

Demographic Myths and Realities, Challenges and Opportunities in NH

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Demographics is Destiny



Why is Demographics Destiny?

- Determines size and age composition of population
- Determines characteristics of the labor force
- Migration patterns increasingly determine population growth/decline
- It dramatically shapes the role of government and influences expenditures and revenues
- Determines size and nature of economic growth



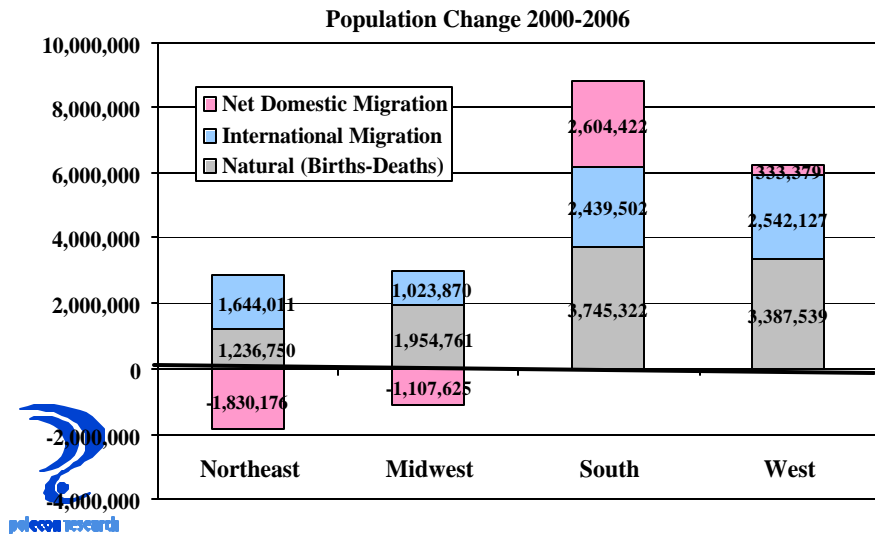
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The Big Big Picture: NH in a National and Regional Context



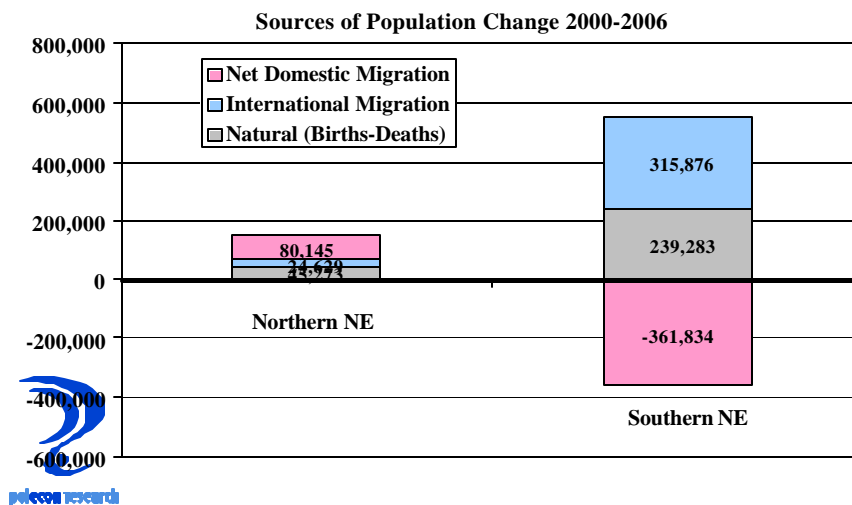
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The Northeast Continues to Have Population Growth but it is Losing Out to the South and West
(Residents Fleeing the Northeast)



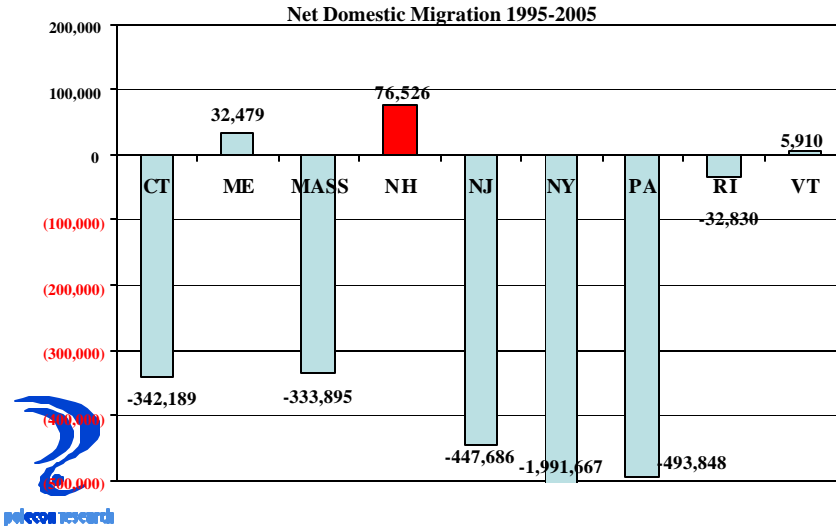
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Northern New England (Mostly NH and Maine) Attract Residents From Other States While International Migration Keeps Southern NE from Pop. Losses



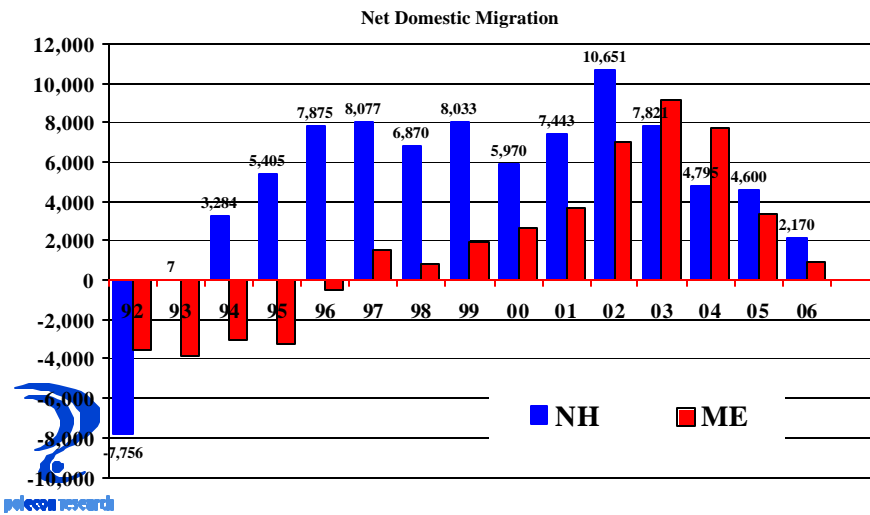
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Migration is the “Purest Form of Voting” and People are not “Voting”
for the Northeast
(NH May Have Kept Many From Leaving the Region)



