to Recovering Jobs



Maybe the Biggest Pandemic Surprise is Revenue Growth for State and Local Governments

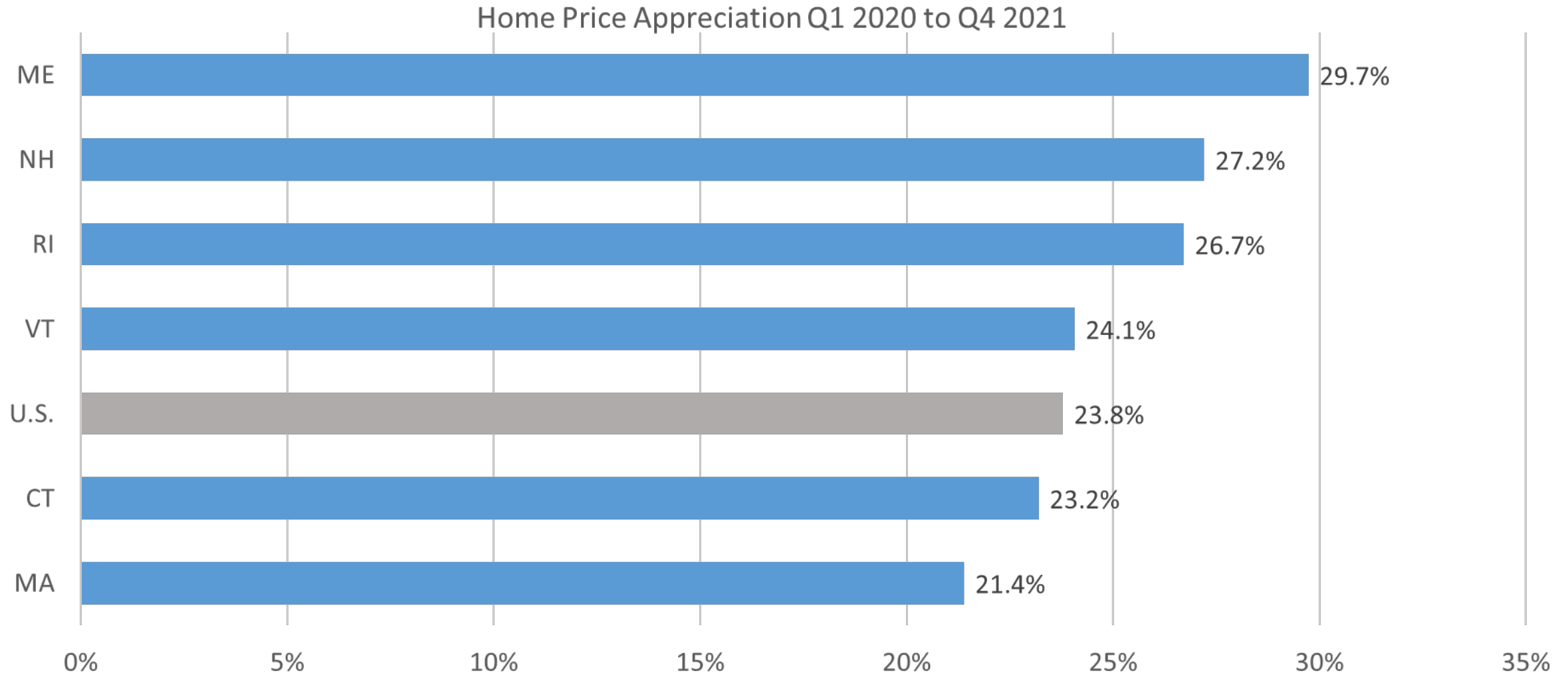
Annual Growth in State and Local Revenues



Source: U.S. Bureau of Economic Analysis, "State and Local Current Receipts and Expenditures"

** Through Q3 of 2021

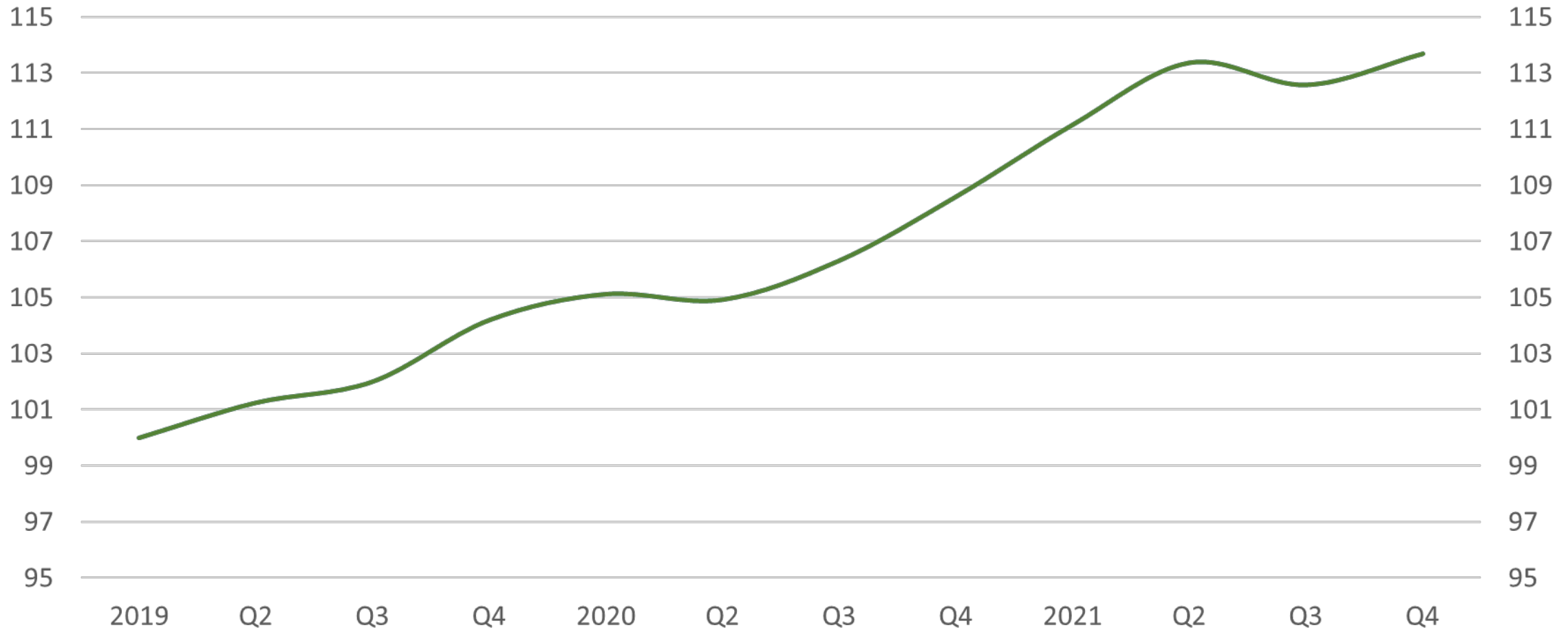
Home Price Appreciation During a Recession is Unusual, But They Have Helped Boost Local Government Revenues



Source: Federal Housing Finance Agency, ELM I

Property Tax Revenues are More Stable and Less Responsive to Shorter-Term Economic Cycles, Across the Country Revenues Have Seen Solid Growth

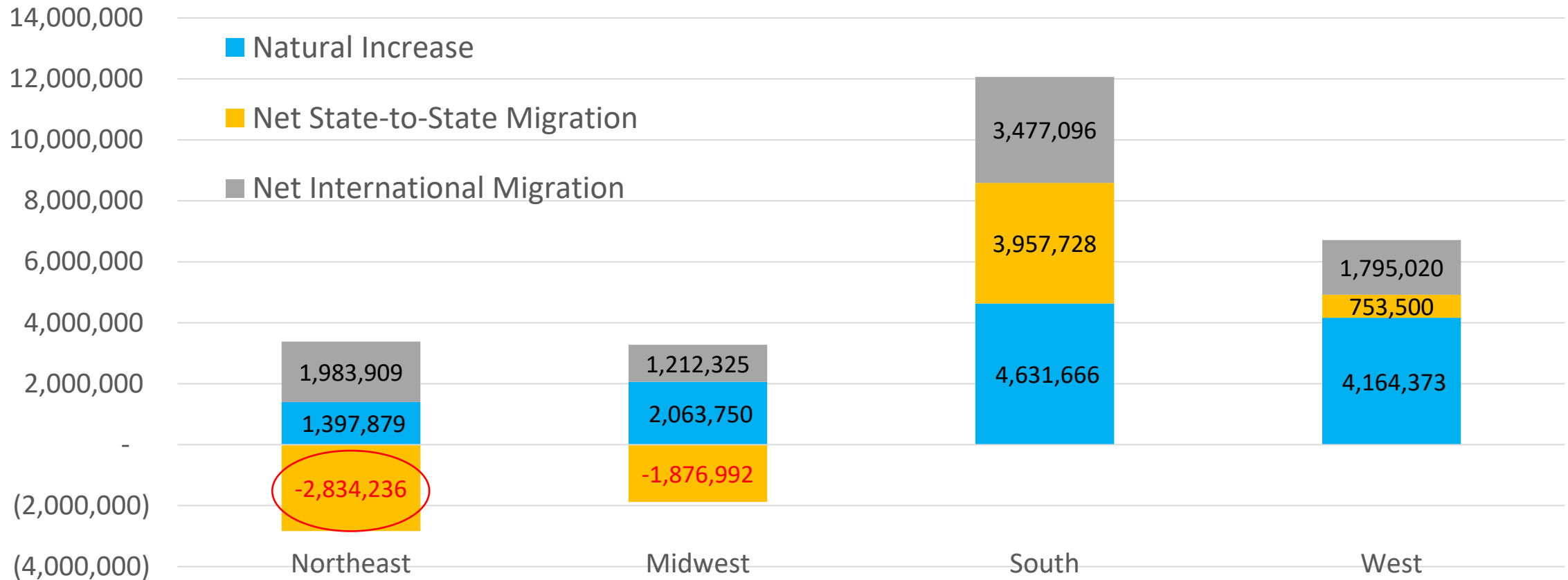
U.S. Annualized (4 Quarter Sum) Property Tax Revenue Trends (Index Q1 2019 = 100)



