

New Hampshire ECONOMIC CONDITIONS

March 2024

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Income in New Hampshire

Per capita income in New Hampshire increased to \$77,635 in the third quarter of 2023, a 4.5 percent increase over the third quarter of 2022. According to the Personal Consumption Expenditures (PCE) Index, inflation increased 3.4 between September 2022 and September 2023, meaning inflation-adjusted per capita income increased 1.1 percent.

Increased federal benefits spending during the pandemic resulted in large over-the-year income gains in 2020 and the first quarter of 2021. However, inflation rose at a faster rate than per capita income in six of the following seven quarters, leaving income-adjusted per capita income in New Hampshire essentially the same in 2022 as it had been prior to the pandemic. Inflation began to slow in the second half of 2022, and inflation-adjusted per capita income increased in the first three quarters of 2023.

Income includes three components: earnings (wages, salaries, and benefits from an employer), income from dividends, rent and interest, and transfer

payments (payments for which there are no goods or services exchanged, such as Social Security payments and other government social benefits).

Net earnings accounted for a smaller share of income in 2020 and 2021, as many workers lost jobs or worked reduced hours during the pandemic. The share of income from earnings returned to pre-pandemic levels in 2022 and 2023. The share of income from dividends, interest and rent fell during the pandemic as well, from 17.6 percent in 2019 to 16.0 percent in 2021. This share increased slightly to 16.6 percent in 2022 and over the first three quarters of 2023.

Increased government benefits spending during the pandemic caused the share of income from transfer receipts to increase from 14.9 percent of income in 2019 to 18.2 percent in 2020, followed by 18.0 percent in 2021. The share of income from transfer payments fell to 15.7 percent of income in 2022 and 15.6 percent over the first three quarters of 2023 but remained above pre-pandemic levels.

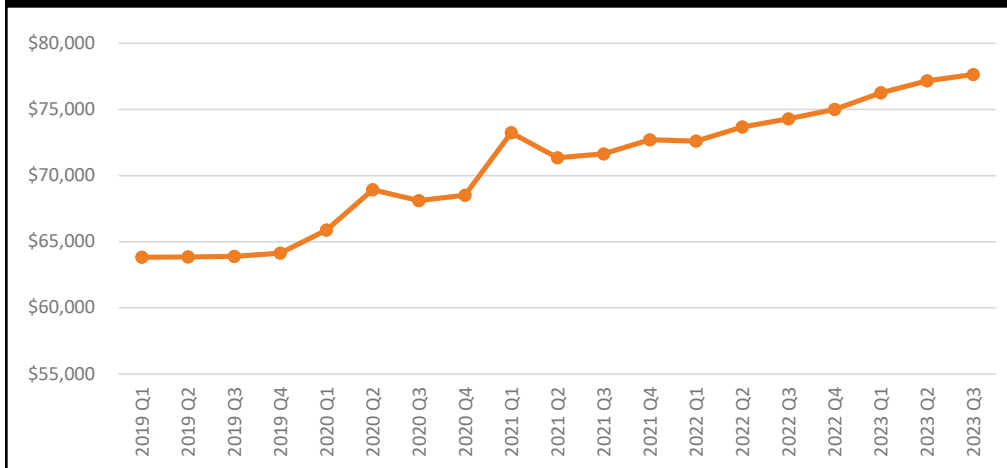
While most pandemic-related benefit programs ended prior to 2022, expanded Medicaid eligibility continued until March 2023, and likely contributed to the increased share of income from transfer receipts in 2022 and 2023.¹ Nationwide, Medicaid enrollment increased by 23 million during the pandemic. Income from personal current transfer receipts declined slightly after the first quarter of 2023, after expanded eligibility ended.

New Hampshire's growing senior population likely contributed to an increasing share of income from transfer receipts as well, as these individuals are eligible to receive benefits such as social security and Medicare. The U.S. Census Bureau estimates that the number of New Hampshire residents age 65 or older increased by nearly 23,000 between 2020 and 2022.