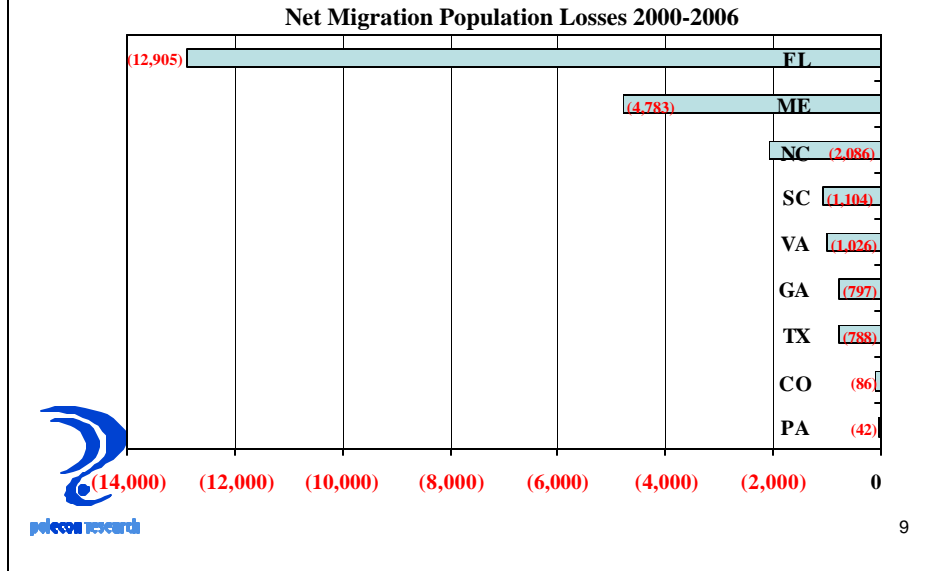
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Migration to NH Has Slowed and Until Recently, Had Been
Increasing in Maine



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NH Net Migration Loses are Mostly to the South, While Gains Come From the Northeast (Except Maine) – Mostly From Massachusetts



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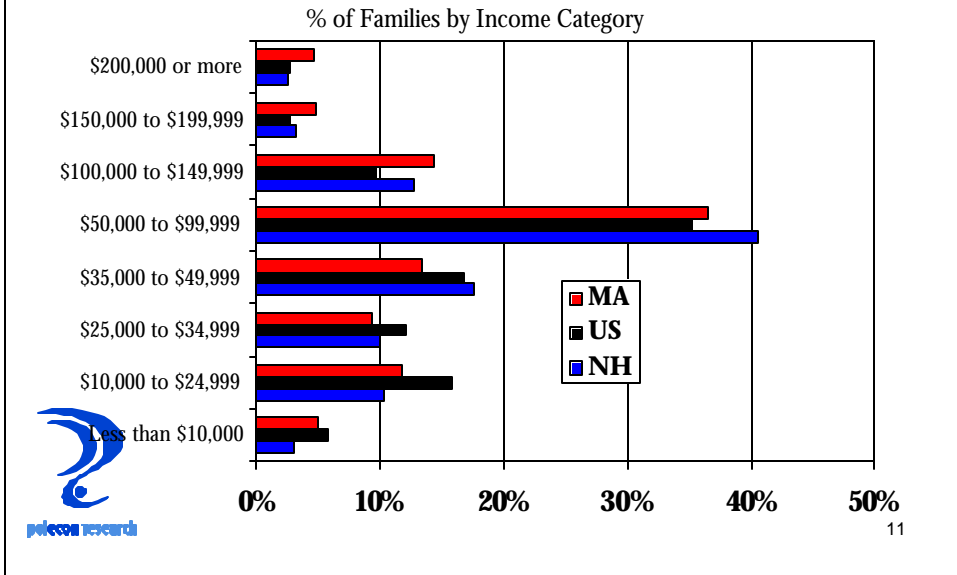
Keys to NH's Success in a Slow Growth Region

- First, it had available and lower cost land (but others did too)
- Lower production costs (land and labor) spawned 'branch plants'
- "Snowball" increase in educated and skilled labor
- Large increase in "talent" (and a recession or two) helped state increase innovation and level of technology
- Ultimately, economic "freedom" helped make NH the choice among states for both people and businesses
- Developed critical mass of entrepreneurs and entrepreneurial ventures and institutions
- Kept a good climate for middle income residents who are the "glue" for a society
- *Bucked regional population trends* by "soaking-up" many well educated residents who might otherwise have left the region



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NH is Not a “Haven for the Rich” (it May be a Haven for the Middle Class). NH’s Great Strength is its Broad Middle Class