Demographics Determines Two-Thirds of
Everything

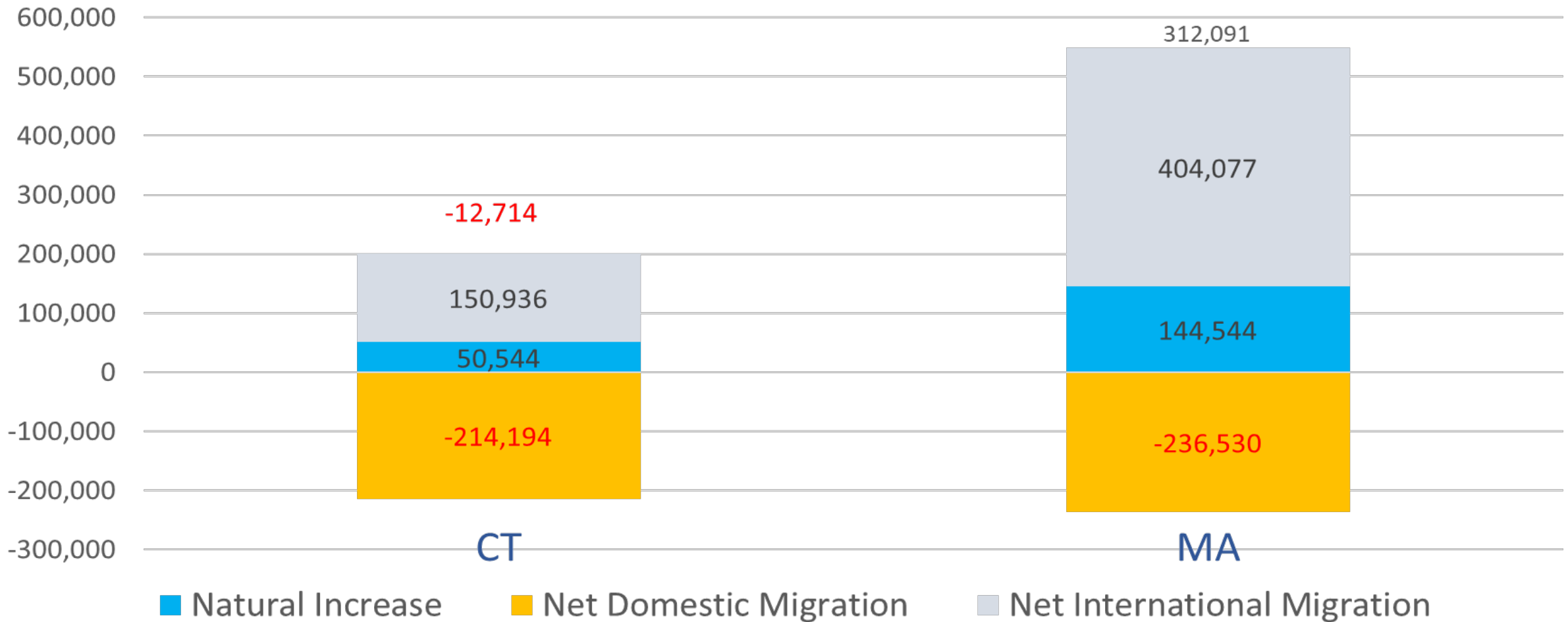
The Northeast Has Been on the Losing End of Demographic Trends for Decades

Components of Population Change 2010-2020

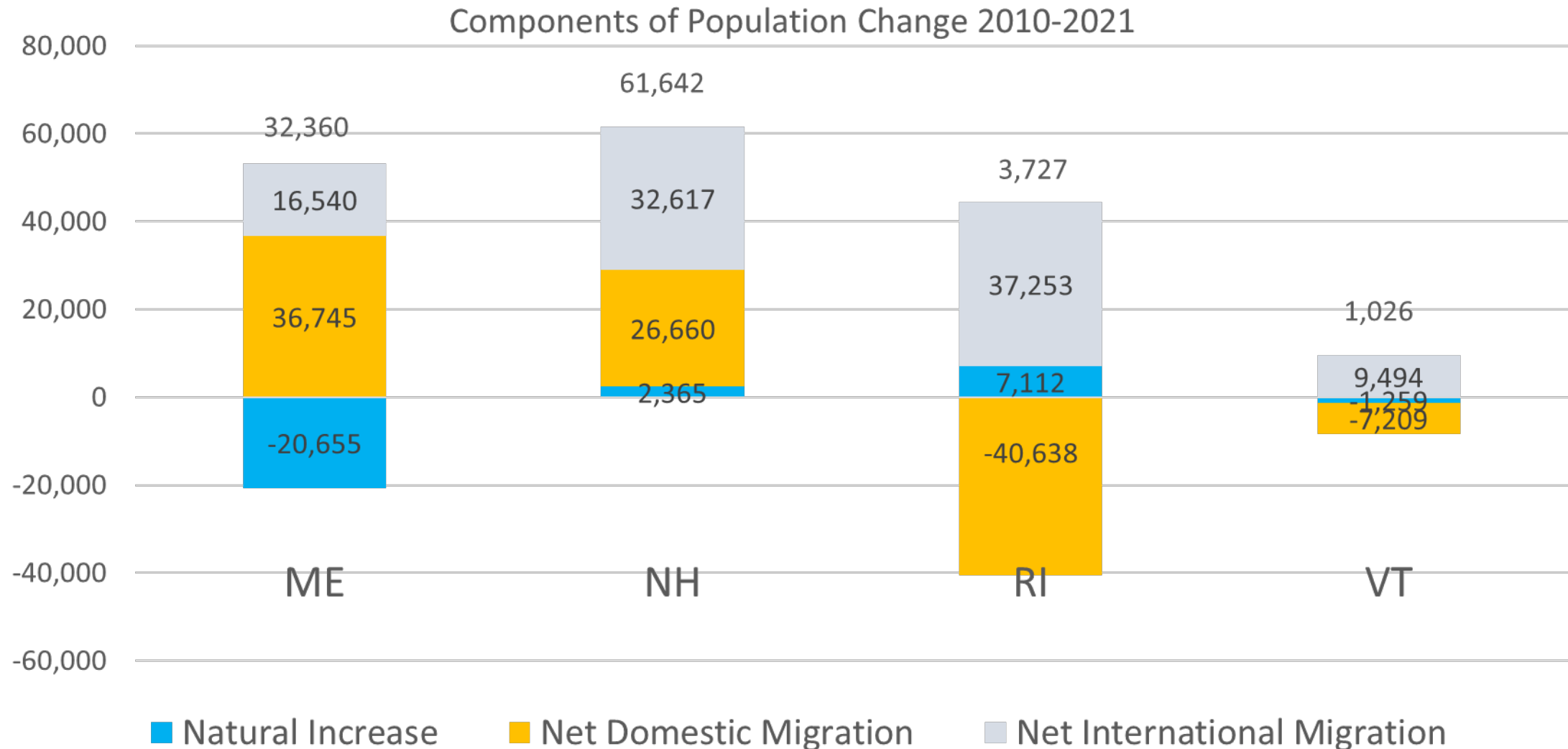


Connecticut and Massachusetts Have See High Numbers of Out-Migration to Other States

