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# Changing Times?

NH House Finance Committee

January 26, 2015

***“...to raise new ideas and improve policy debates through quality information and analysis on issues shaping New Hampshire’s future.”***

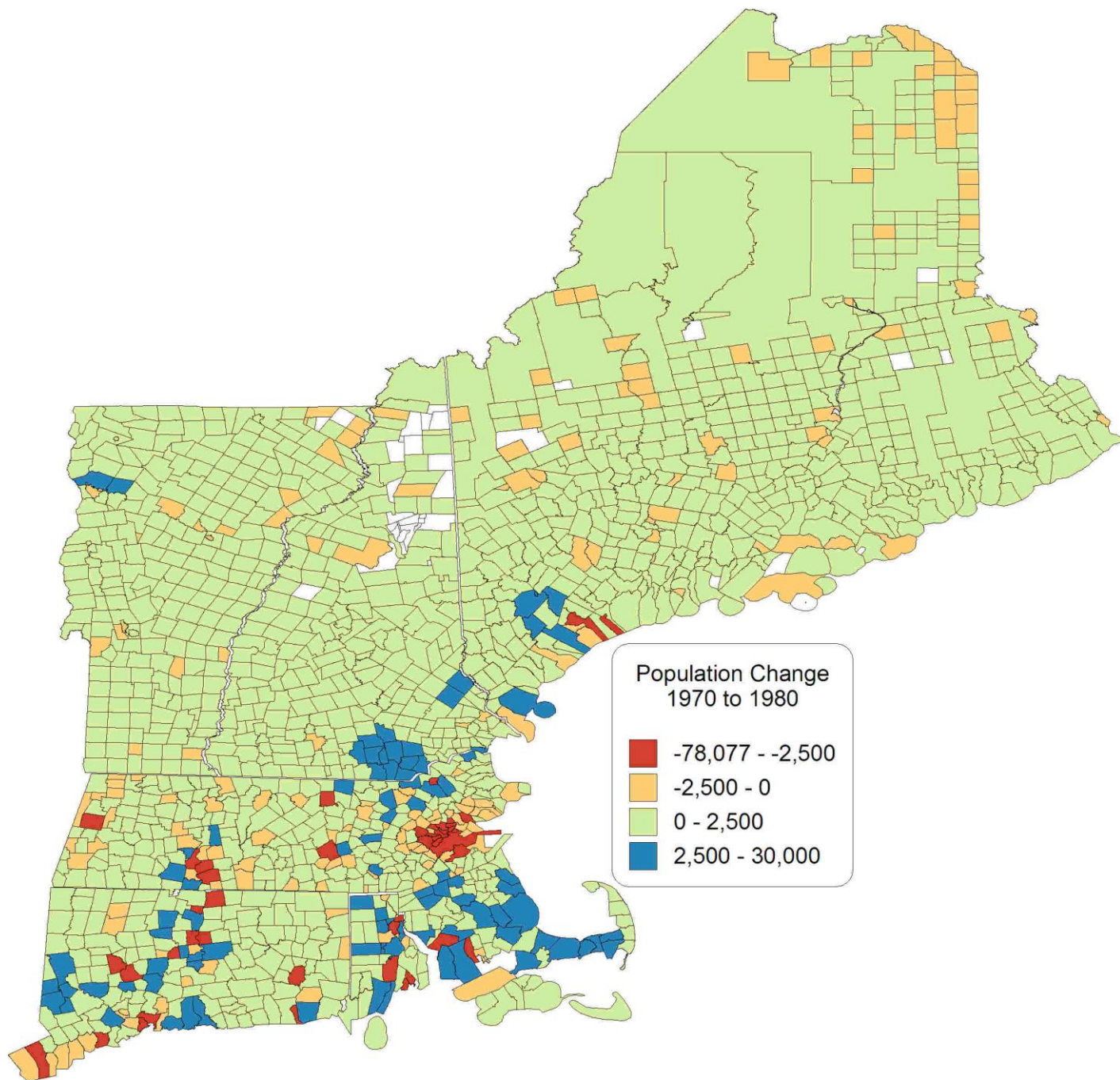


# Tailwinds to Headwinds to ...

3<sup>rd</sup> Highest Median  
Age in the Country

Why?