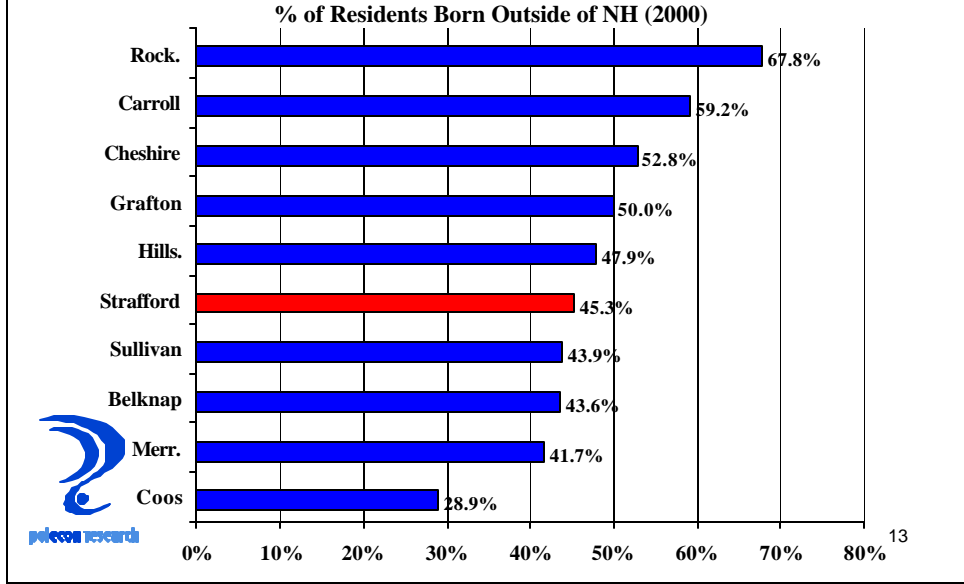


Impacts of Demographic Changes

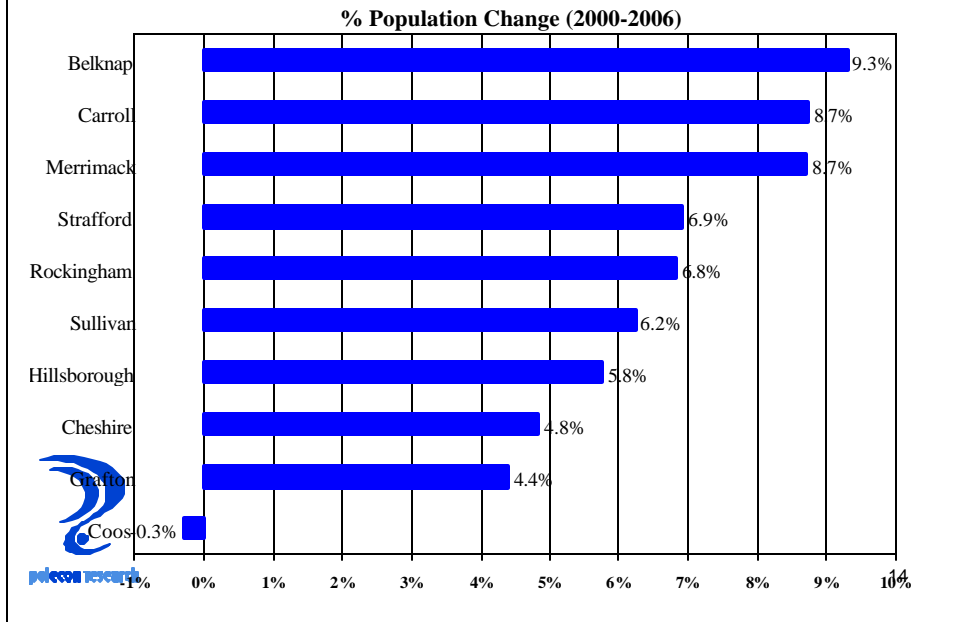
- Characteristics of residents and communities
 - Newcomers vs. long-time residents
 - Change vs. tradition
 - Immigrants vs. U.S. born
 - “Us” vs. “them”
- Age composition of the population
- Labor force
- Government spending and revenues



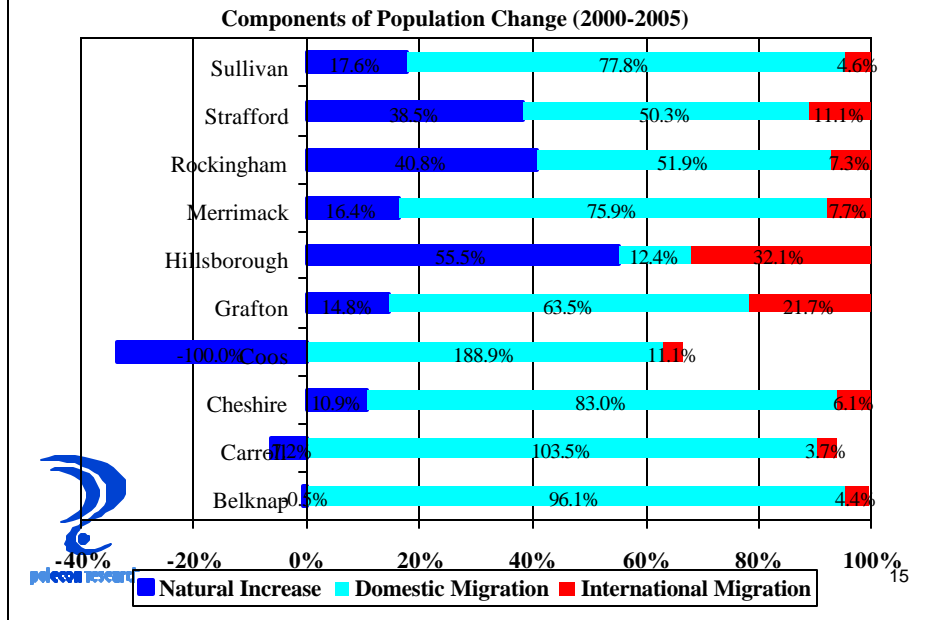
Compared to Rockingham & Carroll, the Changes Brought by Migration to Strafford County Have Been Slower to Develop (But are Increasing)