Components of Population Change 2010 to 2021

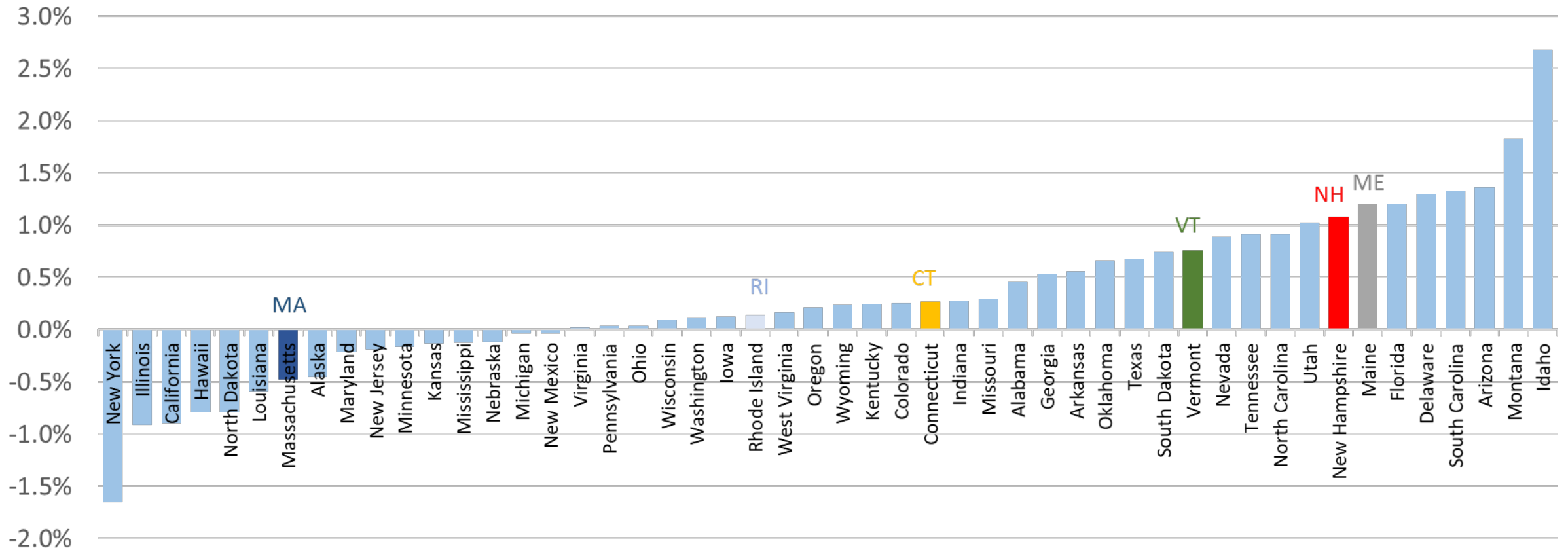


Only Maine and New Hampshire Have Seen Net Positive In Migration From Other States, Much of it From Other Northeastern States



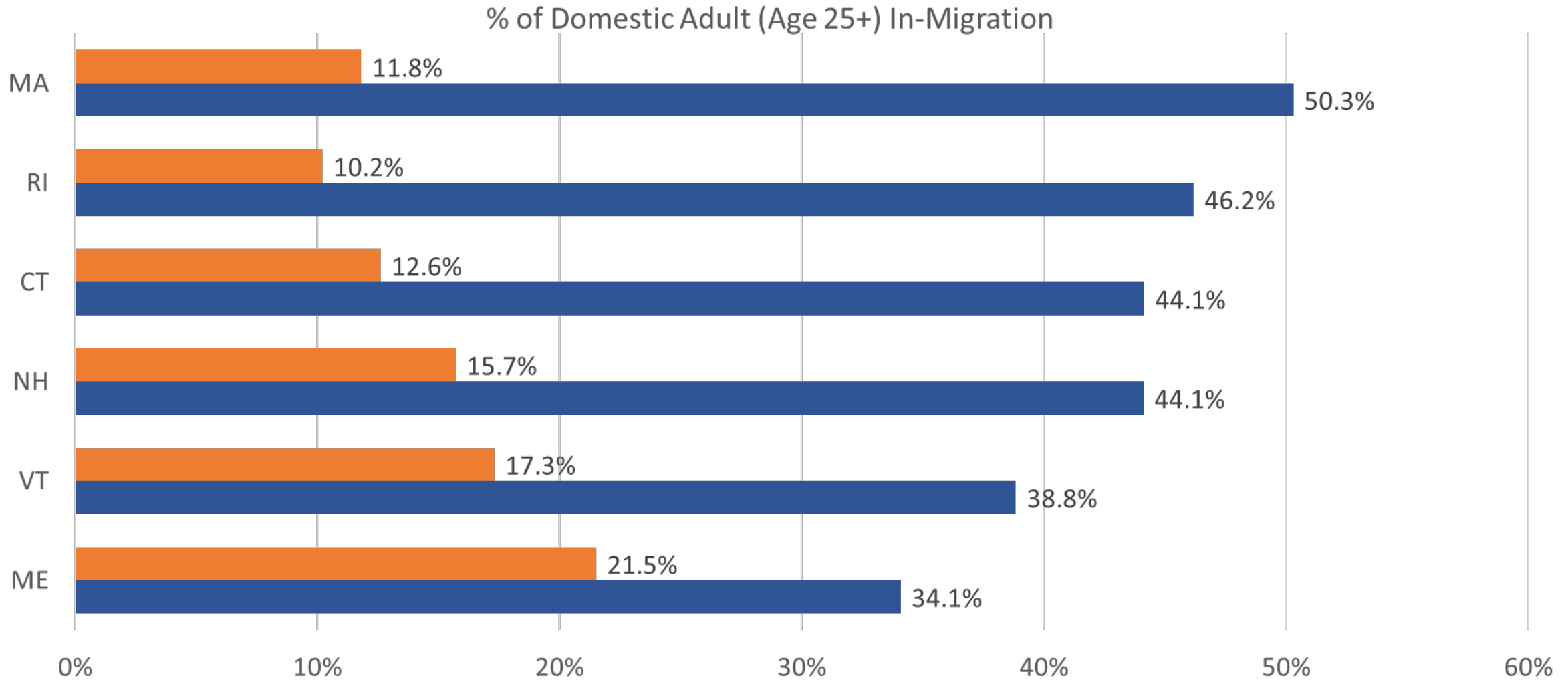
Northern New England Has Benefited From a Desire for Less Density During the Pandemic, Will it Continue?

Net State-to-State Migration (July 2020 to July 2021) as a % of 2020 Population



Source: U.S. Census Bureau, ELMI

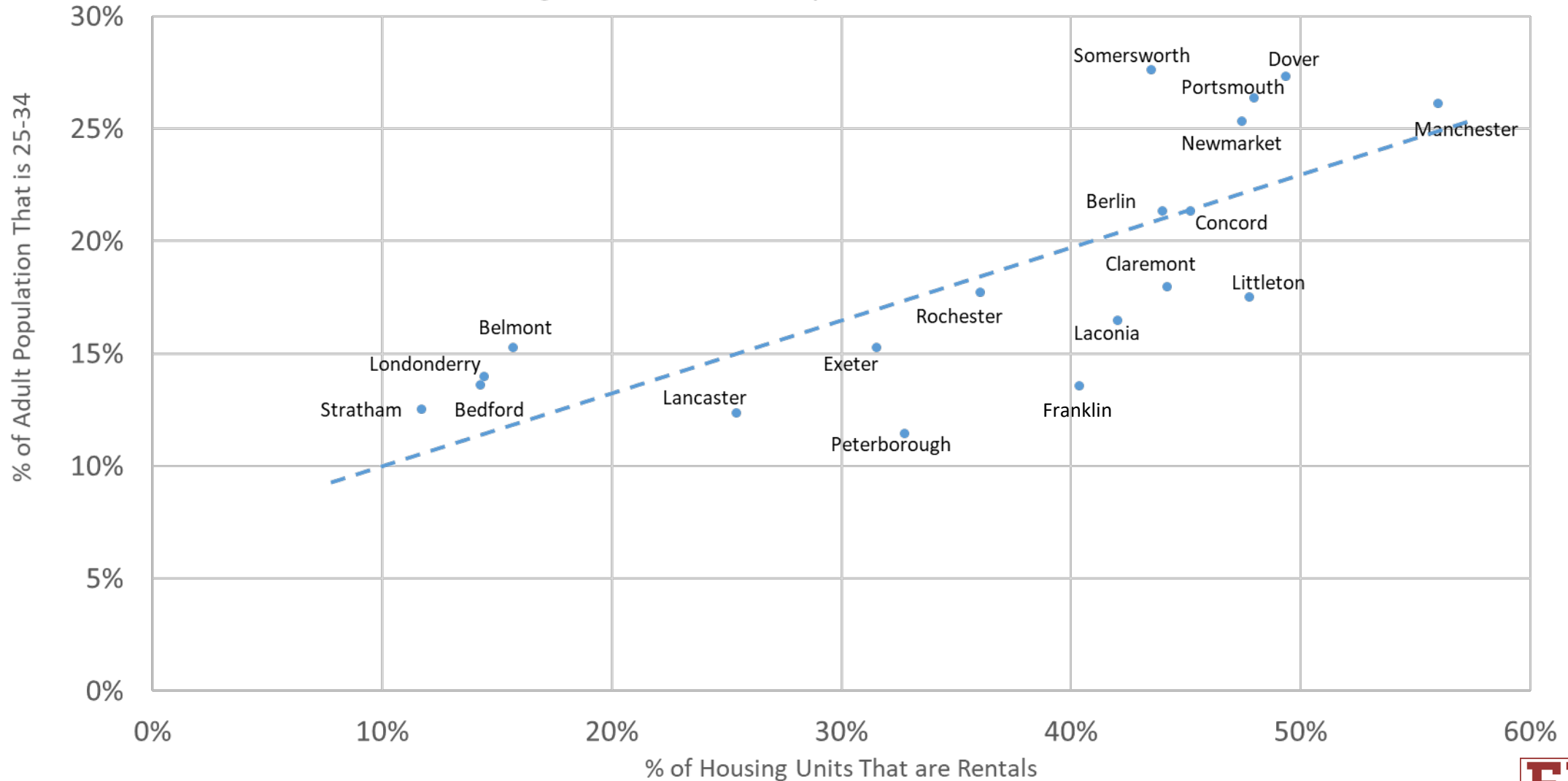
The Demographics of Movers From Other States Differs and Some States May Not Get as Much Labor Force and Median Age Benefits (MA Sees Net Domestic Out Migration but In-Migration is Among a Younger Demographic)



