

March, 2014

Research Report

Measures of Economic Condition of Mt. Washington Valley, 2003 through 2012

Compiled by the Mt. Washington Valley Economic Council



Mt. Washington Valley Economic Council

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Background

In late 2004, the Mount Washington Valley Economic Council (MWVEC) initiated a project to select and track a number of statistical economic “indicators” that would help the Council and town and county administrators gauge the economic health of the region. It is the Council’s objective to look back in time several years to gain historical perspective, and to take a snapshot of the chosen indicators each year in the future, to observe the changes that take place in the region’s economy. Most important, it is the Council’s objective to communicate these indicators clearly to its various constituents: residents, business owners, educators, government officials, and other stakeholders in the Valley’s economy. This report has been updated with figures through 2012, along with additional editorial commentary where appropriate.

Purpose

The Council believes that a set of objective and observable measures of the region’s economic condition will help the Council focus its efforts at economic development, and will help federal, state, and local government administrators to formulate and implement public policy and funding as it relates to our region.

Scope

A comprehensive survey of economic and social indicators, including job statistics, education, health, poverty, crime, and concerns for the natural environment, is enormously complex, and well beyond the scope of work that can be accomplished by the Economic Council. In addition, a comprehensive statistical survey would probably not even be helpful for what the Council wants to accomplish. Instead, we chose to limit our focus to a narrow range of indicators centering on job and industry statistics, personal income levels, and education for Carroll County, New Hampshire and Oxford County, Maine, with comparative data for Rockingham County New Hampshire (the southern tier), the two states, and the country as a whole. In this report we have added statistics on housing costs, recognized as a key factor influencing people who are considering relocation to this area and others who must decide whether to remain in this area.

Choice of Indicators

The indicators we chose to track follow directly from the objectives of the Economic Council, which are to broaden and strengthen the economic base of the region. Quoting our booklet, *Overview of the Mt. Washington Valley Economic Council*, our mission is stated in direct economic terms as follows:

“The mission of the Mt. Washington Valley Economic Council (MWVEC) is to enhance our communities by fostering the formation of new businesses and attracting businesses to relocate to the area, with a commitment to helping them diversify, prosper, and enhance their sustainability, while preserving the region’s natural beauty.”

To gauge economic progress in the Mount Washington Valley, we chose to track the following indicators:

Measures of Employment

- Indicator 1: Average wages
- Indicator 2: Per capita personal income and median household income
- Indicator 3: Number of business establishments and employees
- Indicator 4: Employment by sector
- Indicator 5: Employment in certain industries with high earning potential

Measures of Economic Viability

- Indicator 6: Percentage of population below poverty level
- Indicator 7: Cost of Housing

Measures of Educational Development

- Indicator 8: Educational attainment of adult population
- Indicator 9: High school cohort graduation rate

Sources for this data are the following:

- U.S. Census data
- U.S. Bureau of Labor statistics
- County Business Patterns
- New Hampshire Department of Employment Security
- New Hampshire Department of Education
- New Hampshire Housing Finance Authority
- Maine Department of Labor
- Maine Department of Education