# Astounding Growth

700,000

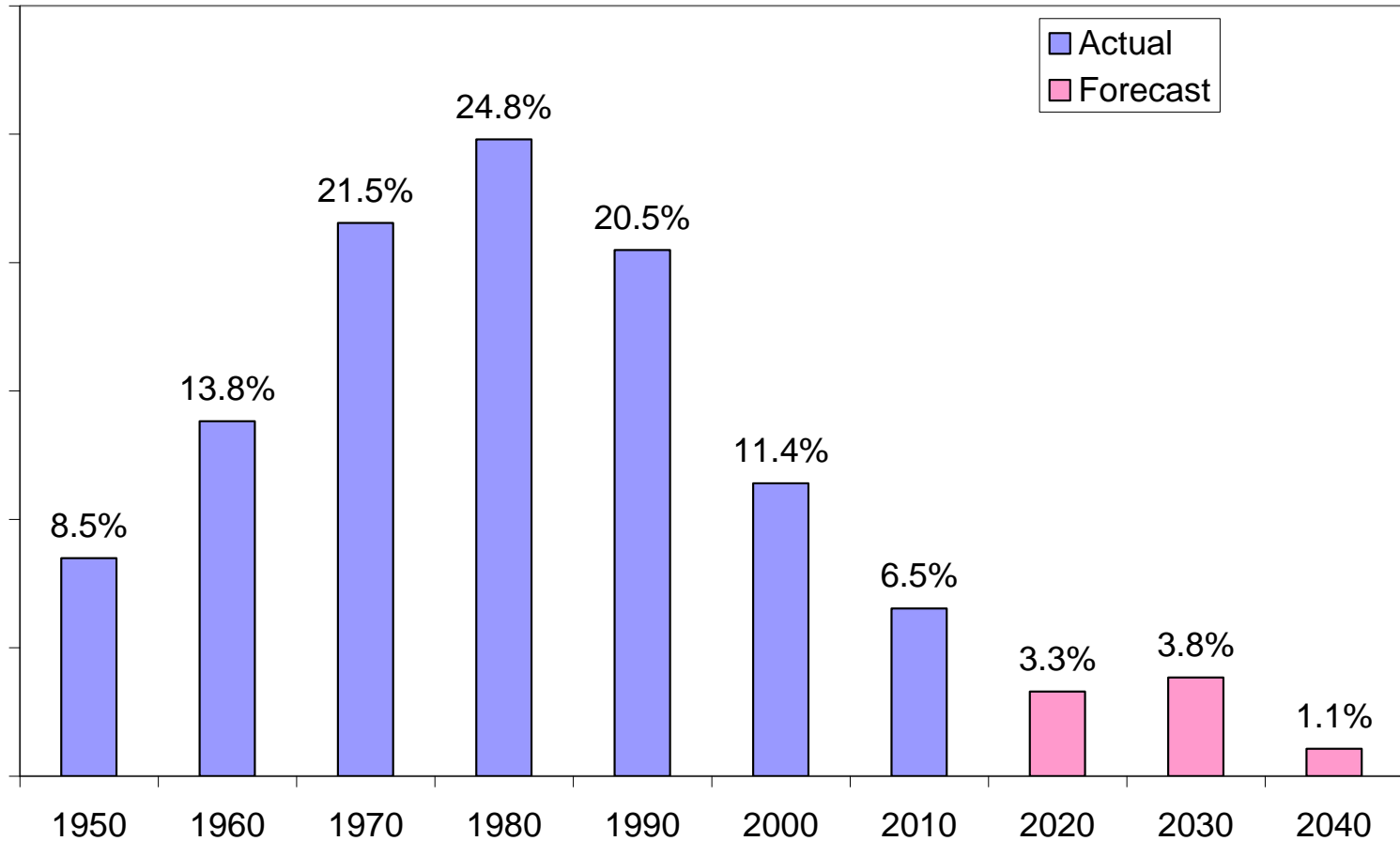
1968

1.3 million

2013

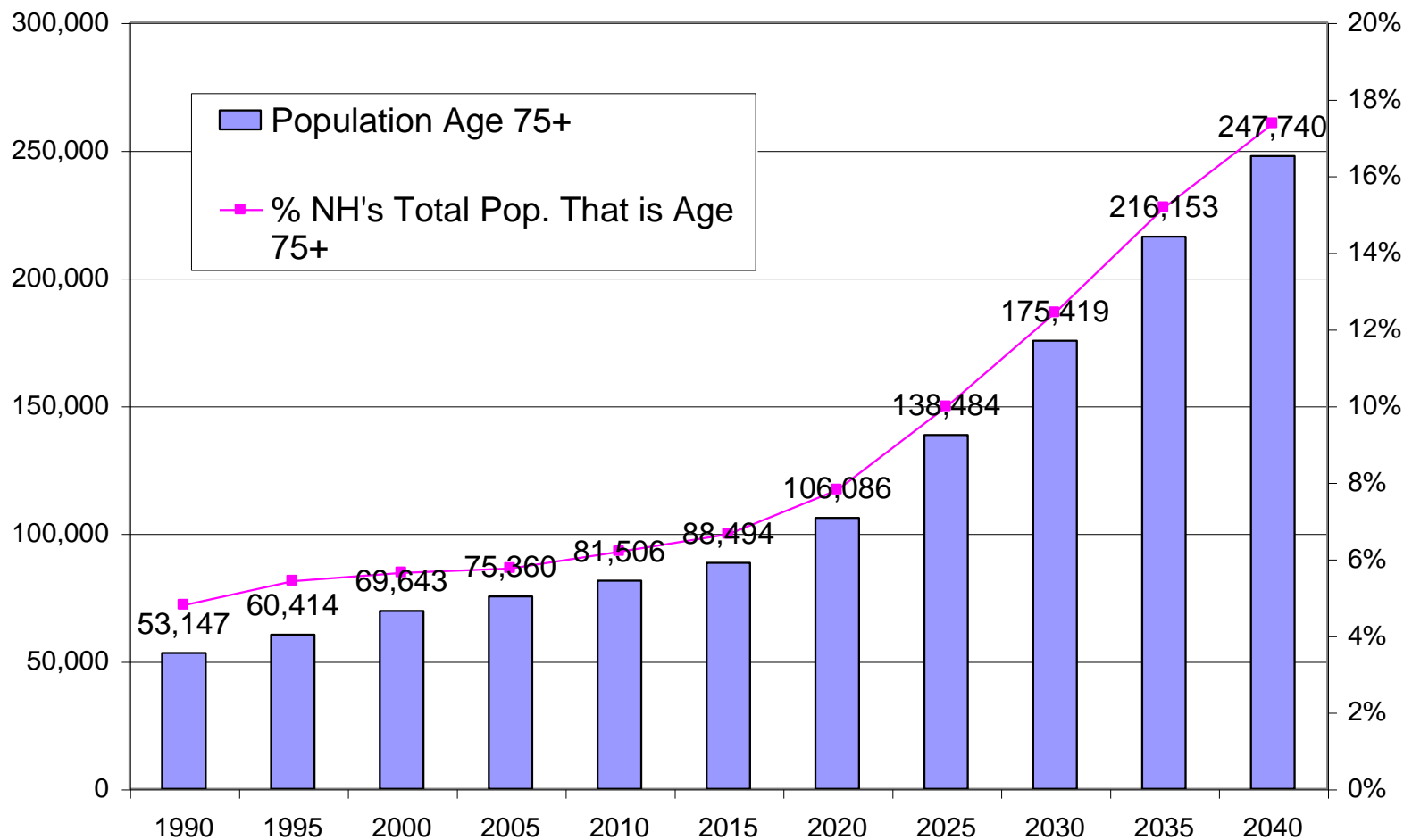
# Projections: Limited Growth

Ten Year Percent Change in New Hampshire Population by Decade End



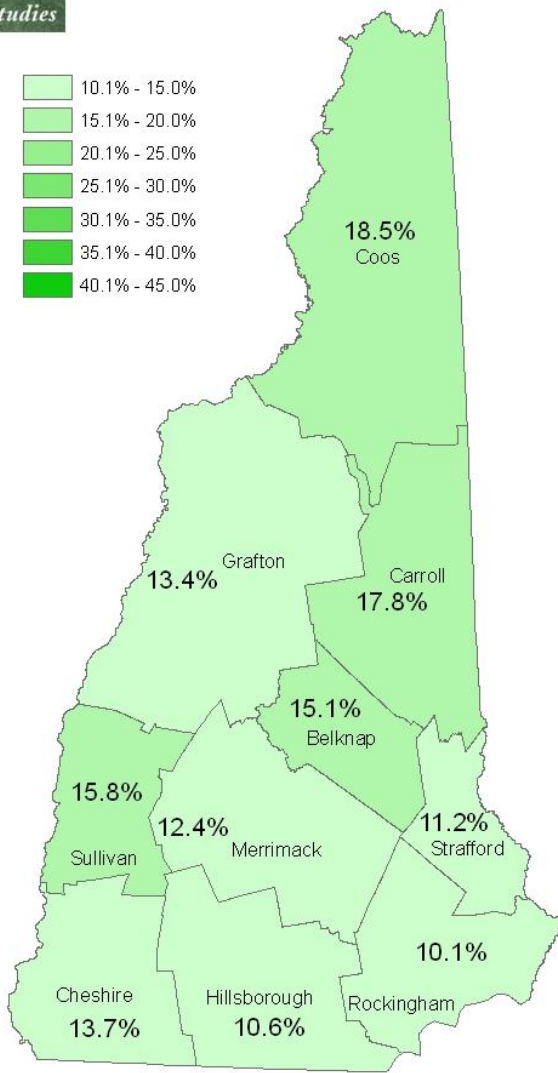
# Are we old? Not yet, but getting there ...