Source: Federal Housing Finance Agency, ELM I

Housing is Key to Attracting and Keeping a Younger Demographic. To Attract Well-Educated, Skilled, Millennials, Quality Rental Opportunities and Amenities are Critical – Manchester Has an Advantage

% of Rental Housing and % of Adult Population That is Millennials in NH

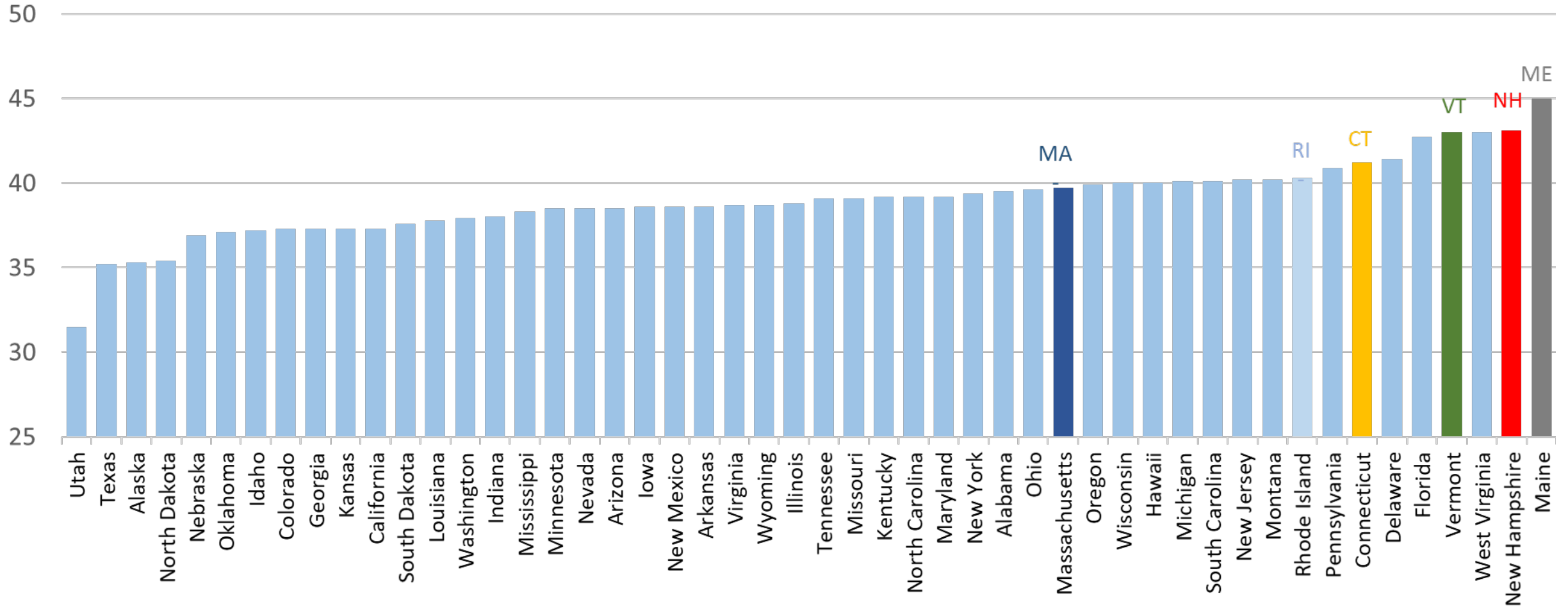


A Checklist (Partial) to See if Communities Can Attract Younger Demographics

- Is there a “there, there,” – or does the community have a central core (even if not large) with an aggregation of dining, shopping, entertainment, retail, and other enterprises.
- Are there spaces and places in the core that serve as a hub of social, cultural, and civic activity, and that serve as gathering places?
- Are there higher quality rental apartments in or close to core of the community?
- Are residents able to walk to the amenities (social, cultural, civic, entertainment, eating etc.) that the community offers?
- Does the community have natural and recreational areas within walking distance or a short drive?
- Does the community have a reputation for offering a variety of quality services and at a value relative to other communities (value not necessarily the cheapest but rather more or higher quality per dollar)?
- Can residents interact digitally with local government?

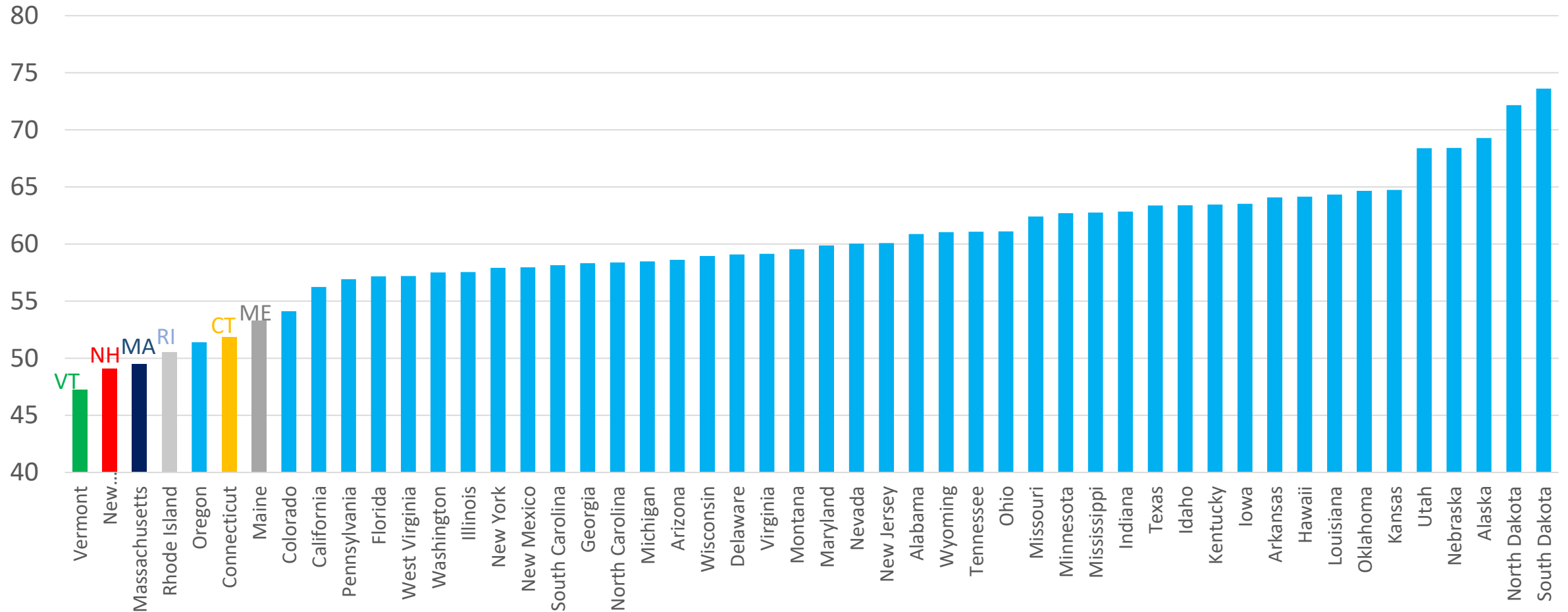
New England States Have The Highest Median Age in the Nation

Median Age of States (2020)