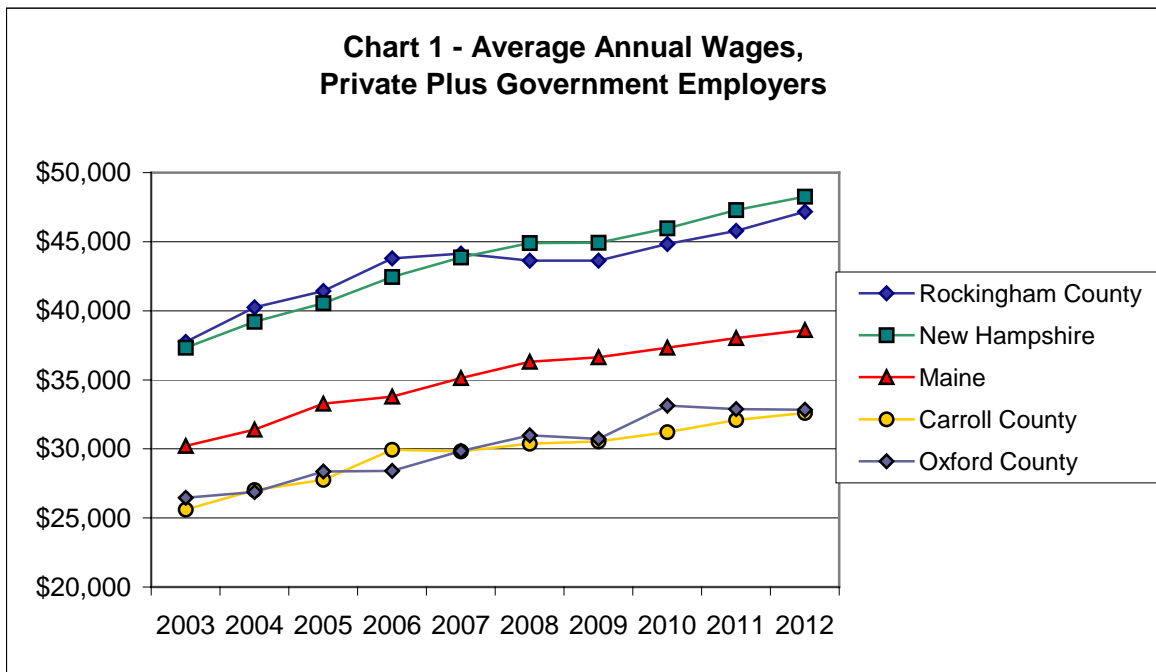
Demographic Note

A recent report issued by the NH Center for Public Policy predicts that the population in the Mount Washington Valley will continue aging and will result in 48% of the population being 65 or older within a decade. The challenge will be finding sufficient numbers of workers as the population ages. However, a corresponding opportunity exists to develop the many services which an aging population needs, such as adult day care centers, in-home services provided by aides and nurses, expanded transportation services, and expanded home deliveries of meals and material items.

INDICATOR 1: Average Wages

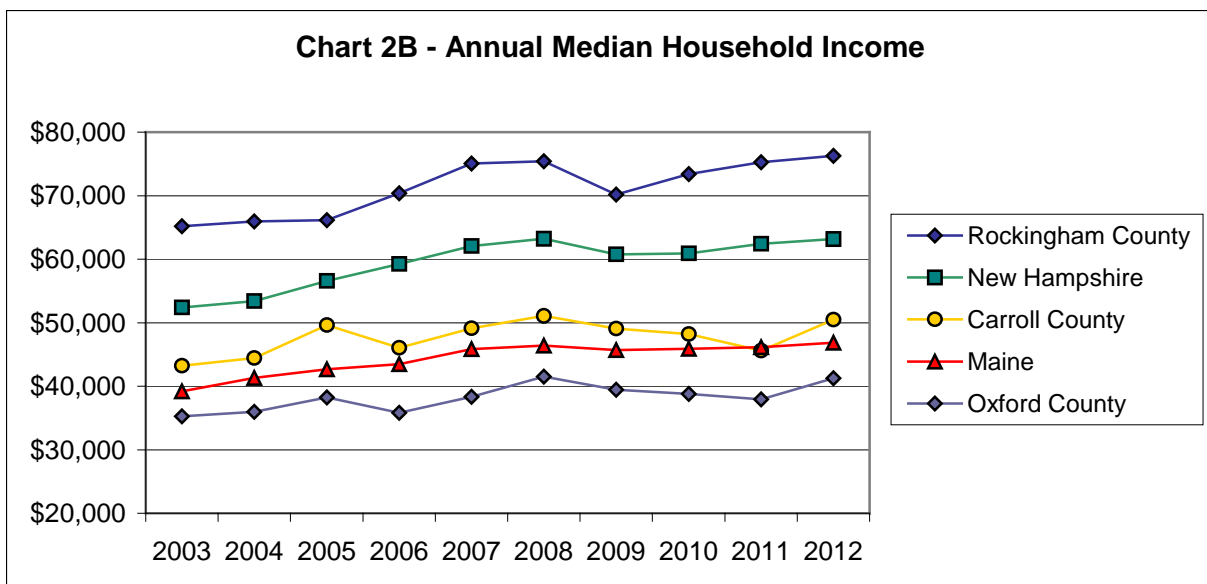
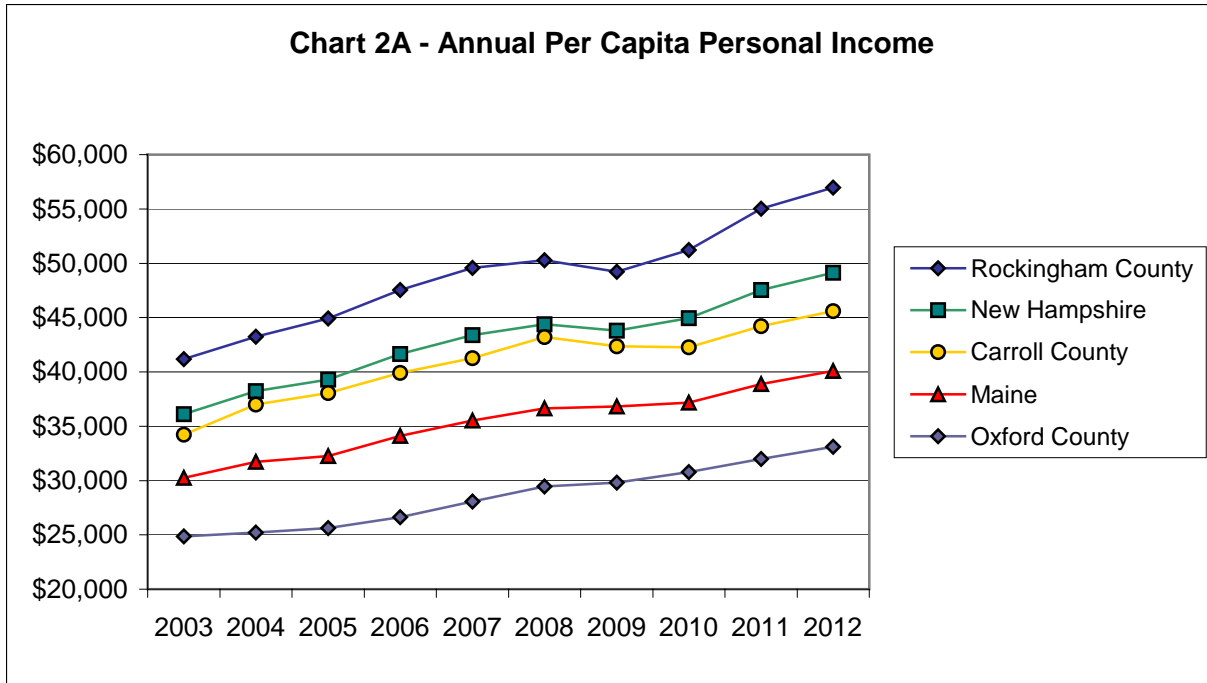
This data comes from New Hampshire “covered” wages, as determined by unemployment compensation reports. Therefore, it does not cover wages of business owners, self-employed professionals, and others not covered by unemployment compensation. The chart covers both Carroll County and New Hampshire as a whole, and Oxford County and Maine as a whole, for all covered workers. Rockingham County NH is included for reference.