The Largest Impact of Aging will occur after 2020



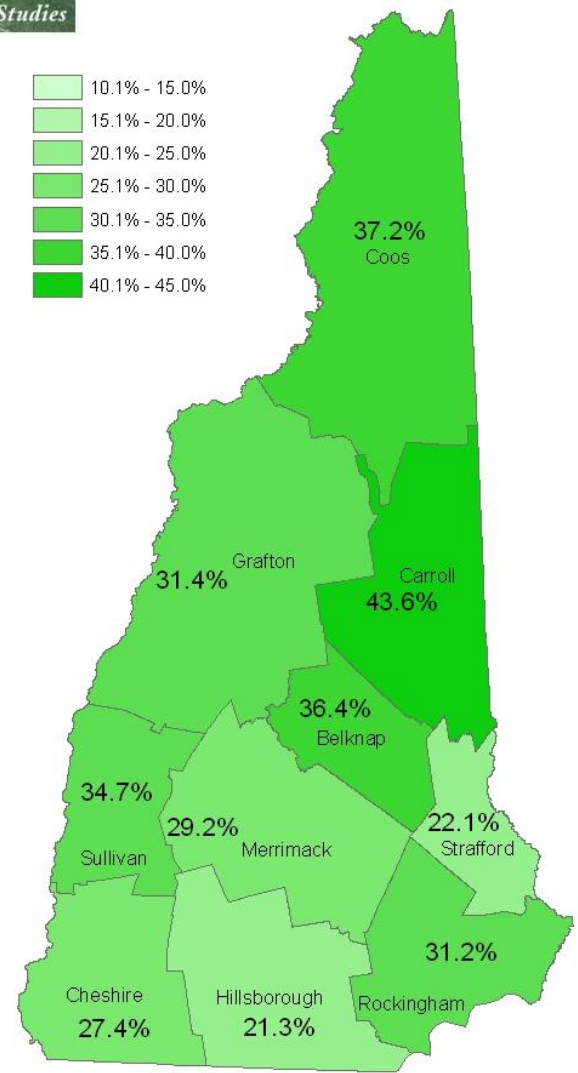


### Percent of Population Age 65 and Older By County, 2000



Source: NH Office of Energy and Planning

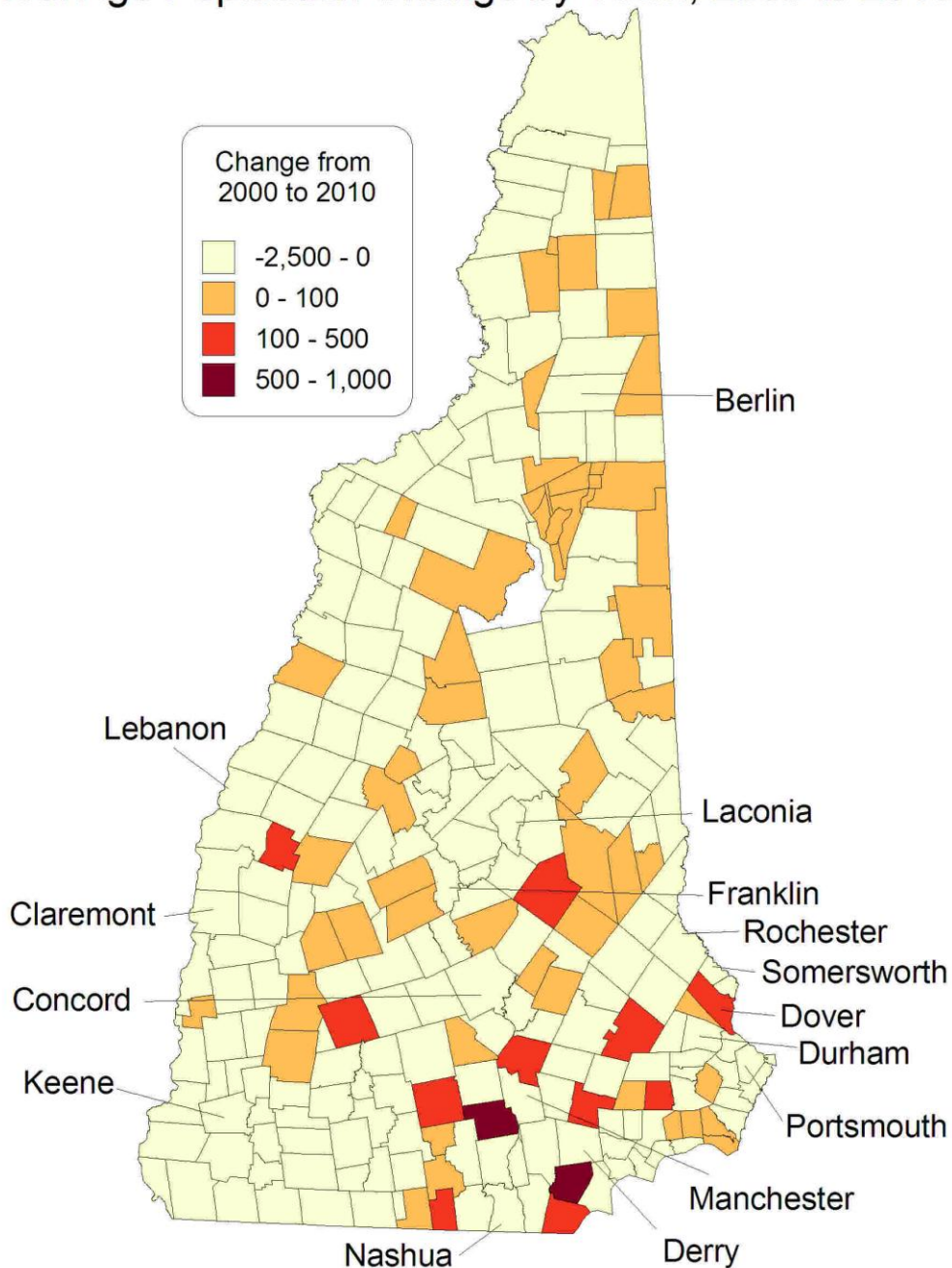
### Percent of Population Age 65 and Older By County, 2030



Source: NH Office of Energy and Planning

## NH School Age Population Change by Town, 2000 to 2010

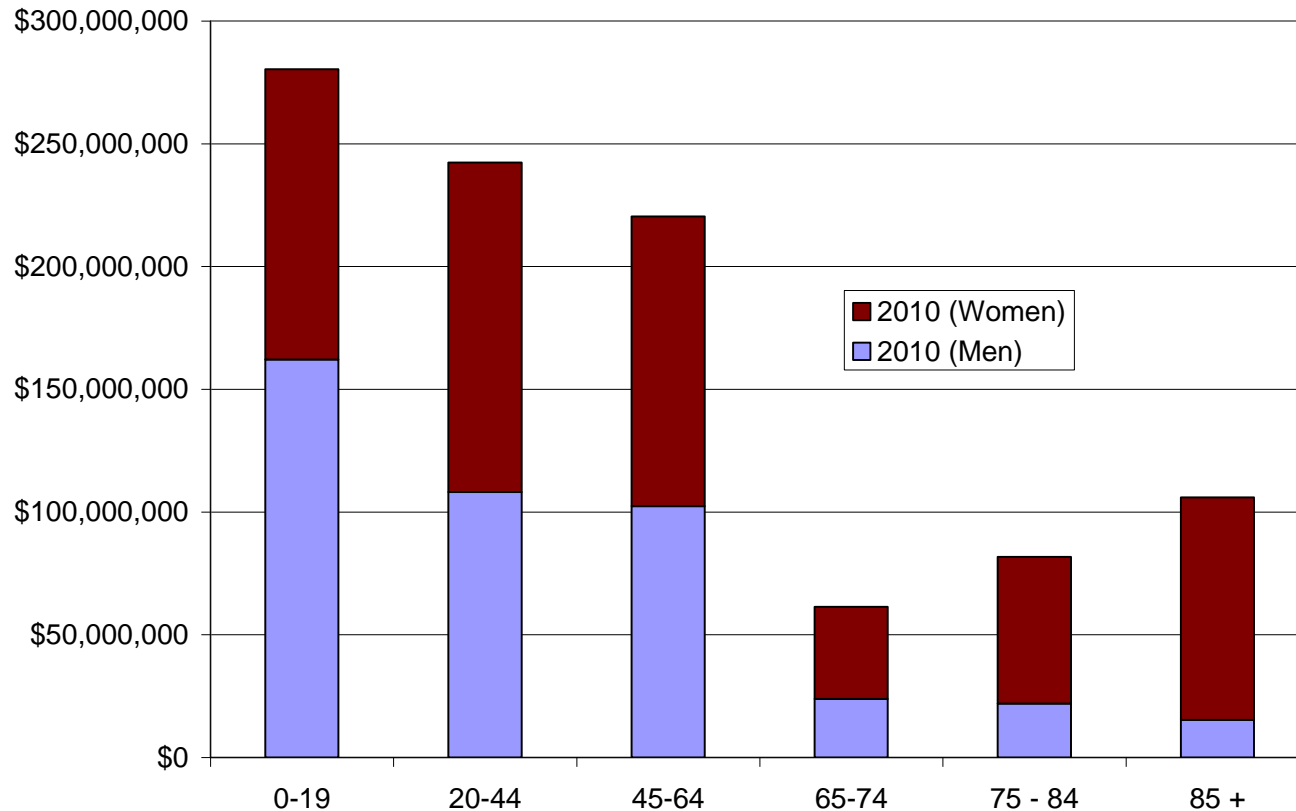
- While the overall state population increased, the number of school-aged children fell: a loss of more than 22,000 students, or a 7 percent decline since 2000.
- As this map shows, that drop was spread across the state, with a few towns gaining in school-age population.