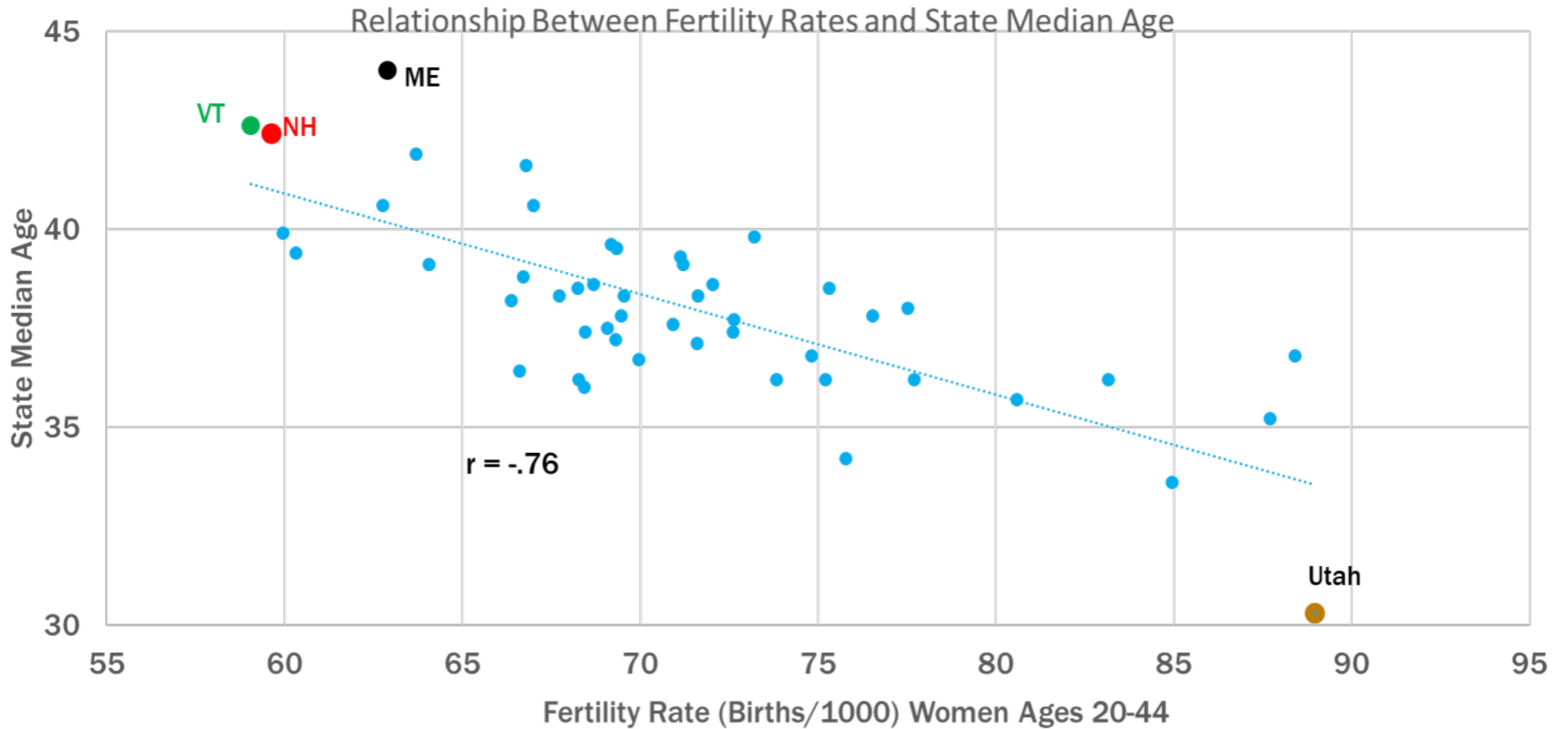


Low and Declining Birth Rates are the Real Cause of High Median Age (In-Migration is Critical to Helping Keep Median Age Stationary)

Birth Rates: Births to 1,000 Women Ages 20-44

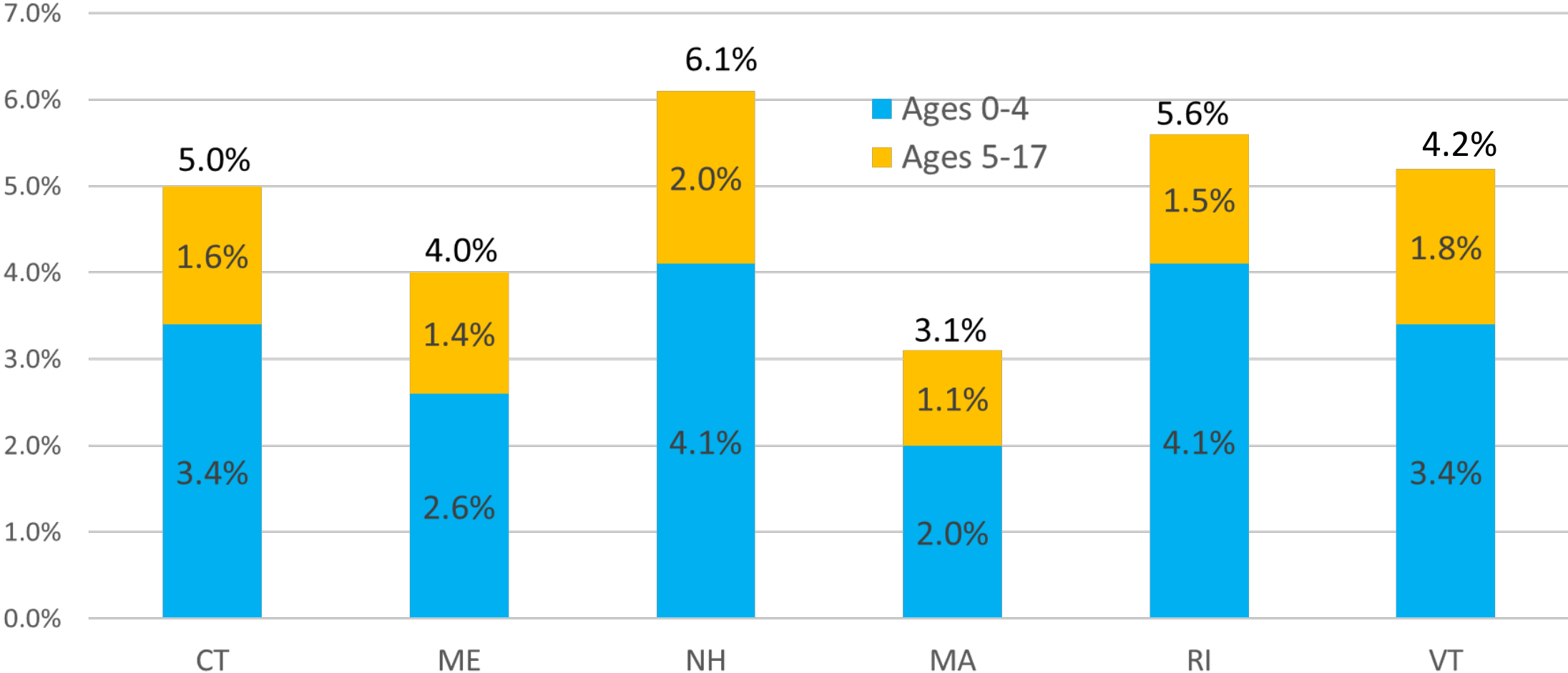


States With Lower Birth Rates Have a Higher Median Age – Utah Demonstrates the Impact of Adding Individuals at Age Zero



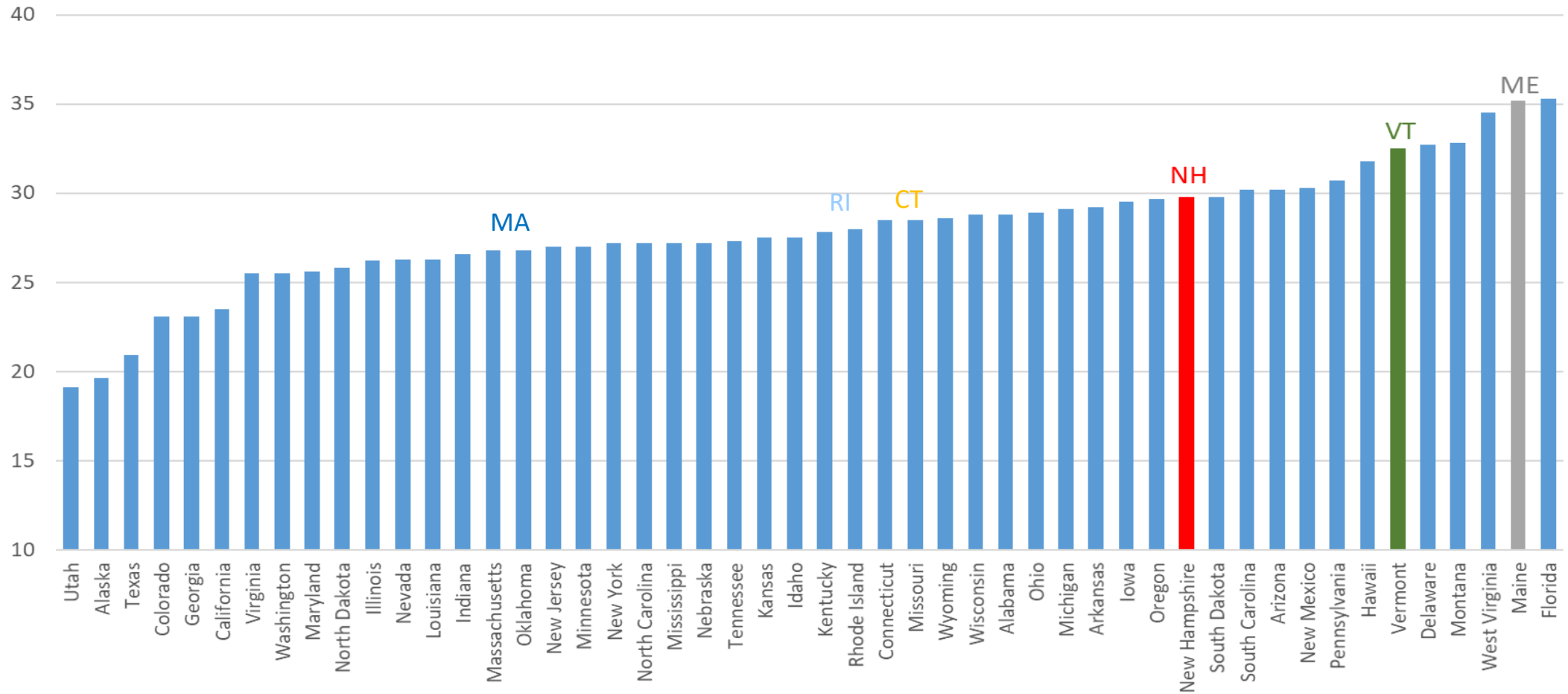
With Low Birth Rates – “Importing” Children as Well as Adults is Critical for Longer-Term Regional Vibrancy – Can we Make a State/Region More Attractive to Families W/Children?