Carroll and Oxford Counties are nearly equal, reflecting the similar economy of the two adjacent regions. However, average income statewide in New Hampshire is significantly higher than that of Maine, due to the high concentration of high-tech businesses in southern New Hampshire. Accordingly, you’ll see that wages in Rockingham County are slightly higher than those for New Hampshire as a whole.



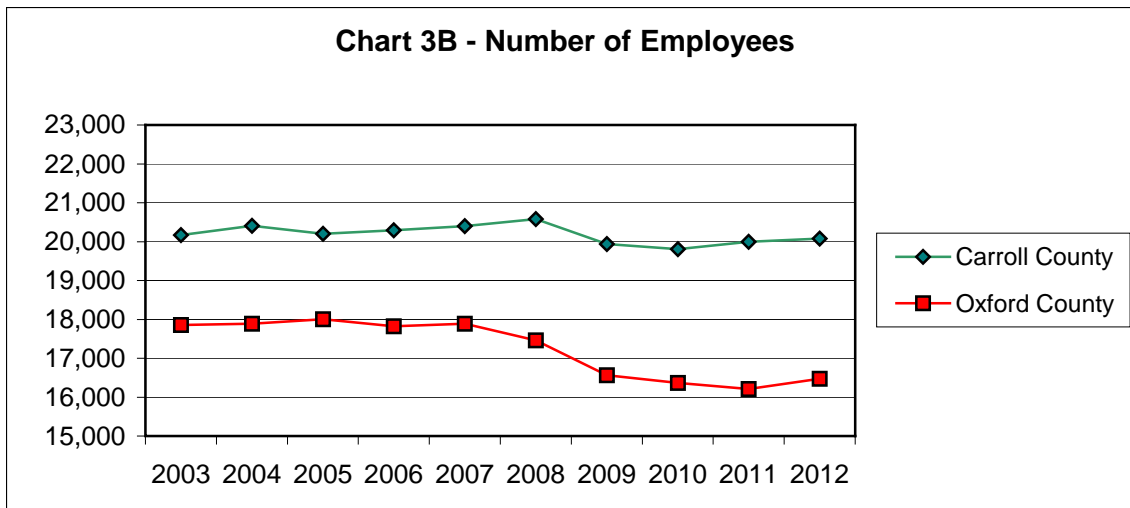
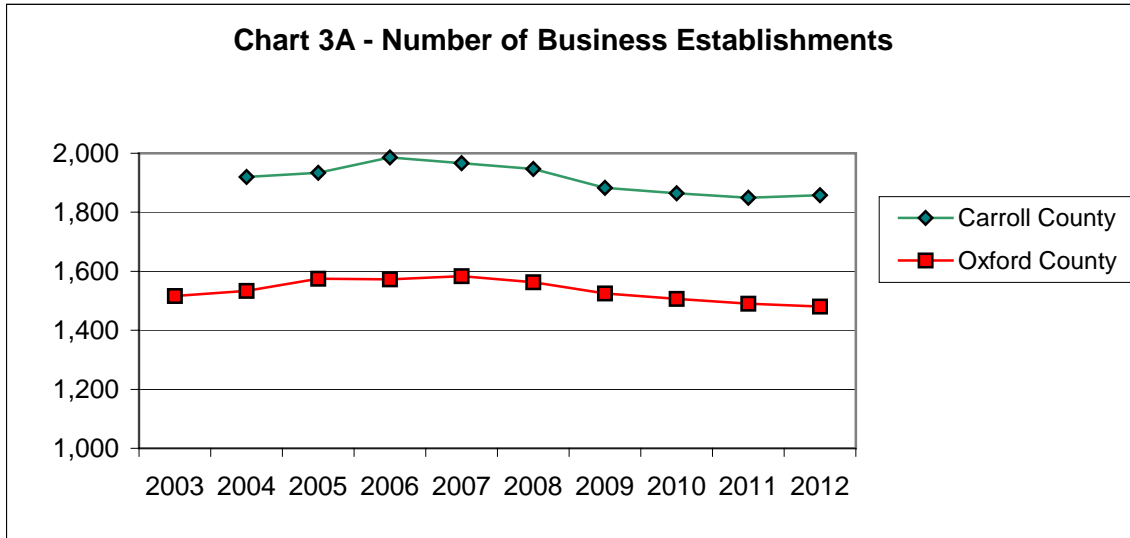
INDICATOR 2: Per Capita Personal Income and Median Household Income

This data includes income reported by all workers, not just those covered by unemployment compensation. The relative rankings of the five categories of Per Capita Personal Income are quite different, with Carroll County ranking much higher than Oxford County. This is probably due to the high concentration of retirees in Carroll County with unearned income. Median Household Income shows the same rankings as Per Capita Personal Income. Note that average income levels in Rockingham County are much higher than the state average.