Pop. Growth Has Been Reaching Farther North



And the Components of Change are Different

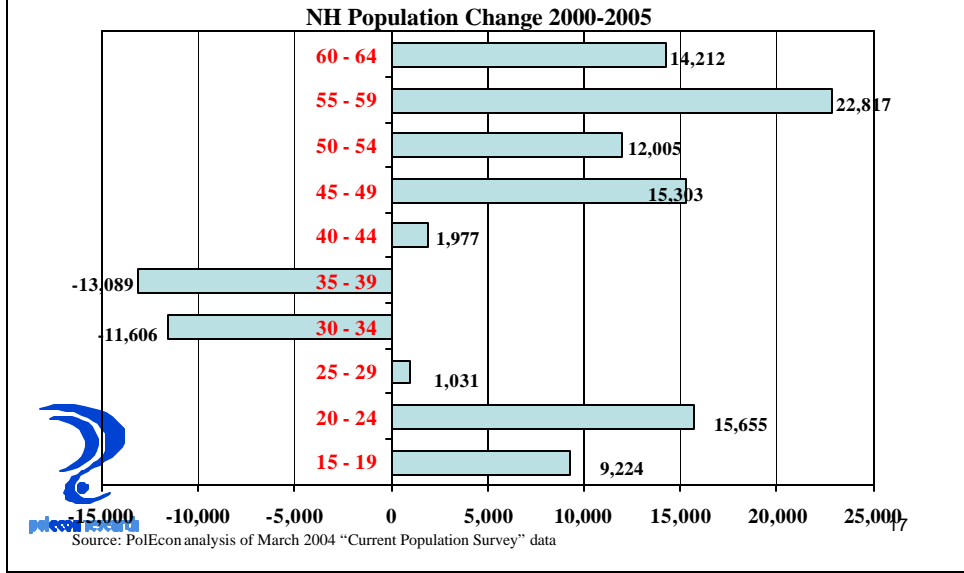


Aging of a Population is the Inevitable Result of Economic Progress in Developed Societies

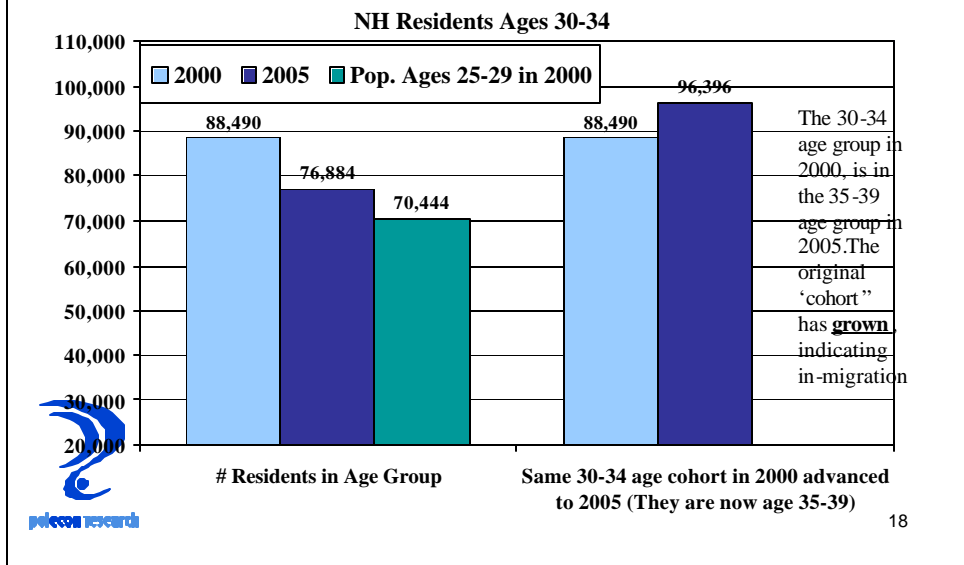
- Lower fertility
- Lower mortality
- It happens to all developed countries
- It doesn't mean there aren't challenges but we shouldn't be surprised by it or attribute it to factors that have little impact on it.



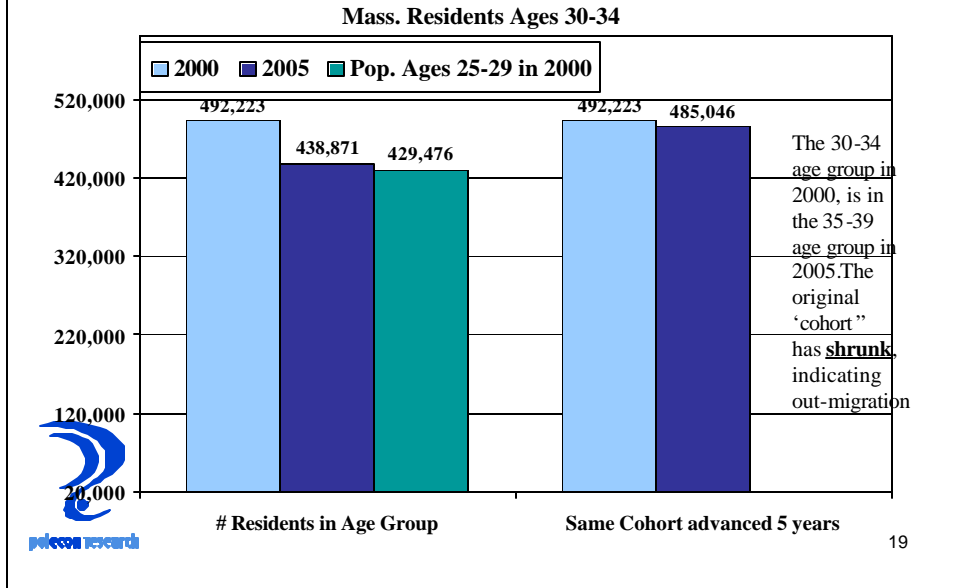
NH's Population Changes Don't Lie, But Used Incorrectly, they Produce Misleading Conclusions: "NH is Losing Young Families"