Source: US Census Bureau

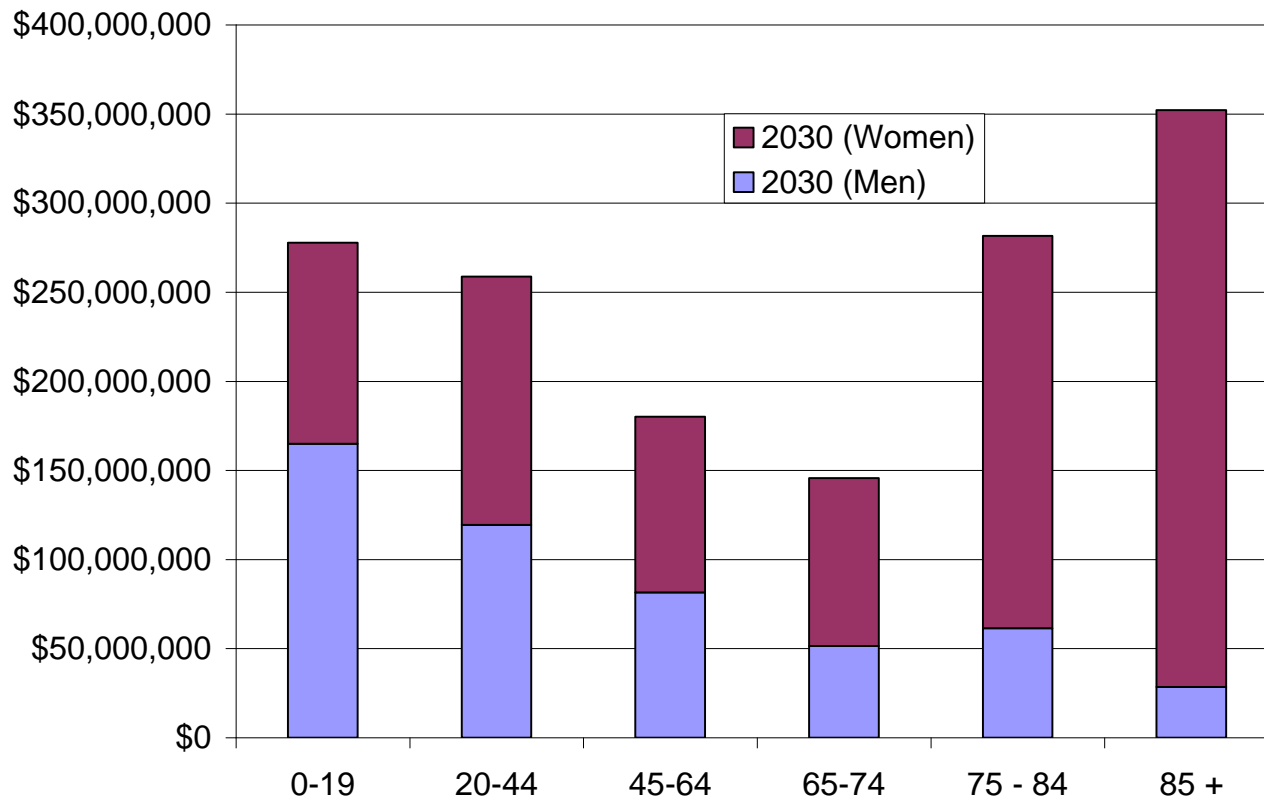
# Currently, much of the Medicaid spending is for those under the age of 65 (2009)

Medicaid Spending 2009 by Age and Sex



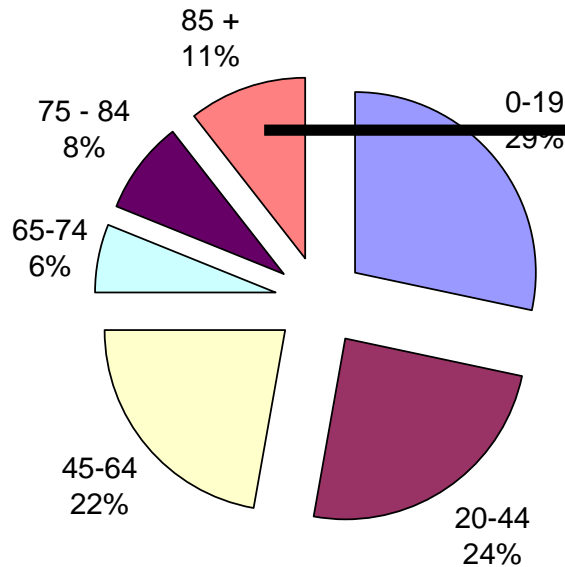
# A very different picture in 2030

2030 Aged 2009 Medicaid Spending by Age and Sex

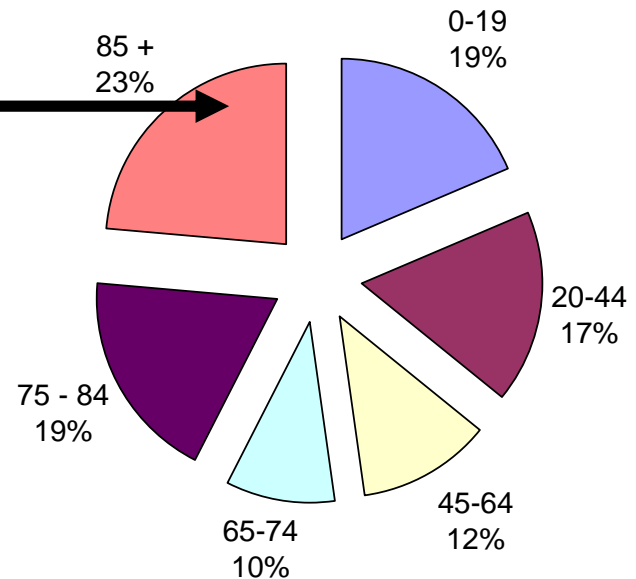


# Shifts in Medicaid Spending

2009 Medicaid Spending by Age



2030 Aged (2010) Spending



# Spending Driven by Nursing Home Growth



30 to 42% of  
spending



What does a Long-Term-Care Accountable Care Organization Look Like?