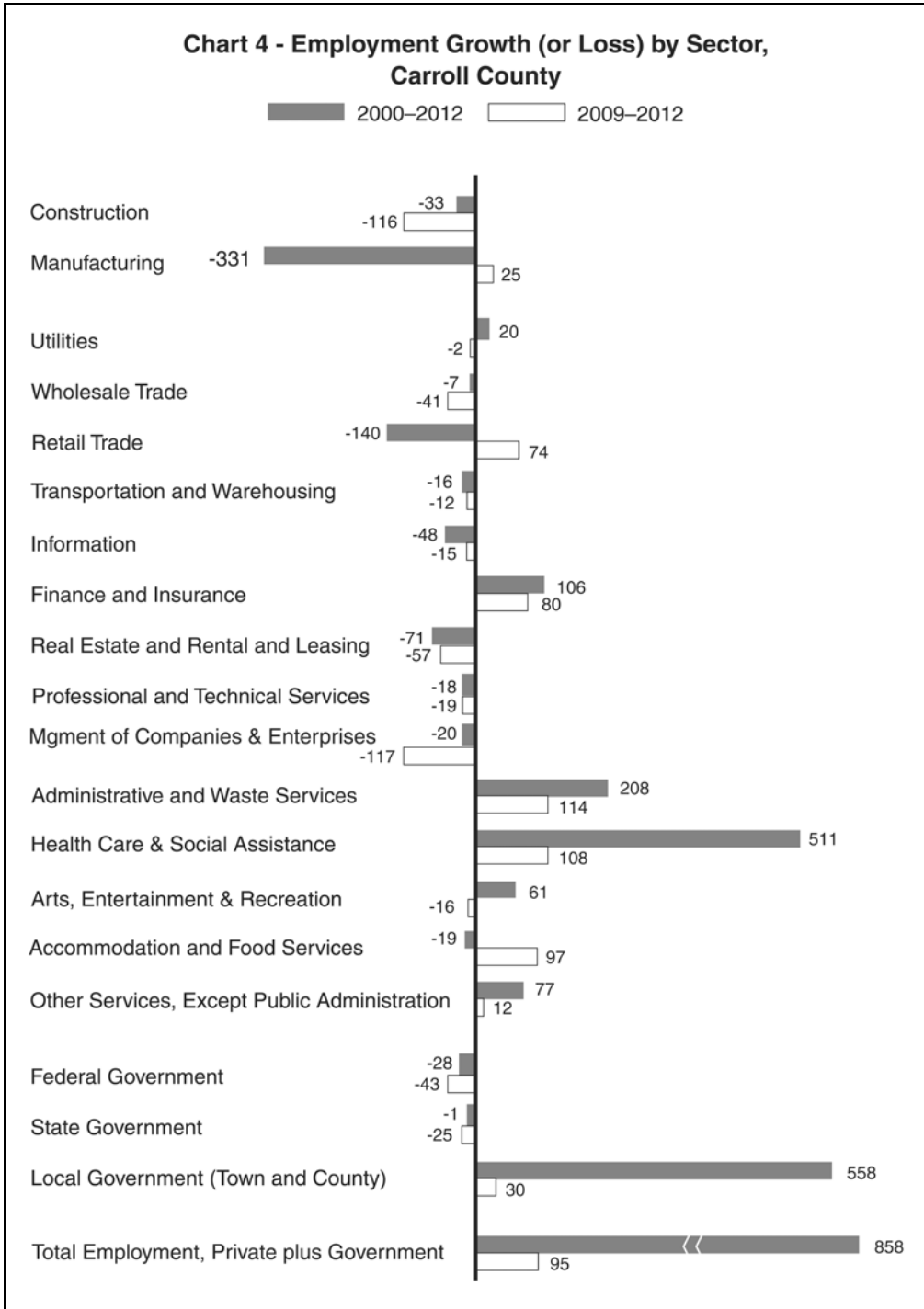
INDICATOR 3: Number of Business Establishments and Total Employment

In both local counties, employment has declined since 2008, mirroring national trends. If there is any good news here, it appears that employment has stabilized and is growing slightly.