Income Distribution and Poverty

The share of New Hampshire households with income of \$150,000 or more increased from 19.0 percent in 2019 to 26.5 percent in 2022 (not adjusted for inflation). The share of

Per Capita Personal Income



Source: U.S. Bureau of Economic Analysis

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1 Jennifer Tolbert and Meghana Ammula, "10 Things to Know About the Unwinding of the Medicaid Continuous Enrollment Provision," Kaiser Family Foundation, June 9, 2023. <https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-the-unwinding-of-the-medicaid-continuous-enrollment-provision/>.

households earning at least \$200,000 increased more than 50 percent, from 9.8 percent in 2019 to 15.0 percent in 2022.

The share of households with incomes less than \$100,000 fell from 62.3 percent in 2019 to 54.8 percent in 2022. The decrease was particularly large among households with income below \$50,000, which fell from 31.3 percent to 25.7 percent, an 18 percent decline. This suggests income gains since 2019 were widespread among New Hampshire households.

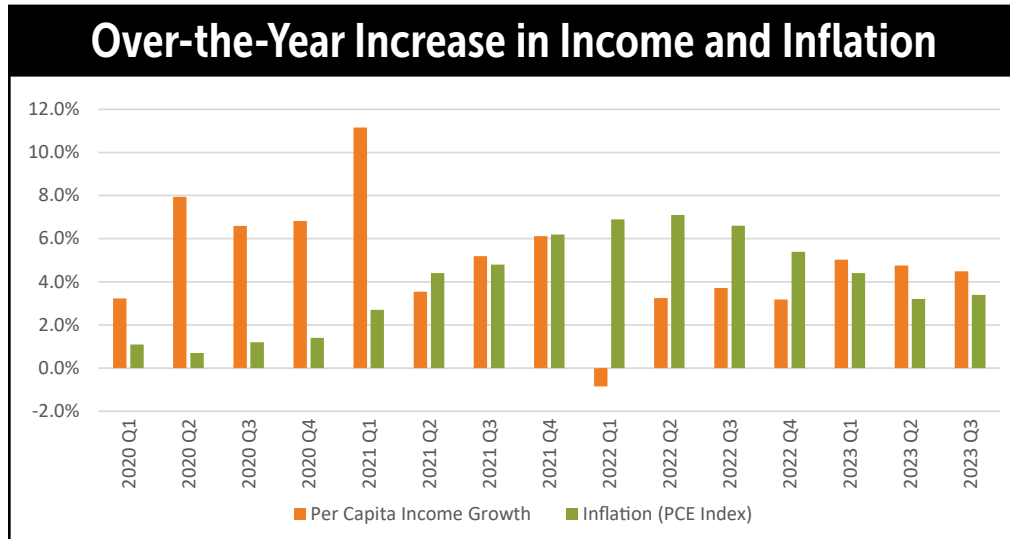
In 2022, 7.2 percent of New Hampshire residents lived in households with incomes below the poverty level, essentially the same as in 2019. The poverty threshold varies based on total household size and the number of related children under age 18 in the household; for a four-person household, the 2023 poverty threshold ranged between \$30,900 and \$31,942 per year.

Nationwide, the poverty rate increased during the pandemic, from 10.5 percent in 2019 to 11.4 percent in 2020. However, the Census Bureau’s Supplemental Poverty Measure (SPM), which includes non-cash income from government programs intended to assist low-income families and individuals (SNAP benefits, housing subsidies, tax credits, etc.) in its poverty rate calculation, measured a decline in poverty, as non-cash income from government programs increased drastically during the pandemic. The national SPM poverty rate fell from 11.7 percent in 2019 to 7.8 percent in 2021.² As pandemic-era programs ended, the national SPM poverty rate increased to 12.4 percent, exceeding the 2019 SPM rate.