# Economics



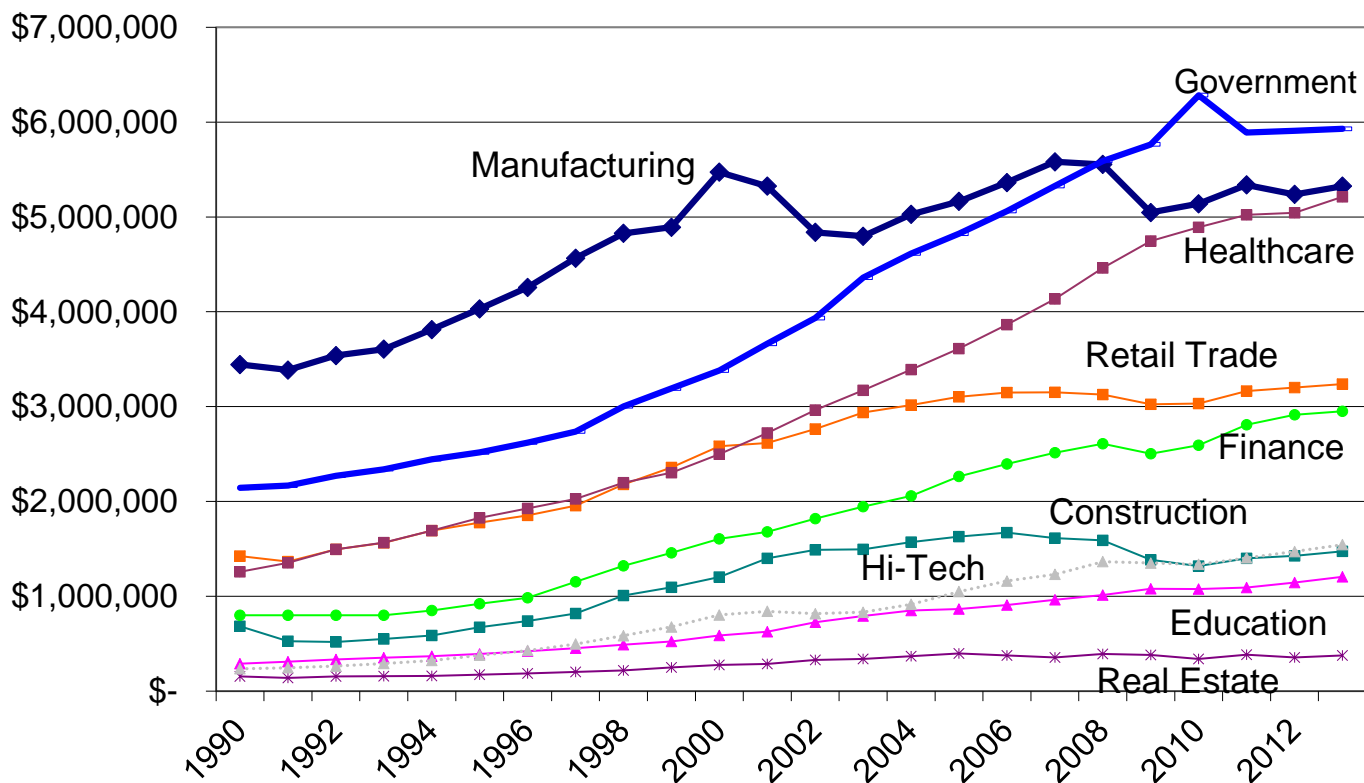
# Productivity



GDP Per  
Job

# At the Economic Macro Level?

New Hampshire Total Compensation Paid by Selected Industries  
(Thousands of Dollars)

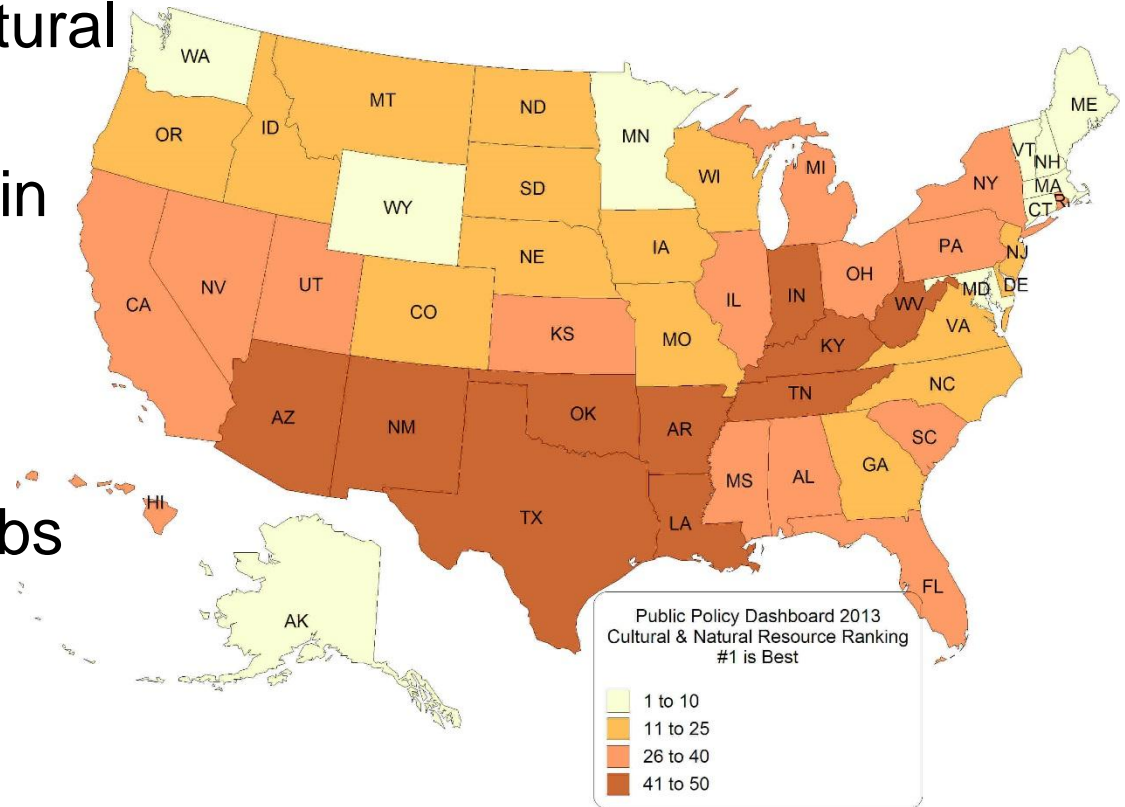


Virtually all our public policy is based on a picture of ourselves and trends that are not really true any longer