% of Children That Have Into the State From Another State (2016-2020)



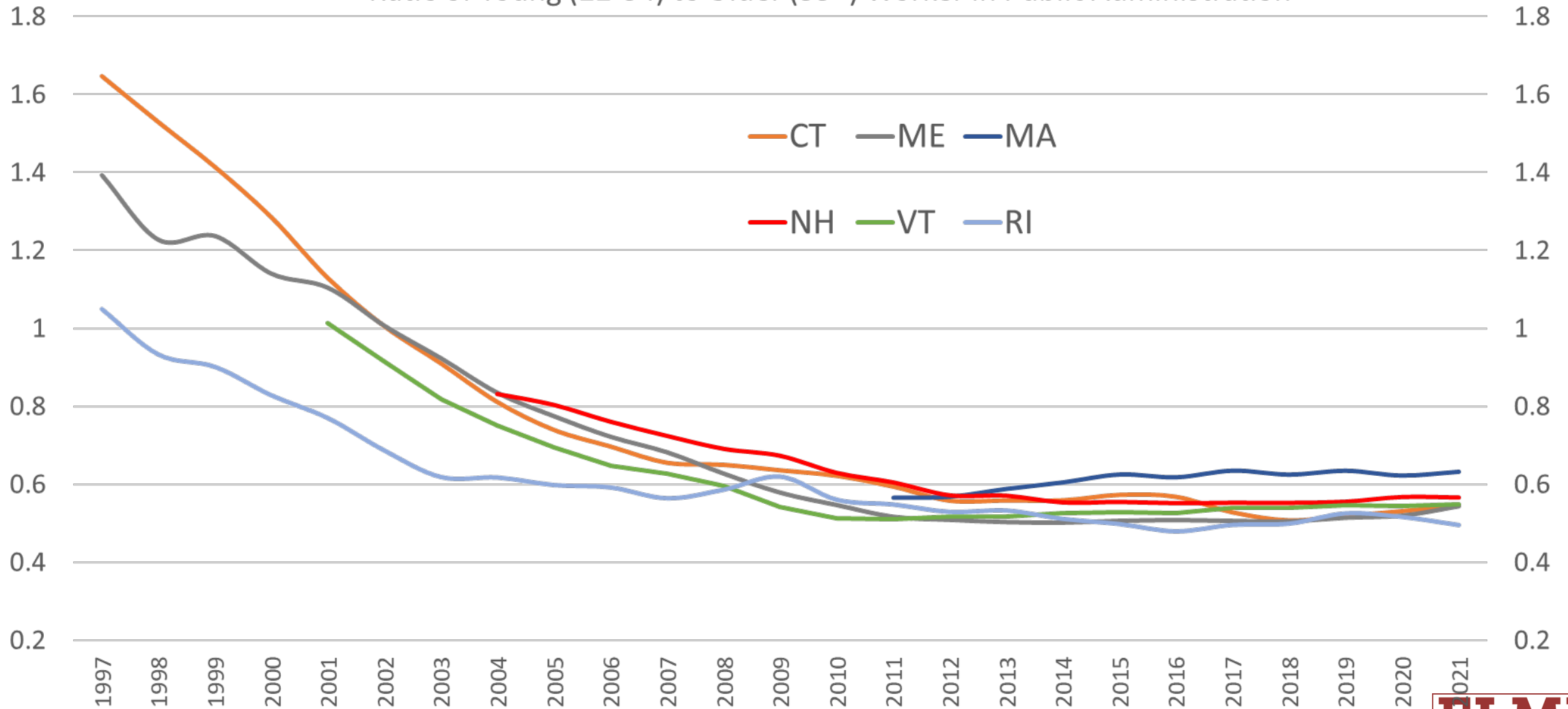
The “Old-Age” Dependency Ratio is a Better Measure of the Liabilities Presented by a State’s Age Structure – Unfortunately, the Picture for Maine Does Not Improve

Aged Dependency Ratio (Age 65+/Age16-64)



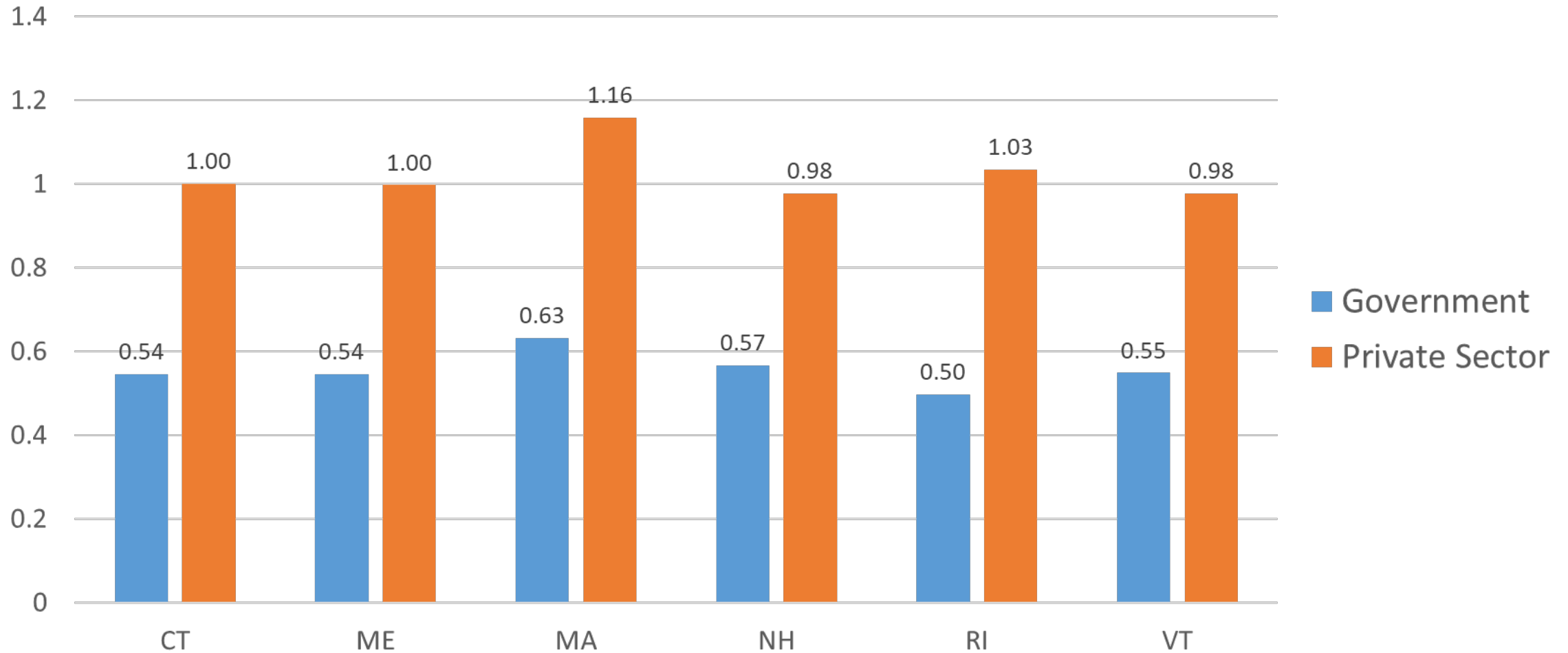
State and National Workforces are Aging but Individual Industries are Aging Differently. Industries (Including Government) With More Workers Over 55 and Fewer 25-34 Could Face More Challenges as Retirements Rise