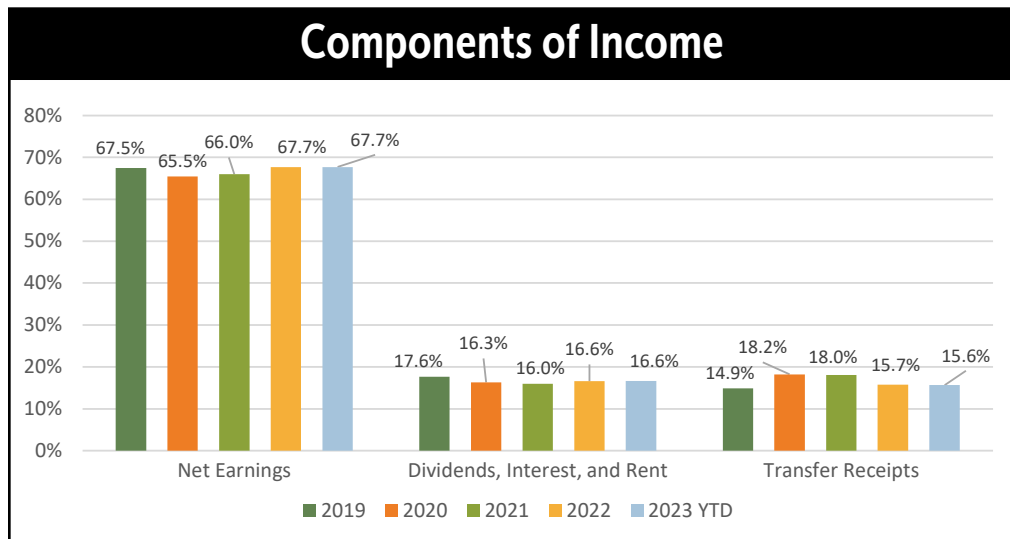
While the official poverty rate suggested poverty in New Hampshire remained at pre-pandemic levels, other data suggested an increase in New Hampshire residents who struggled to meet their basic needs. Rising prices, particularly for necessities like housing and food, have led to increased rates of food insecurity and homelessness. The New Hampshire Coalition to End Homelessness found the number of homeless residents increased from 1,382 in 2019 to 1,605 in 2022, a 16 percent increase.³ The U.S. Department of Agriculture’s household food security report found 6.2 percent of New Hampshire residents were food insecure between 2020 and 2022.⁴ The previous year’s report found 5.4 percent of New Hampshire residents were food insecure between 2019 and 2021, suggesting a substantial increase in food insecurity between 2019 and 2022.

Poverty Rates by Demographic Group

While New Hampshire’s overall 2022 poverty rate was essentially unchanged from the 2019 rate, poverty rates changed for some demographic groups between 2019 and 2022. The poverty rate for residents age 65 and older increased from 6.2 percent in 2019 to 7.9 percent in 2022. Poverty rates declined slightly for residents under age 18 and for those age 18 to 64, although the declines were not statistically significant. Inflation has a disproportionately large effect on retirees, whose retirement savings can be substantially reduced by rising costs.