# What's Next?

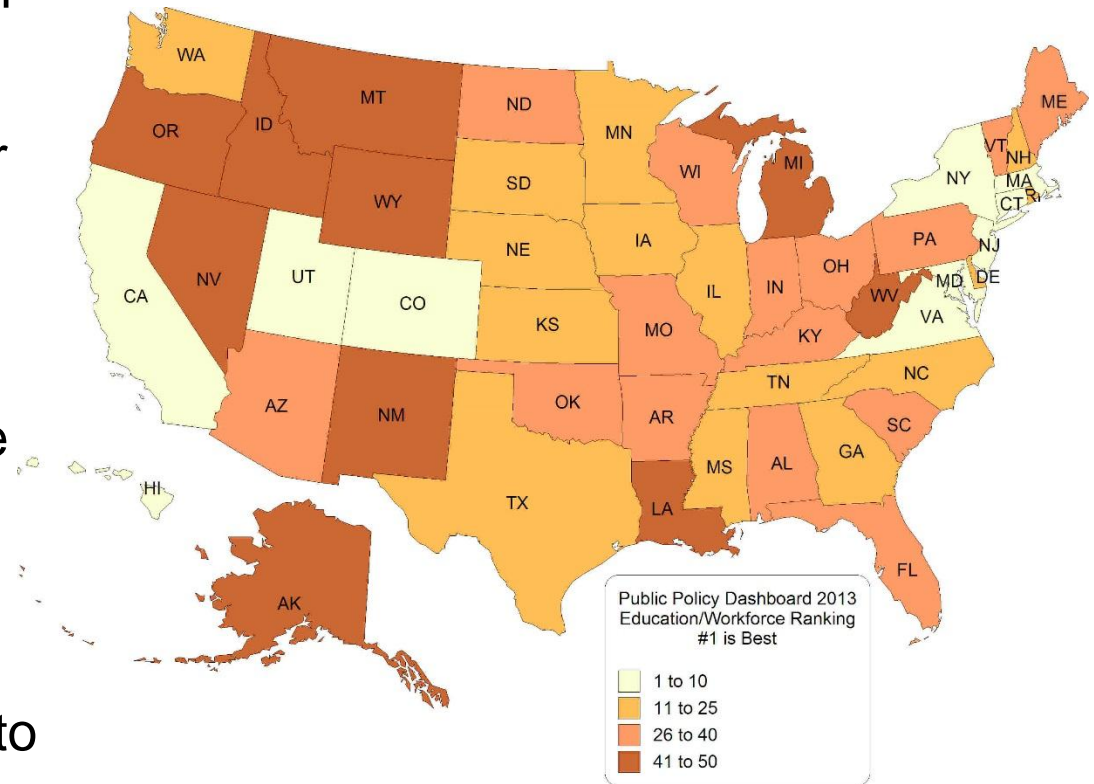
# Cultural and Natural Resources

- State spending on natural resources per person
- Percent of tree cover in urban areas
- Domestic tourism spending per capita
- Creative Economy Jobs Concentration
- Voter turnout rate
- Volunteering rate



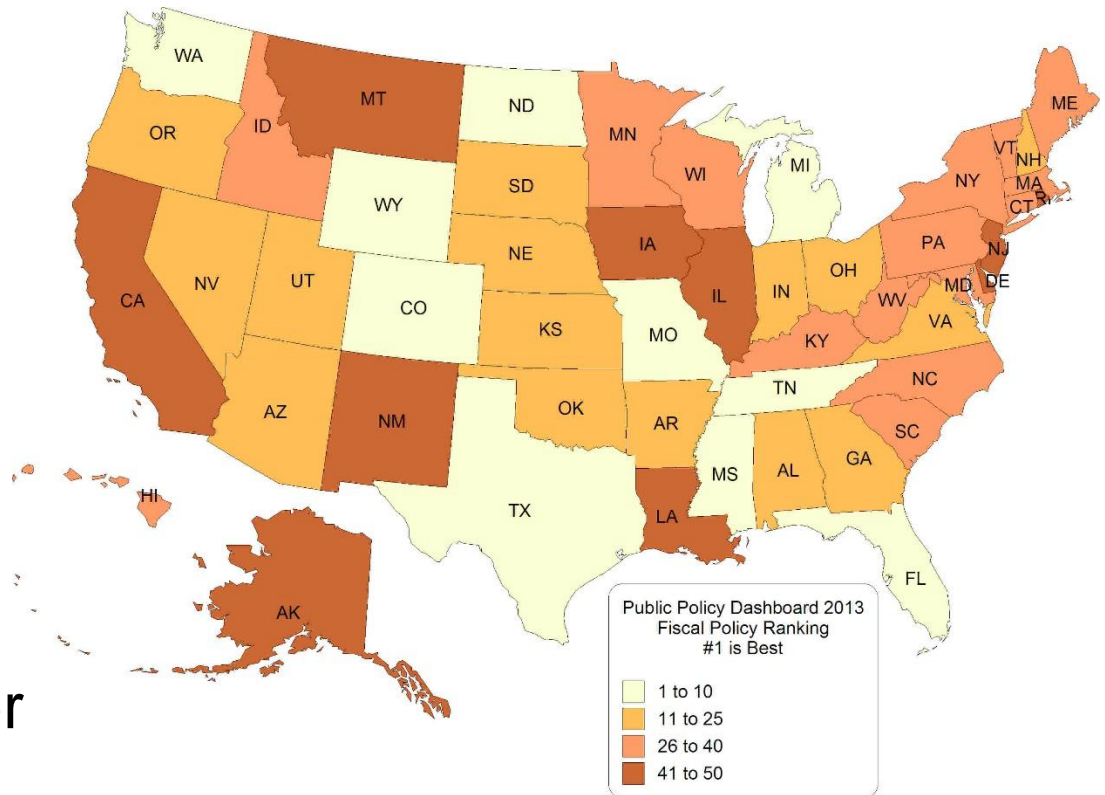
# Education, Labor and Workforce

- Change in 35-44 population share, 2000 to 2010
- Percent of adult population with an associate degree or higher
- Percent of population in Science and Engineering workforce
- High school graduation rate
- Student debt per person
- Rate at which high school graduates go on to post-secondary institutions
- Percent of children aged 3 to 4 years old enrolled in preschool



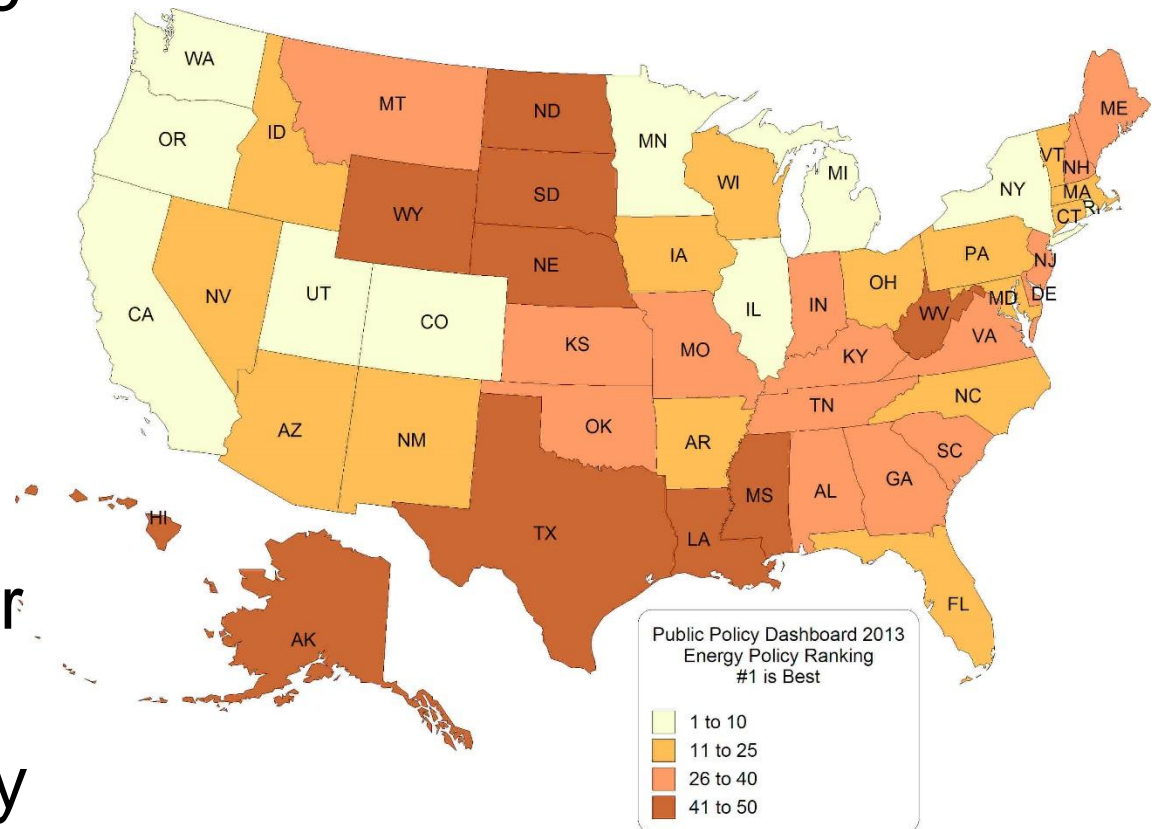
# Fiscal Policy

- State Business Climate Tax Index
- Top Marginal Corporate Tax Rate
- Public Health, Welfare, Hospital Spending per Person in Poverty
- State Debt per Dollar of Personal Income
- Public Government and Administration per Dollar of Personal Income