Ratio of Young (22-34) to Older (55+) Worker in Public Administration



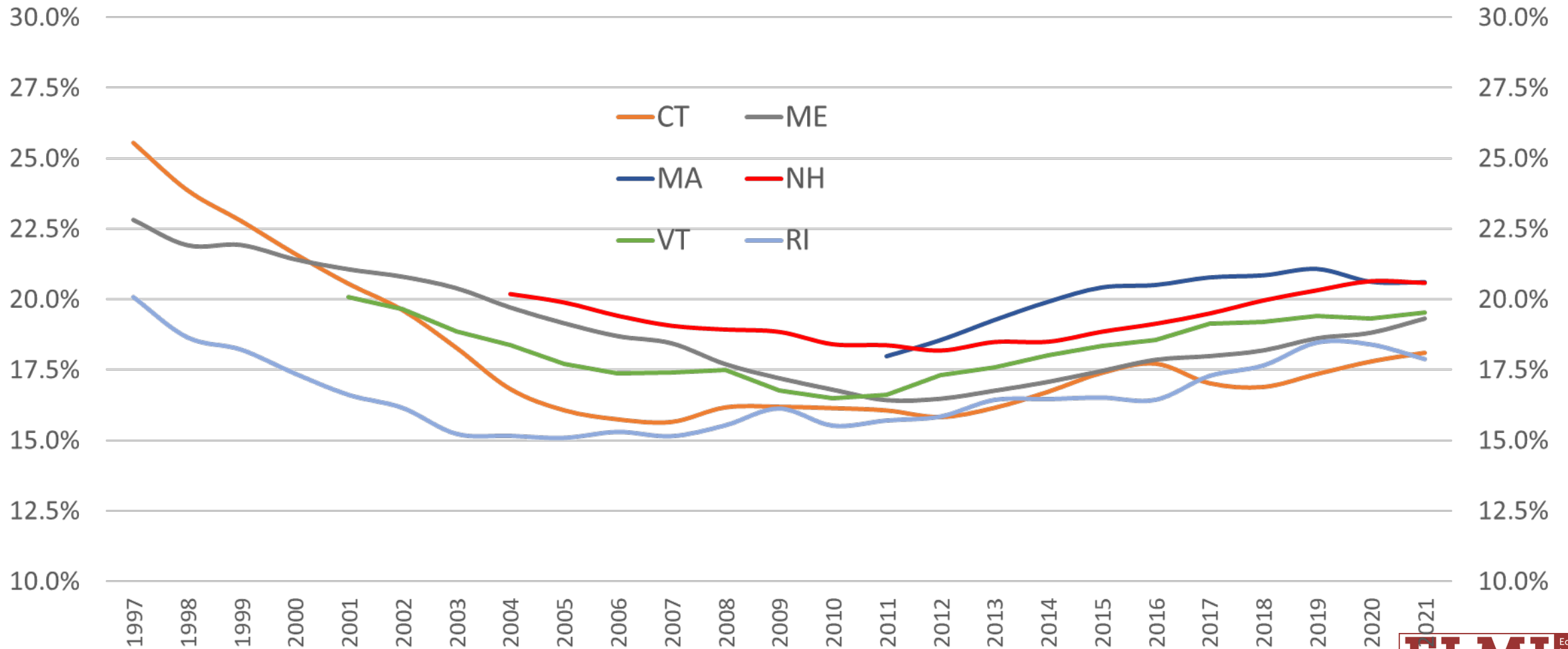
The Public Sector Workforce is Older and is Not Attracting Younger Workers – In an Era of labor Shortages a High Number of Retirements and Limited Ability to Attract Younger Workers Suggests Severe Labor Constraints

Ratio of Workers 22-35 to Workers 55+ in 2021



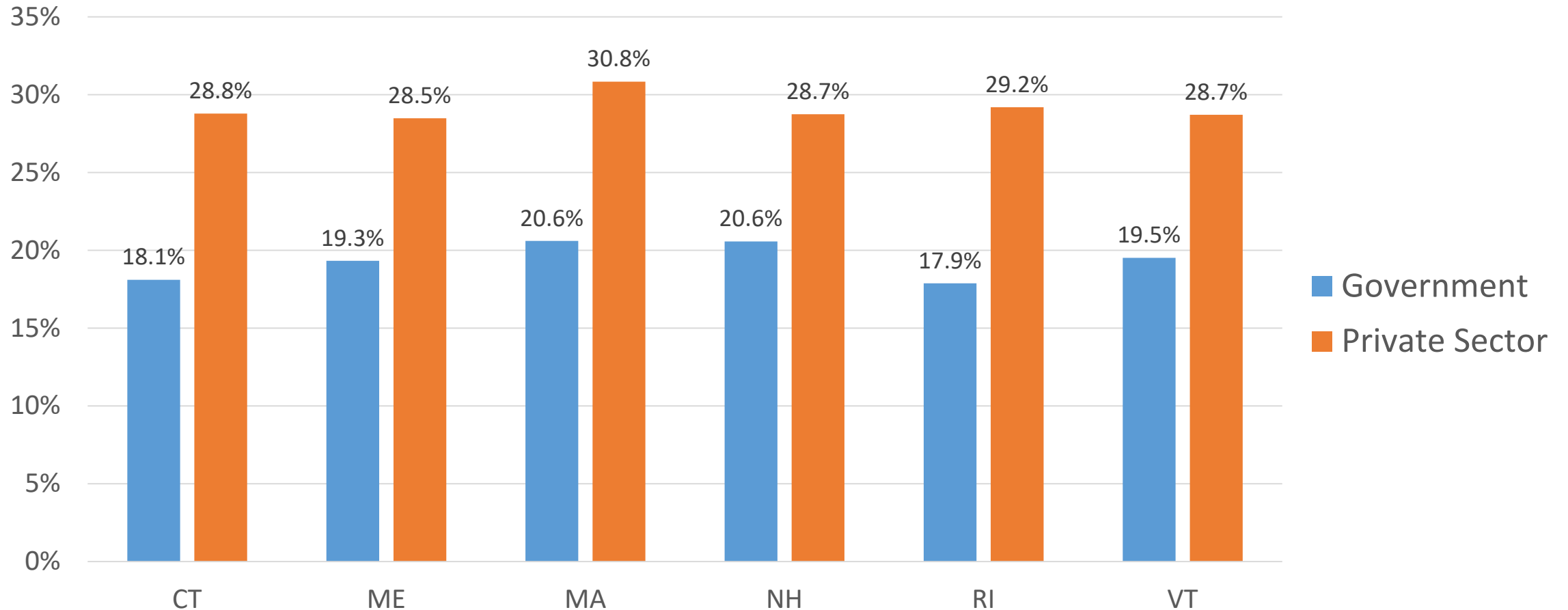
As the Public Sector's Older Workforce Retires and the Largest Demographic Generation in Our Nation's History (Millennials) Entered the Labor Force, the % of Younger Workers in Govt. Stabilized – Can We Attract Young Workers When Workplace Flexibility is Key?

Percent of Adult (Ages 22+) Public Sector Workers That are Under 35



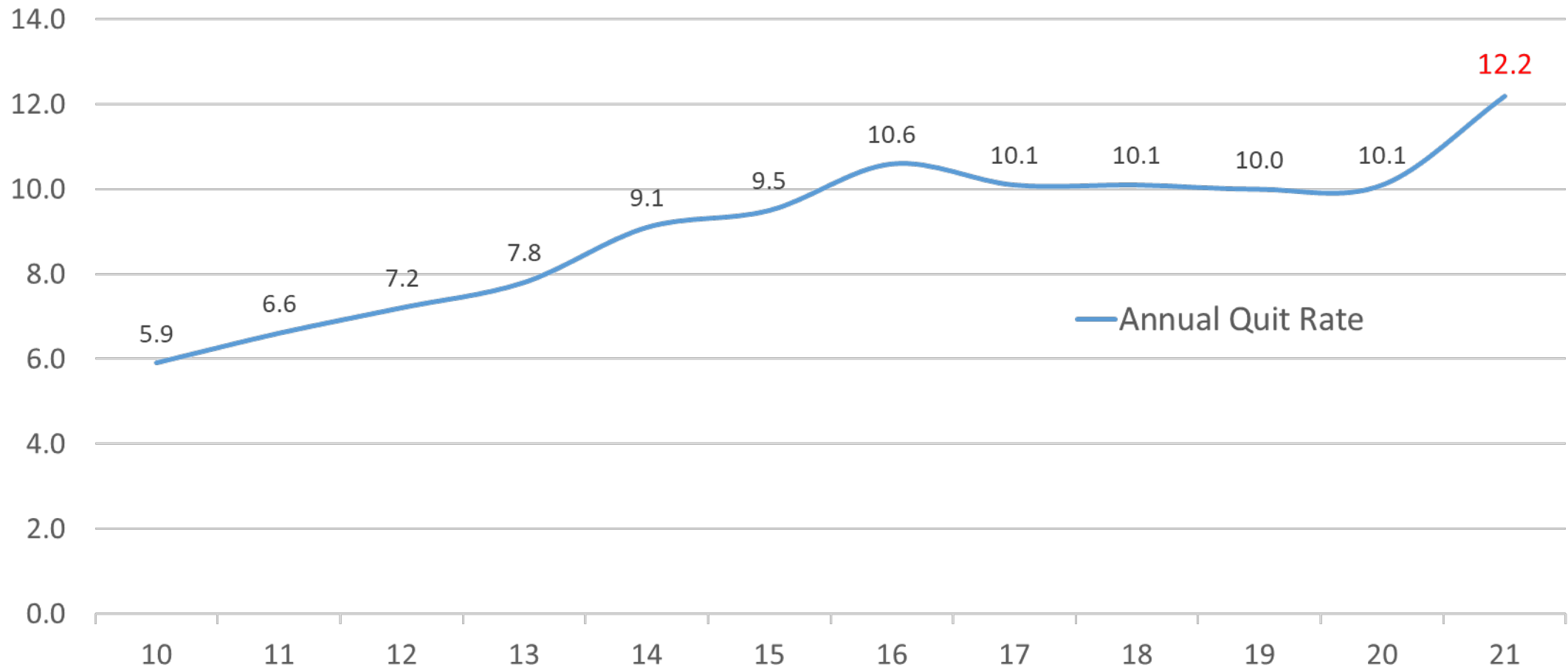
The Ratio of Younger to Older Workers is Much Lower in the Public Sector