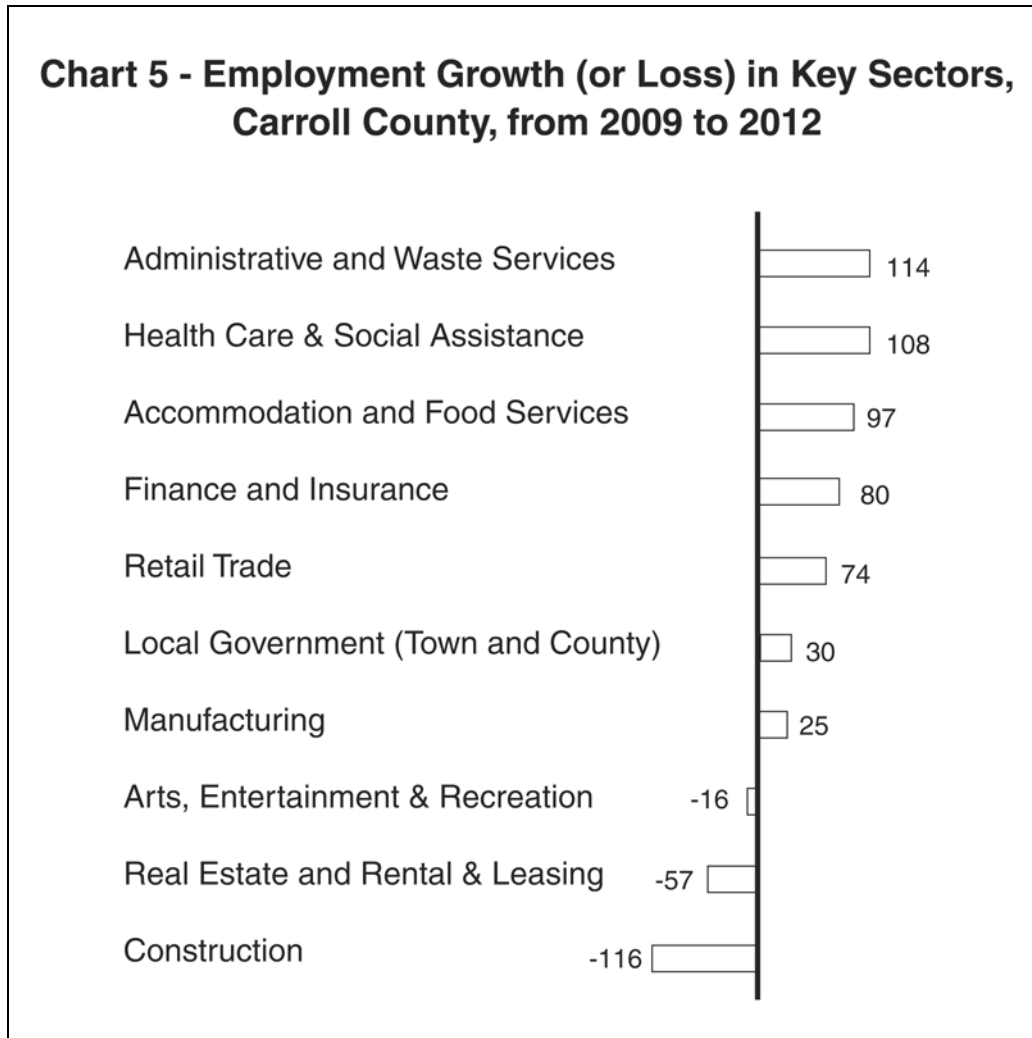
INDICATOR 4: Employment by Sector (Carroll County)

This chart shows job expansion or contraction in each major employment sector from the most recent 4-year period, as well as the overall study period. It is worth noting that Local Government (including schools) was the leading category of job growth since year 2000, followed by Health Care and Social Assistance, Administrative and Waste Services, and Finance and Insurance. The greatest employment contraction by a large margin came in the manufacturing sector, followed by Retail Trade.



INDICATOR 5: Employment in Key Sectors (Carroll County)

This chart is a subset of the previous chart, focusing on the high-growth employment sectors and those we would like to see grow. As the average age of our population rises, driven mainly through in-migration of retirees from other states, growth in the health care sectors will probably continue.