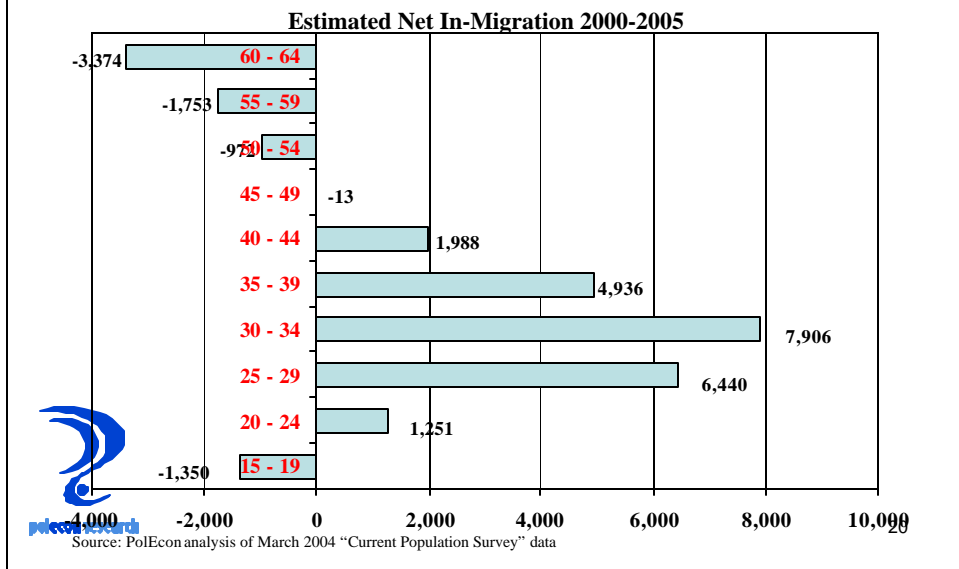
The Faulty Logic Of NH "Losing Young Workers": The Difference Between Getting Older ("Age Progression") And Moving Out-of-State



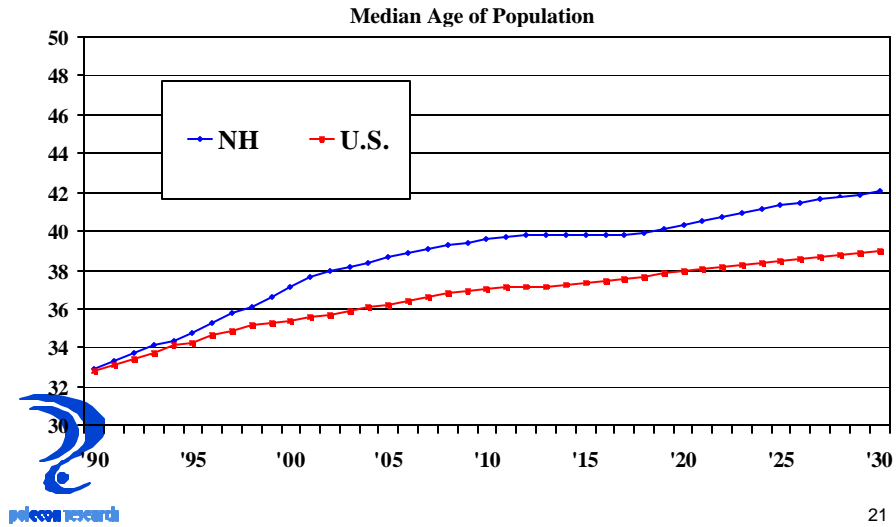
In Contrast, Mass. Shows Real Losses From the Cohort Between 2000 and 2005



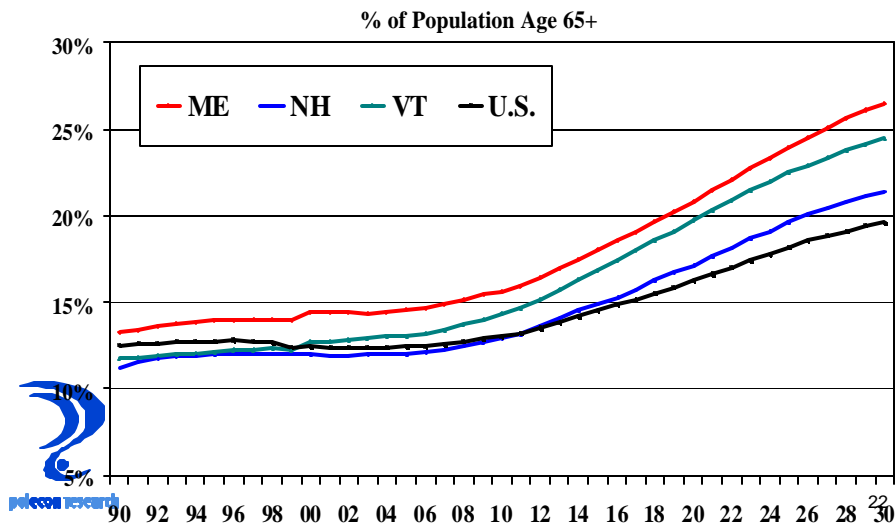
The Number of NH Residents Ages 30-34 in 2005 Should Equal the Number of Residents Ages 25-29 in 2000 Less Deaths, and +/- Net Migration Between 2000 and 2005 (Examined This Way NH Continues to Attract Young Households)



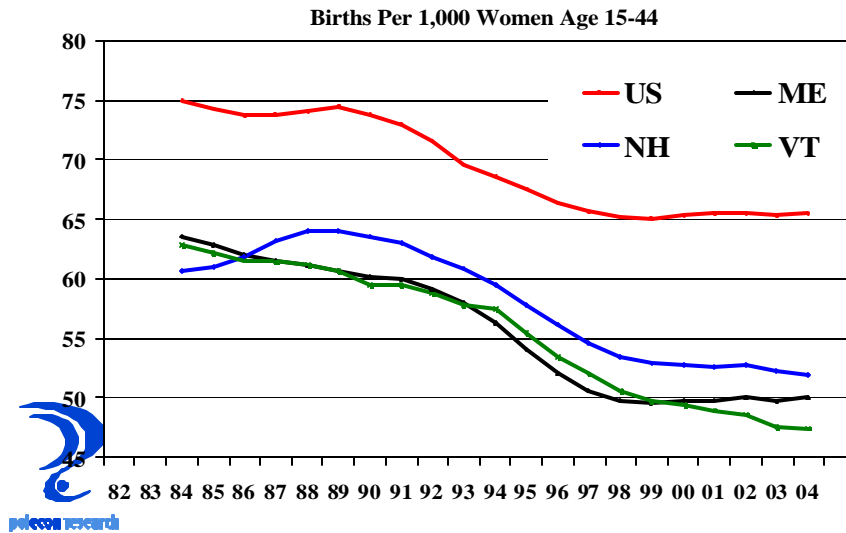
The Last 15 Years Saw NH Age Significantly Relative to the U.S. but that Trend Will Not Accelerate (Although Relative to Some States it Will)