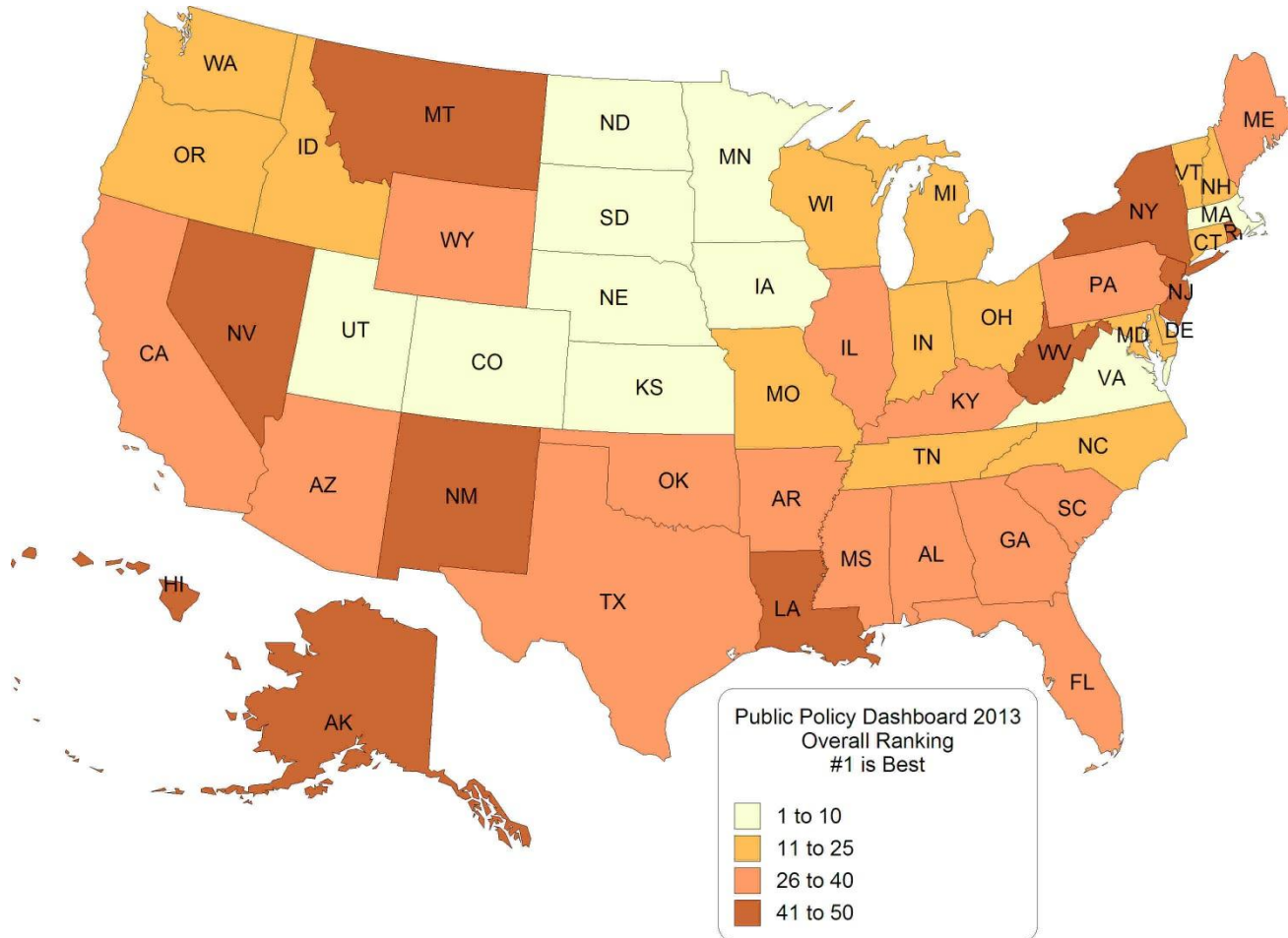
# Energy

- Industrial Electric Prices
- Natural Gas Prices in Dollars per Million BTUs
- Energy Consumption
- Expenditures Per Capita
- Energy Efficiency Rank