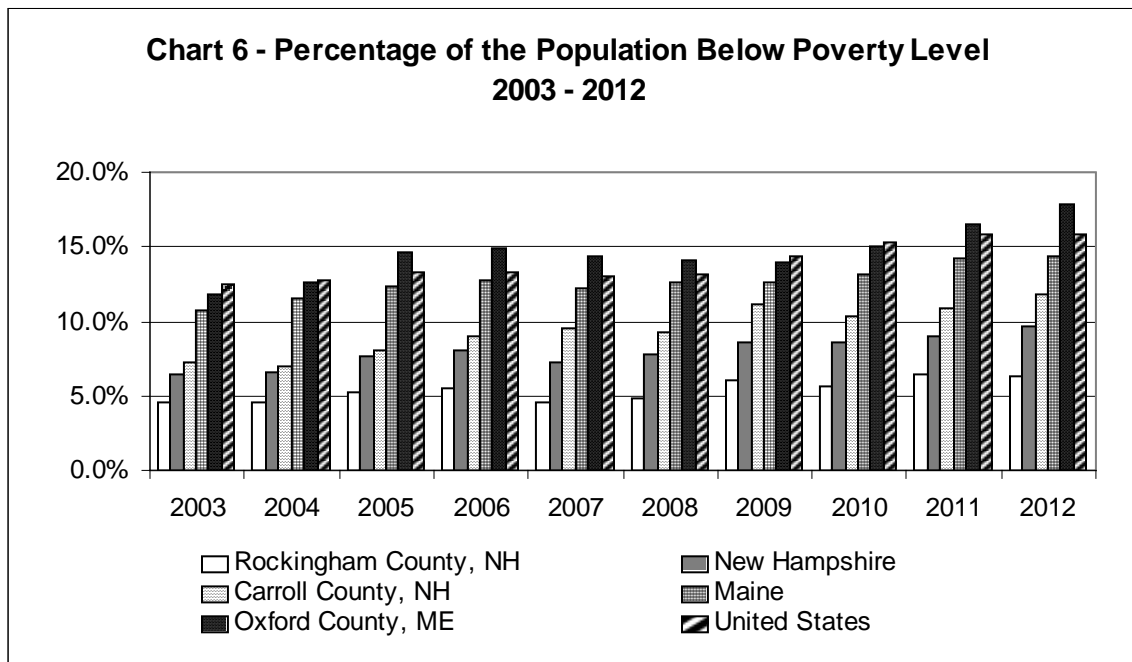


Manufacturing experienced a modest recovery in the period 2009-2012, with 25 net jobs gained. The largest gains were in Administrative Services, Health Care and Social Assistance, Accommodation and Food Services, and Finance and Insurance. These gains were partially offset by a loss of 116 jobs in Construction and 57 in Real Estate and Rental and Leasing, driven by the recent economic downturn which began in the fall of 2008.

INDICATOR 6: Percentage of Population Below Poverty Level

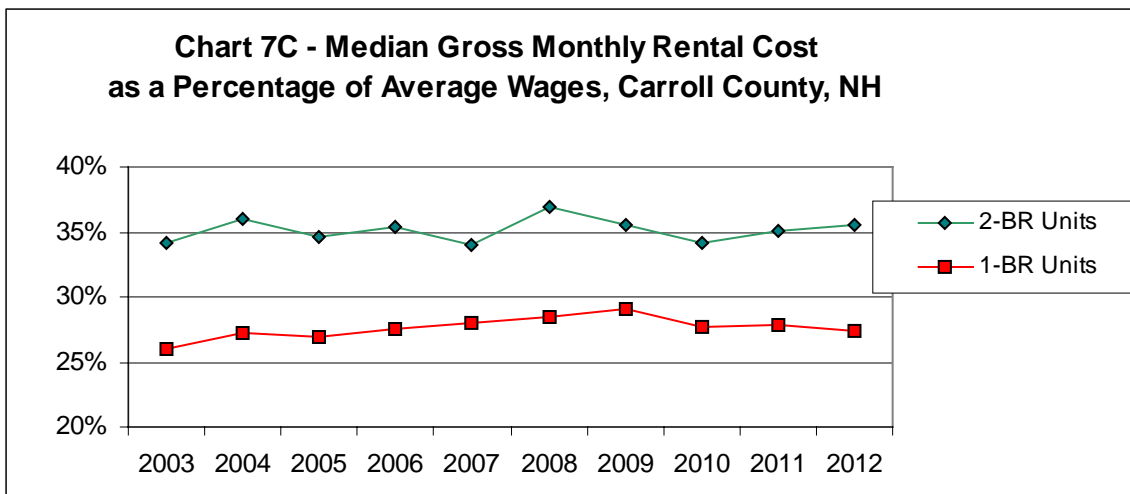
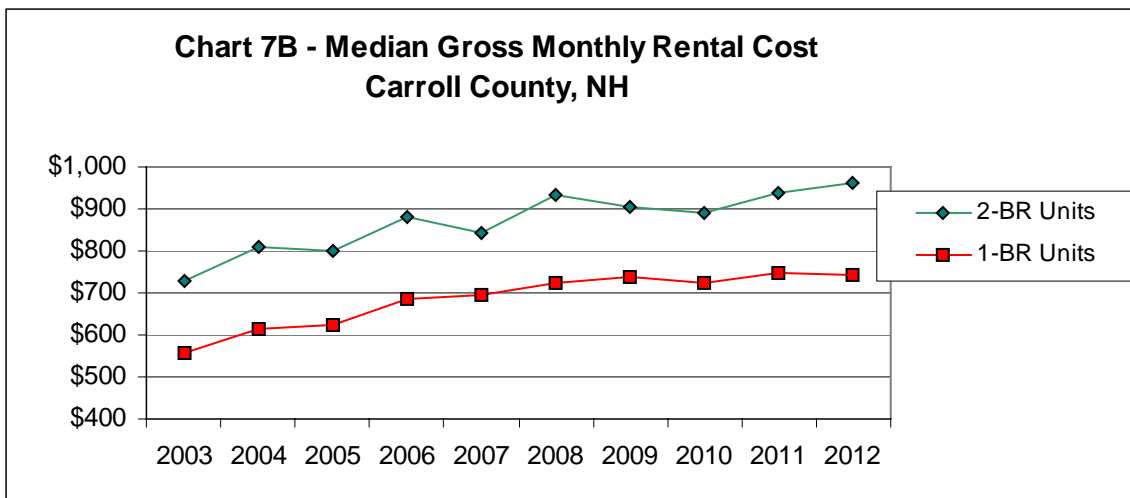
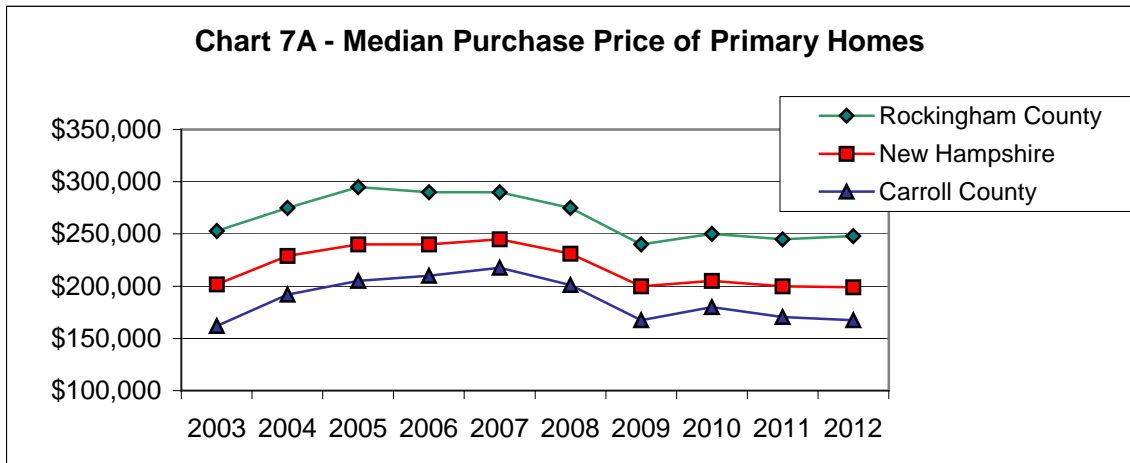
Following the Office of Management and Budget's (OMB) Statistical Policy Directive 14, the Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty. The official poverty thresholds do not vary geographically, but they are updated for inflation using Consumer Price Index (CPI-U). The official poverty definition uses money income before taxes and does not include capital gains or non-cash benefits (such as public housing, Medicaid, and food stamps).