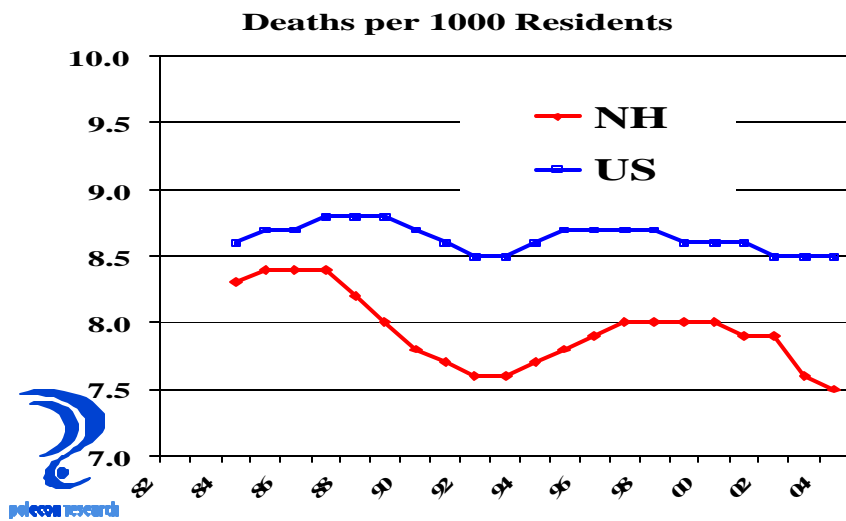
NH Ranks 16th in Pct. Of Residents Age 65+ and Compared to Our Neighbors, NH's Age Demographic Challenges Are More Manageable



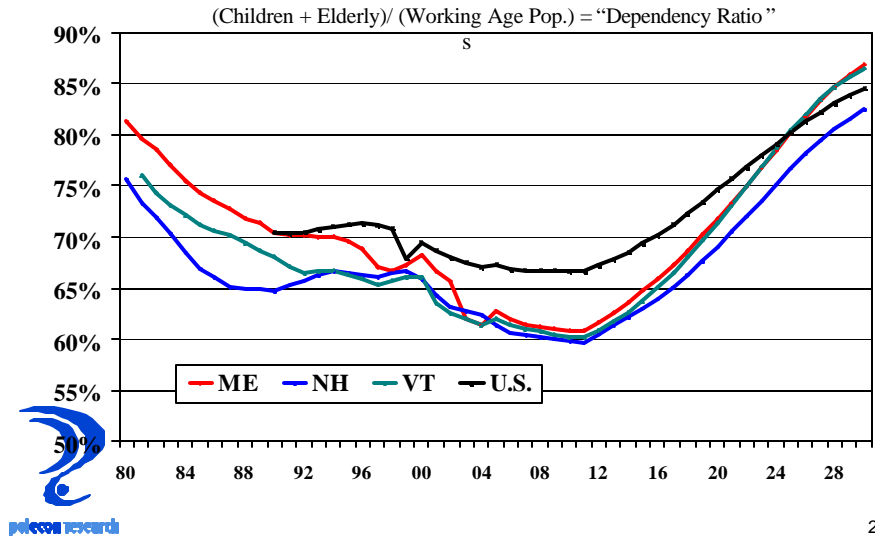
VT, ME and NH Have The Lowest Fertility Rates in the U.S., Boosting Median Age. If NH's Fertility Rate Matched the U.S. 68,000 More children would Have Been Born Since the early 80's



Mortality Rates (we Have Healthier and Wealthier Older Residents – On Average) Are Lower And Declining Faster Than The US Rates, Boosting Median Age More in NH

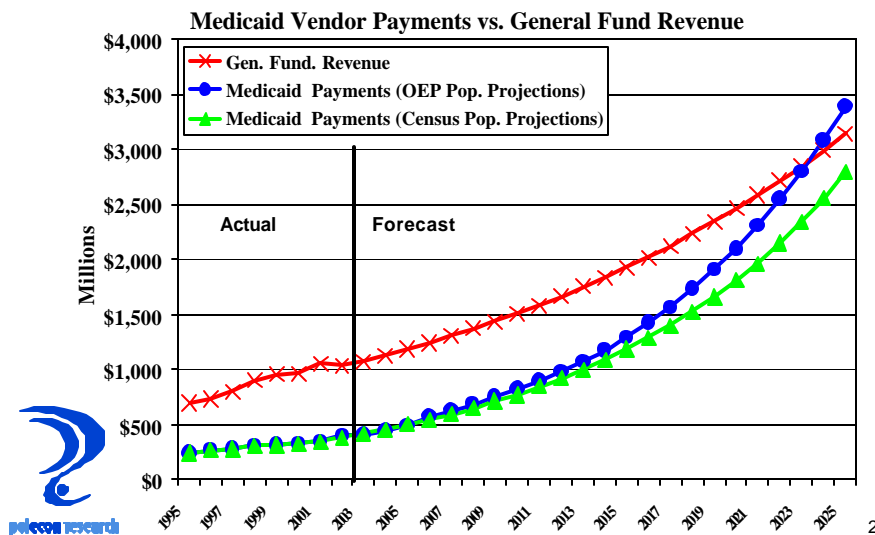


The “Dependency Ratio” is What Matters, Not Median Age, As the Ratio Rises, the Ratio of Production to Consumption Changes