% of Adult Workers (Ages 22+) That are Ages 22-34 (Q1 2021)

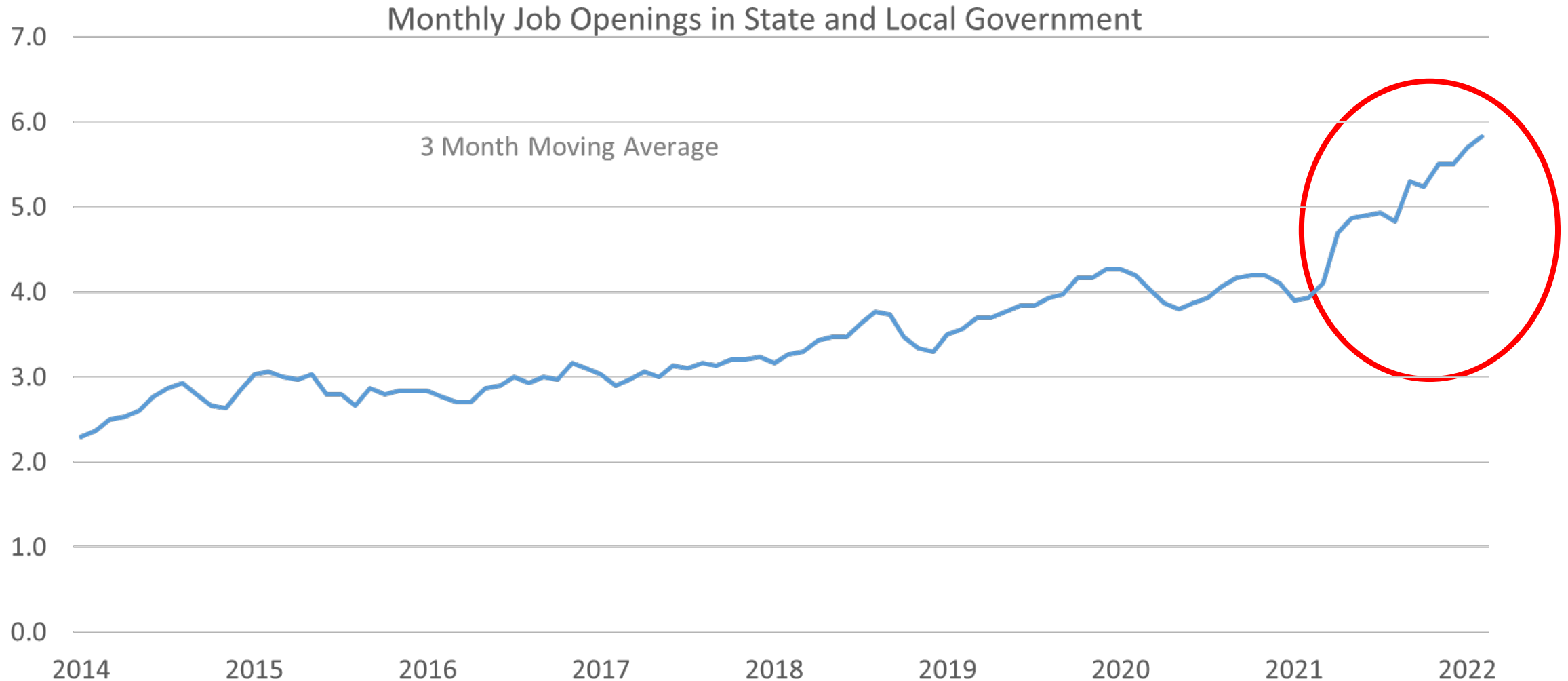


Quit Rates are Exacerbating Workforce Issues in the Public Sector and Have Jumped During the Pandemic

Annual Quit Rates .in State & Local Government

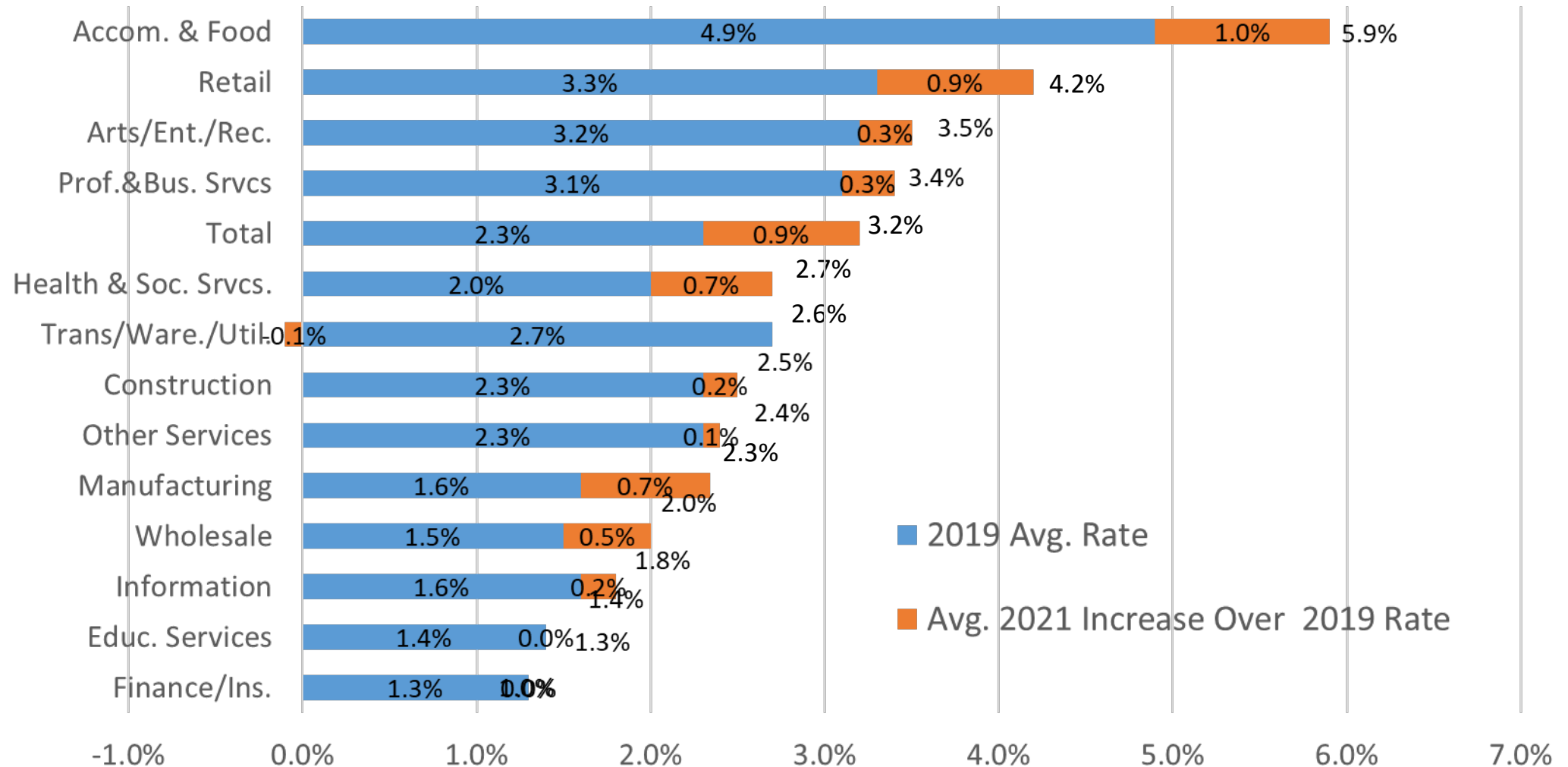


Monthly Job Opening Rates in State & Local Government (Non-Education) Have Gradually Risen (as an Older Workforce Retires) But Opening Rates Increased Dramatically in 2021 With Rising Separations (Quits, Retirements, etc.)



Quit Rates are Beginning to Fall After Rising Sharply in the First Half of 2021 but The “Churn” in the Labor Market is Adding to Hiring Difficulties and Costs

Monthly National Quit Rates by Industry



Employers are Paying Workers to Stay (Public Sector is Especially Challenged in this Area) – Employment Costs Have Risen Most Where Quit Rates Have Risen the Most, Again, Limiting the Public Sector’s Ability to Address Rising Quit Rates