The chart below shows 2003 through 2012 for each region respectively. All regions show an upward trend, with Oxford County consistently above the national average (17.8% in 2012), and Rockingham County being the least severe. Carroll County had nearly 12% of its population below poverty level.



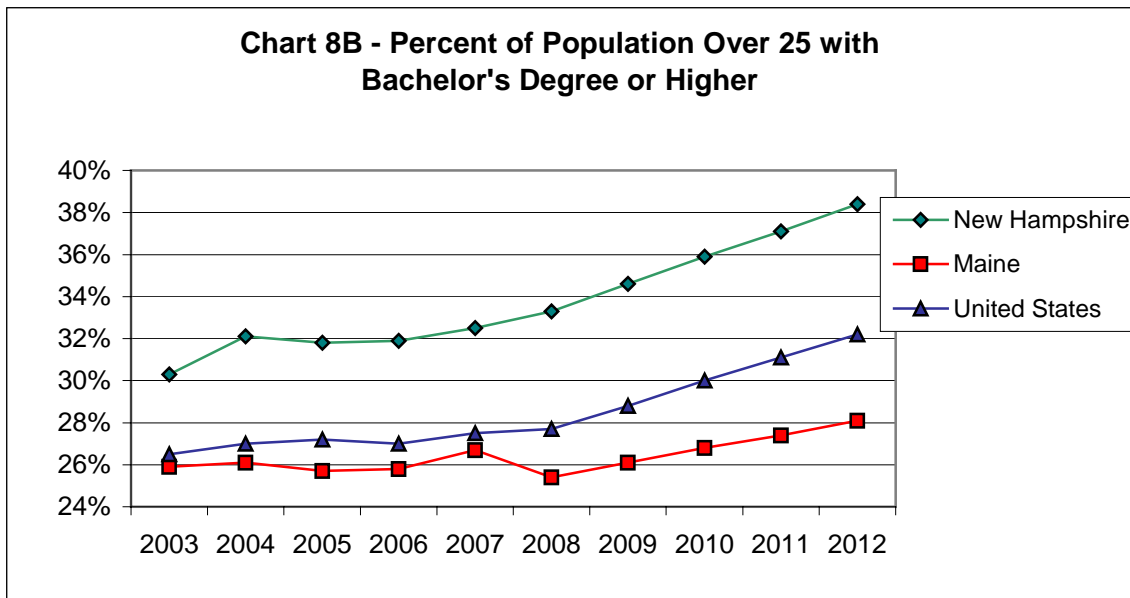
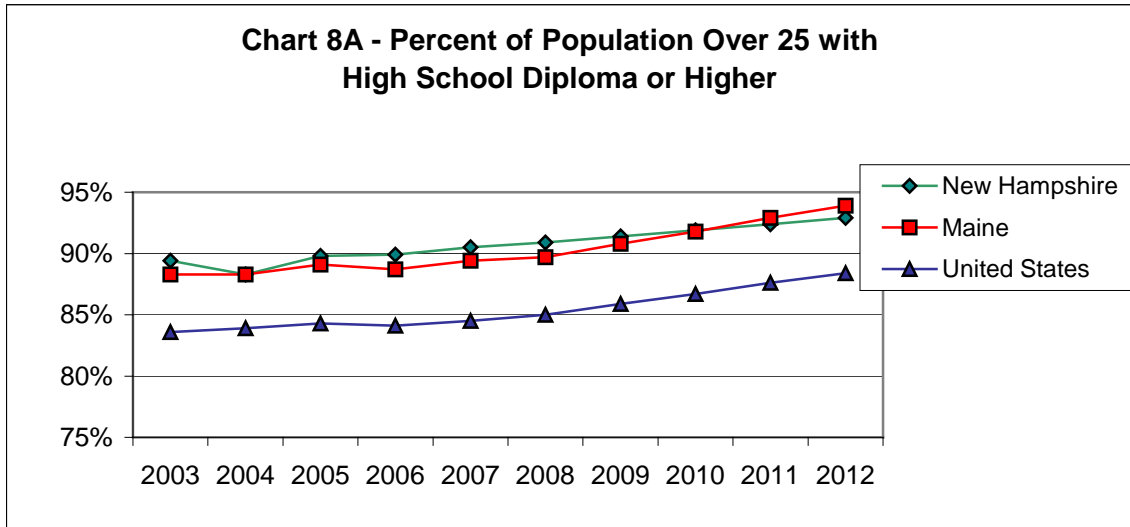
INDICATOR 7: Cost of Housing