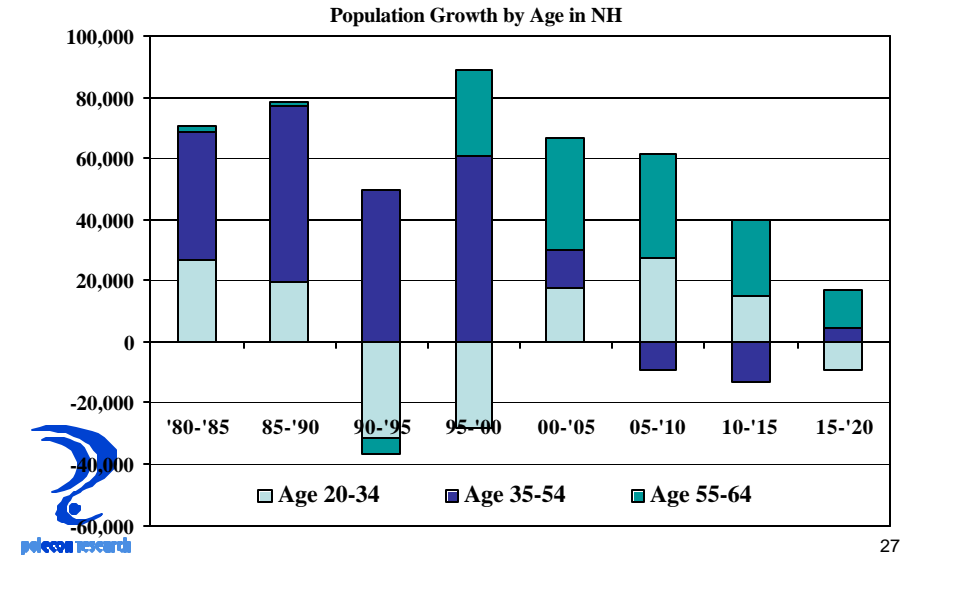
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If Trends From the Early 2000’s Were Maintained, Medicaid Vendor Payments Would Consume All NH General Fund Revenue

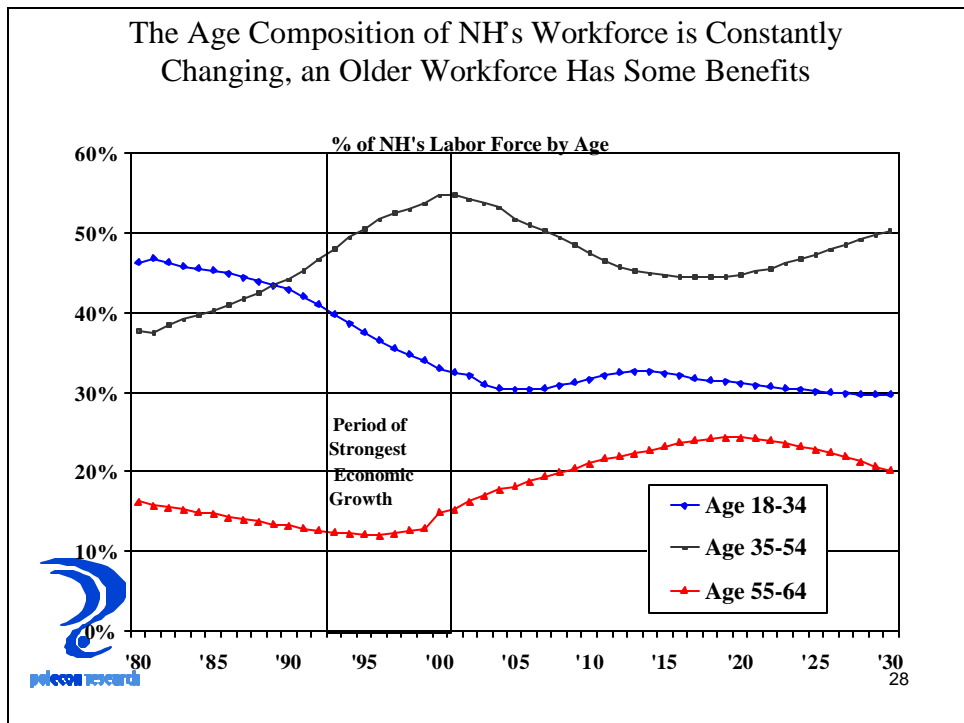


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The Concern: Labor Force Growth in NH Will Decline Significantly, It Will Be Concentrated Among Older Workers, and Combined With Retirements Will Create Severe Labor Shortages



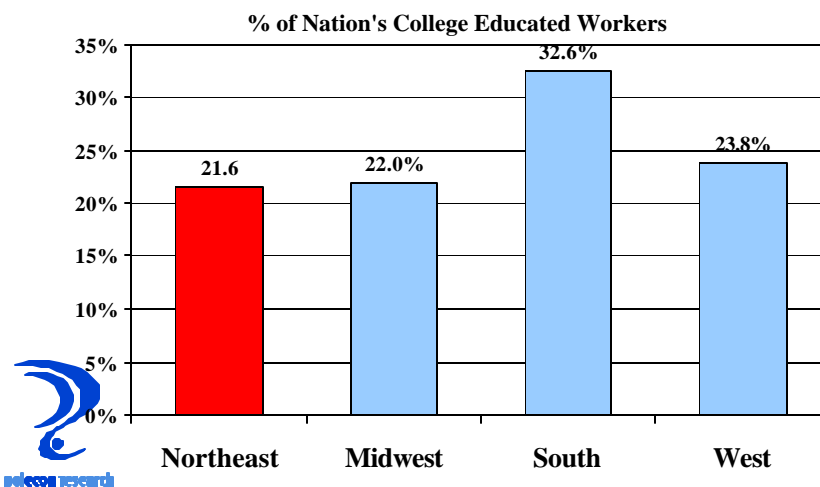
The Age Composition of NH's Workforce is Constantly Changing, an Older Workforce Has Some Benefits



“The most valuable resource in the 21st century is brains. Smart people tend to be mobile. Watch where they go because where they go robust economic activity will follow”