Source: U.S. Bureau of Economic Analysis



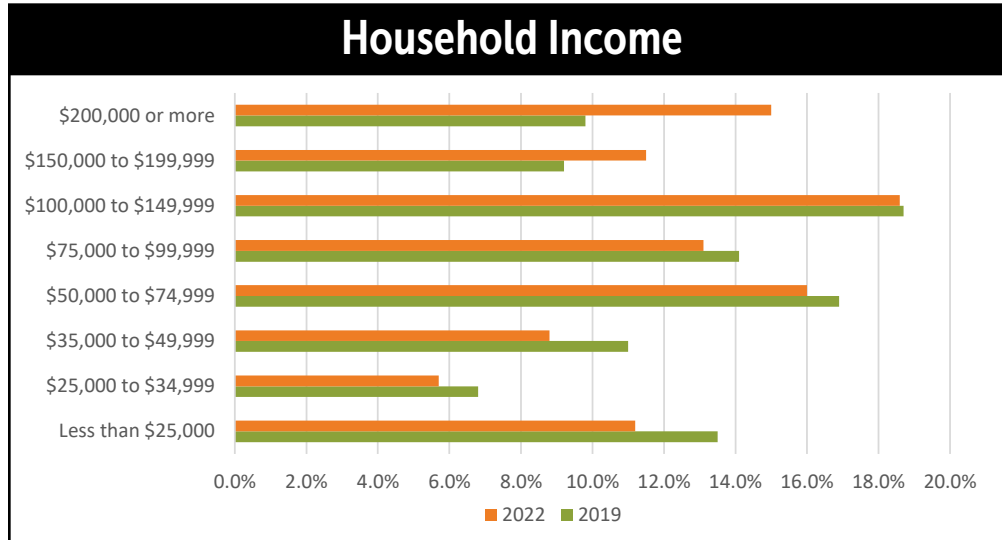
Source: U.S. Bureau of Economic Analysis

2 State SPM rates are a three-year average (2020-2022), and do not yet measure a post-pandemic change in poverty for New Hampshire.
 3 NH Coalition to End Homelessness, "The State of Homelessness in New Hampshire, Annual Report 2022." <https://www.nhceh.org/wp-content/uploads/2023/12/NHCEH-2022-Annual-Report-Final.pdf>.
 4 Matthew P. Rabbitt, et al., "Household Food Security in the United States in 2022," U.S. Department of Agriculture. <https://www.ers.usda.gov/webdocs/publications/107703/err-325.pdf?v=1186.8>.

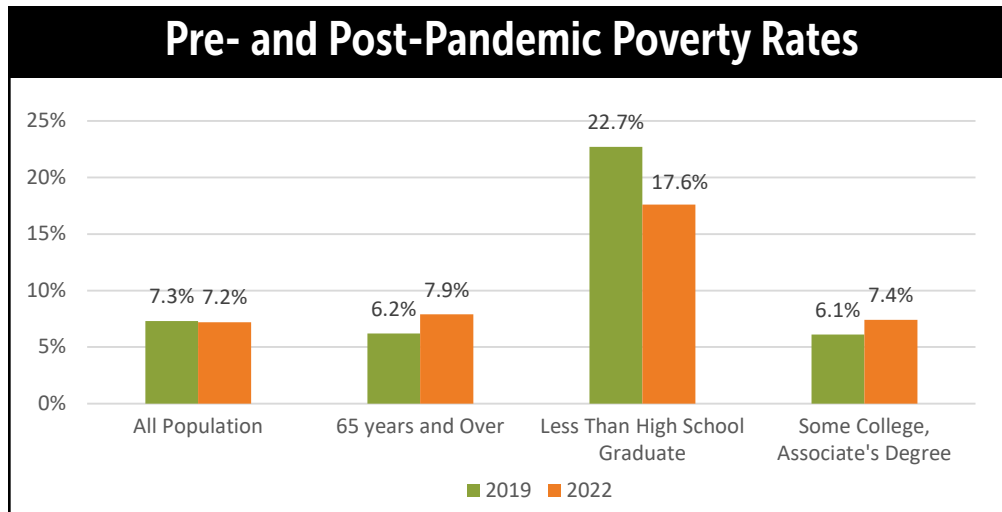
Poverty rates increased among residents (age 25 or older) with some college or an associate’s degree, from 6.1 percent in 2019 to 7.4 percent in 2022. While residents with less than a high school diploma had a higher overall poverty rate than

residents with higher levels of education, the poverty rate for this group declined from 22.7 percent in 2019 to 17.6 percent in 2022.

– Greg David, Economist



Source: U.S. Census Bureau, American Community Survey



Source: U.S. Census Bureau, American Community Survey