An important requirement for economic development is providing a sufficient pool of decent, affordable housing for the workforce. The indicators below show the changes in housing costs, and the relationship between average rental costs and average wages.



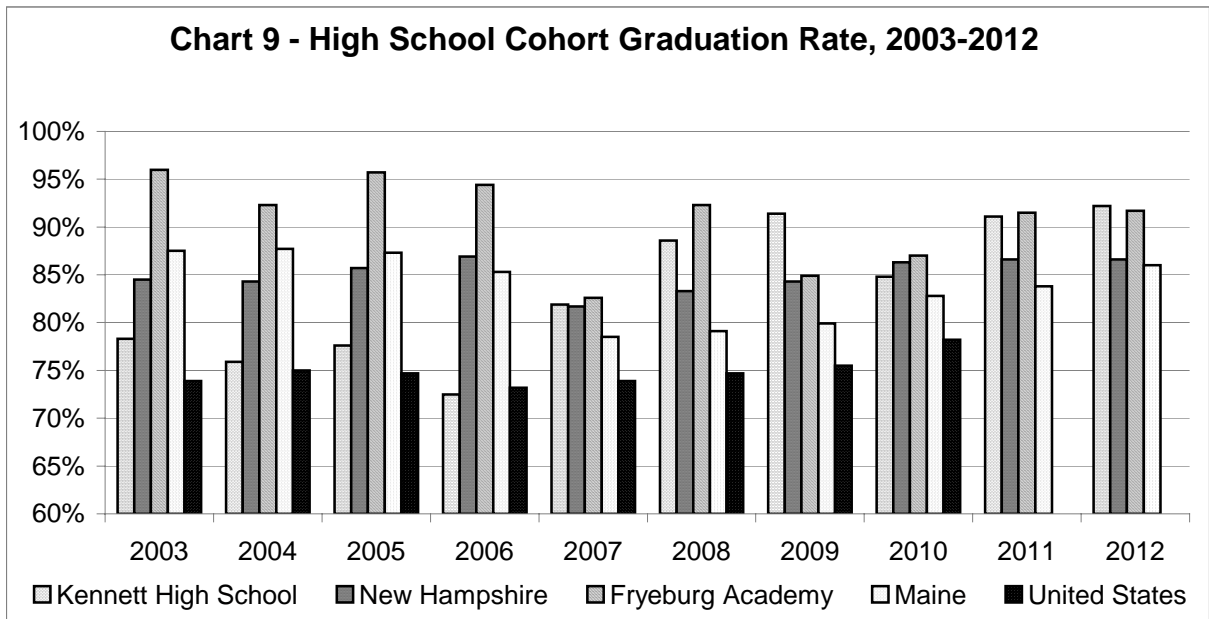
INDICATOR 8: Educational Attainment of Population Over 25

The educational level of New Hampshire, Maine, and the country as a whole is rising slowly. It is remarkable, however, that as many as 15 percent of Americans do not have a high school education, and that fewer than 30 percent go on to get a college education. However, about twice that number have some education beyond high school. New Hampshire levels continued to rise, driven at least partly by the aging seniors who retire here.



INDICATOR 9: High School Cohort Graduation Rate

Some communities do better than others at helping students complete high school. Fryeburg Academy graduation rate dropped from 96% in 2003 to about 92% for 2012. Kennett's graduation rate has trended in the opposite direction, rising from just over 78% in 2003 to 92.2% in 2012. Both schools finished well above their respective state averages, and above the national average. We must all recognize that the high dropout rate is not a problem that schools alone can solve; it is a community problem that parents and friends can influence. A young person entering the workforce without even a high school education has much lower earning potential than classmates who have a diploma. Average lifetime earnings of college graduates exceed those of people with only a high school diploma by more than a million dollars. Increasingly, workers going into traditional trades (construction, auto mechanics, manufacturing, and so on) require specialized education beyond high school.





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