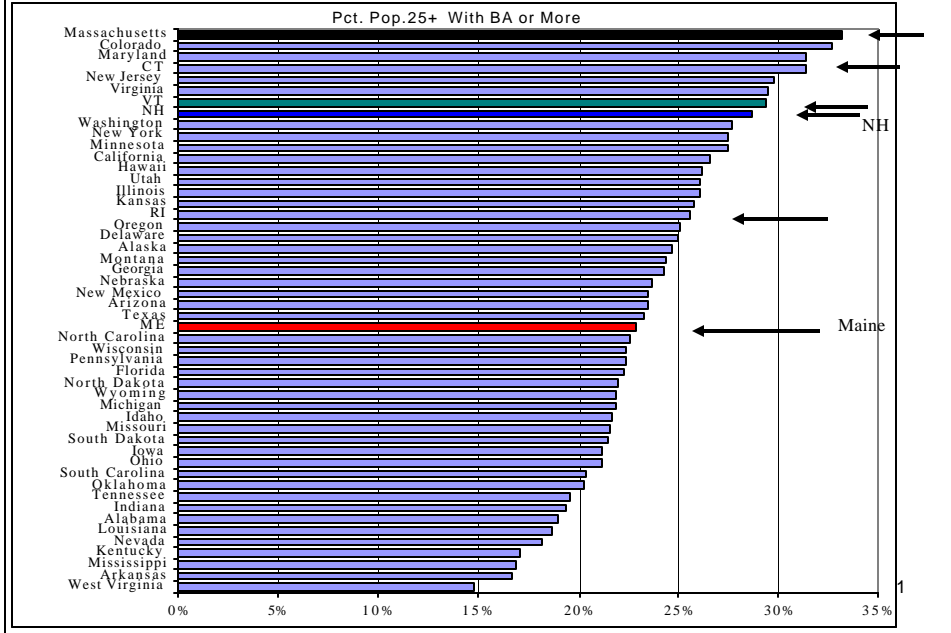


The Northeast Has a High Concentration of Well-Educated Workers But Because of Migration and Population Trends it has a Smaller % of the Country's Best Educated Workers

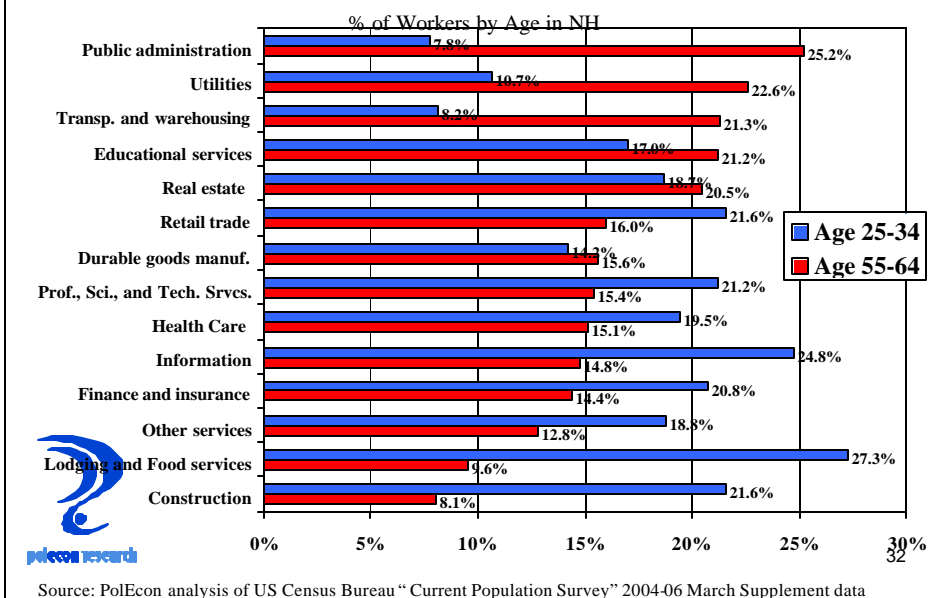


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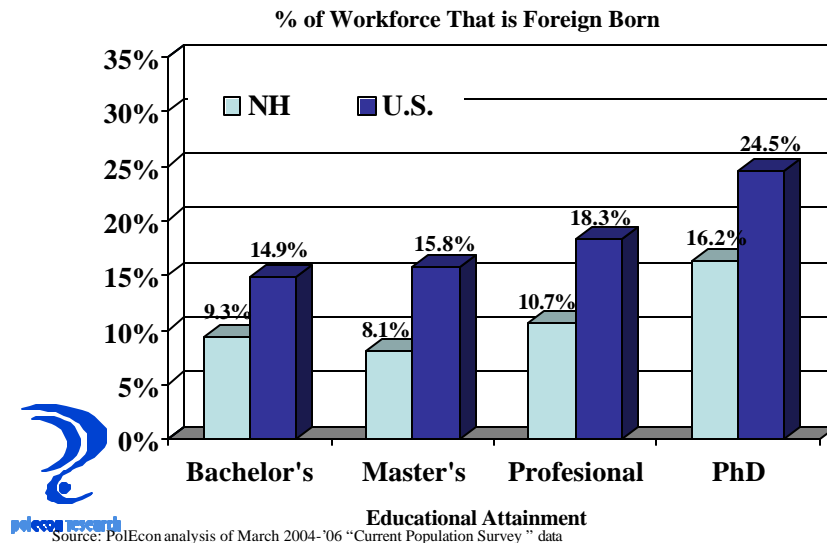
A Large Pct. Of NH's In-Migration Has Been Among Well-Educated – Boosting “Human Capital”



Some Industries Have Much Higher Concentrations of Older Workers and will Face Greater Challenges (Older Workers Tend to be Concentrated in Older Industries)



The Workforce is Increasingly Global and the U.S. and NH are Relying More on Foreign Born “Talent” Especially Among The Best Educated Workers



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A Few Conclusions

- The Northeast and New England face a large out-migration of residents and this makes it harder for NH grow
- Lower fertility and mortality rates are the primary cause of NH relative rise in median age, not housing costs, land use or state fiscal policies
- Each of these factors can influence age composition “at the margin”, but they will not change the trend toward a higher median age population
- More of the Seacoasts population growth is “natural” – despite relatively low levels of higher fertility demographics (we have more families)
- Immigration plays a small but increasing role role in population growth in the region
- NH’s Labor force will grow more slowly and NH is getting older but demographic “doomsayers” misunderstand the issue and more importantly the policy prescriptions
- NH is better positioned than any state in the Northeast to cope with demographic challenges



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