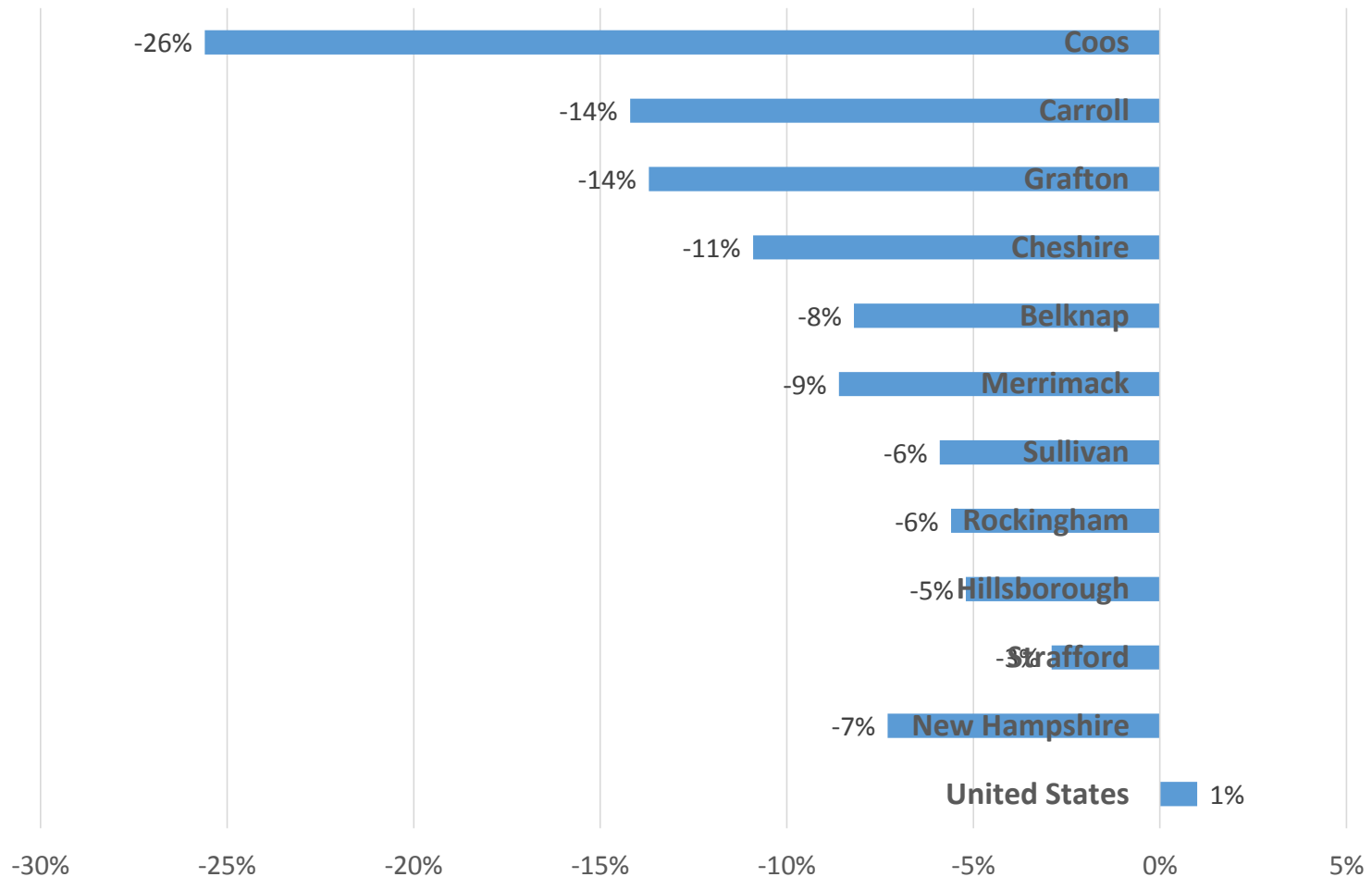


# How Does NH Rank?



# Working Age Population Will Decline in Every County

Declines in Working Age Population  
2010-2030



# Educating Our Own?

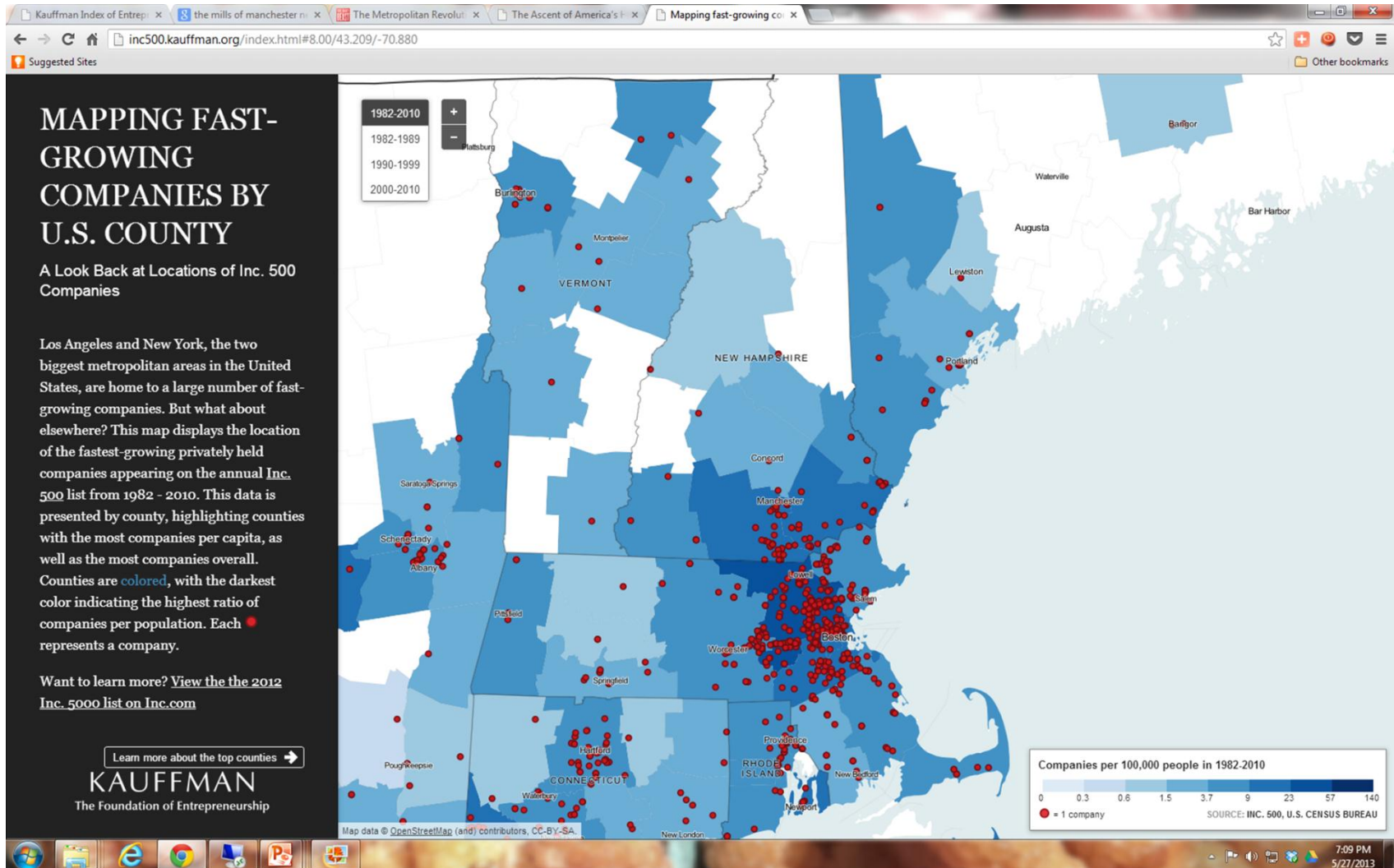
HS Graduation  
Rate? 4<sup>th</sup> in the  
Country

24<sup>th</sup> in the country  
in HS Grads going  
on to a degree  
granting institute

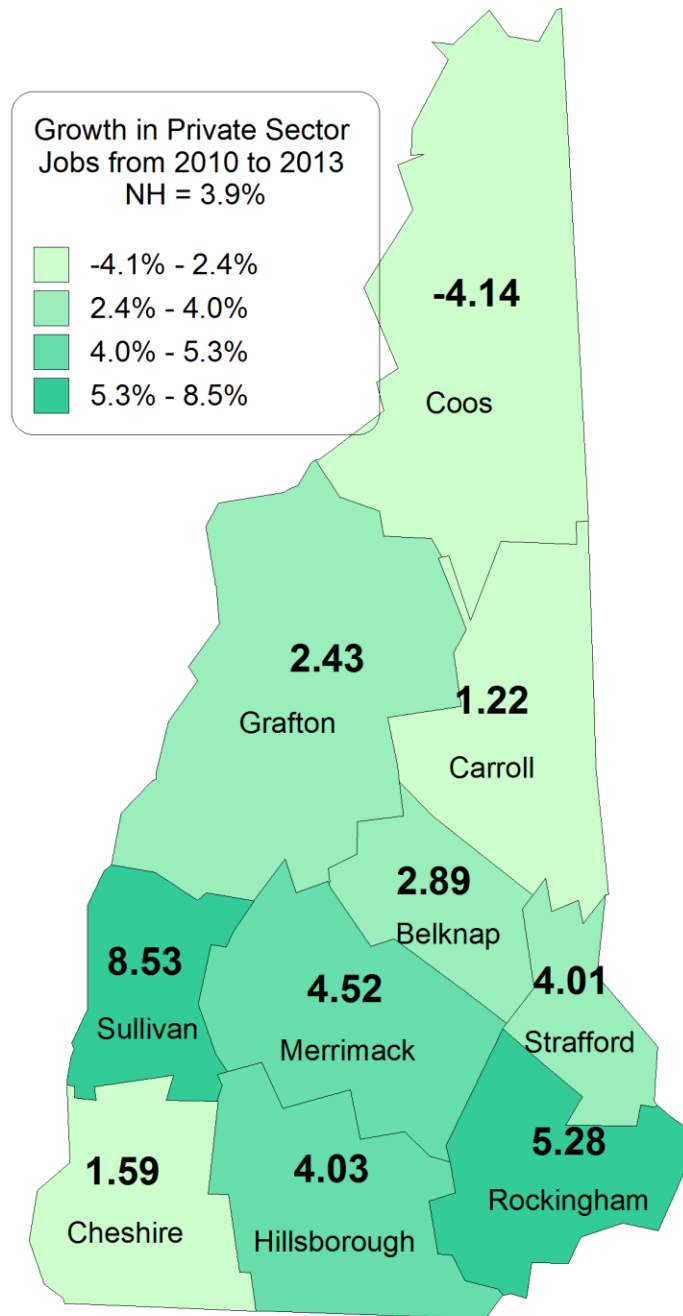
# Workforce Development?

- Educate our own better .... ?
- Make NH a place in which a new generation of diverse, urban dwelling, millennials .... ?
- Narrow our economic focus to specific geography or industry?

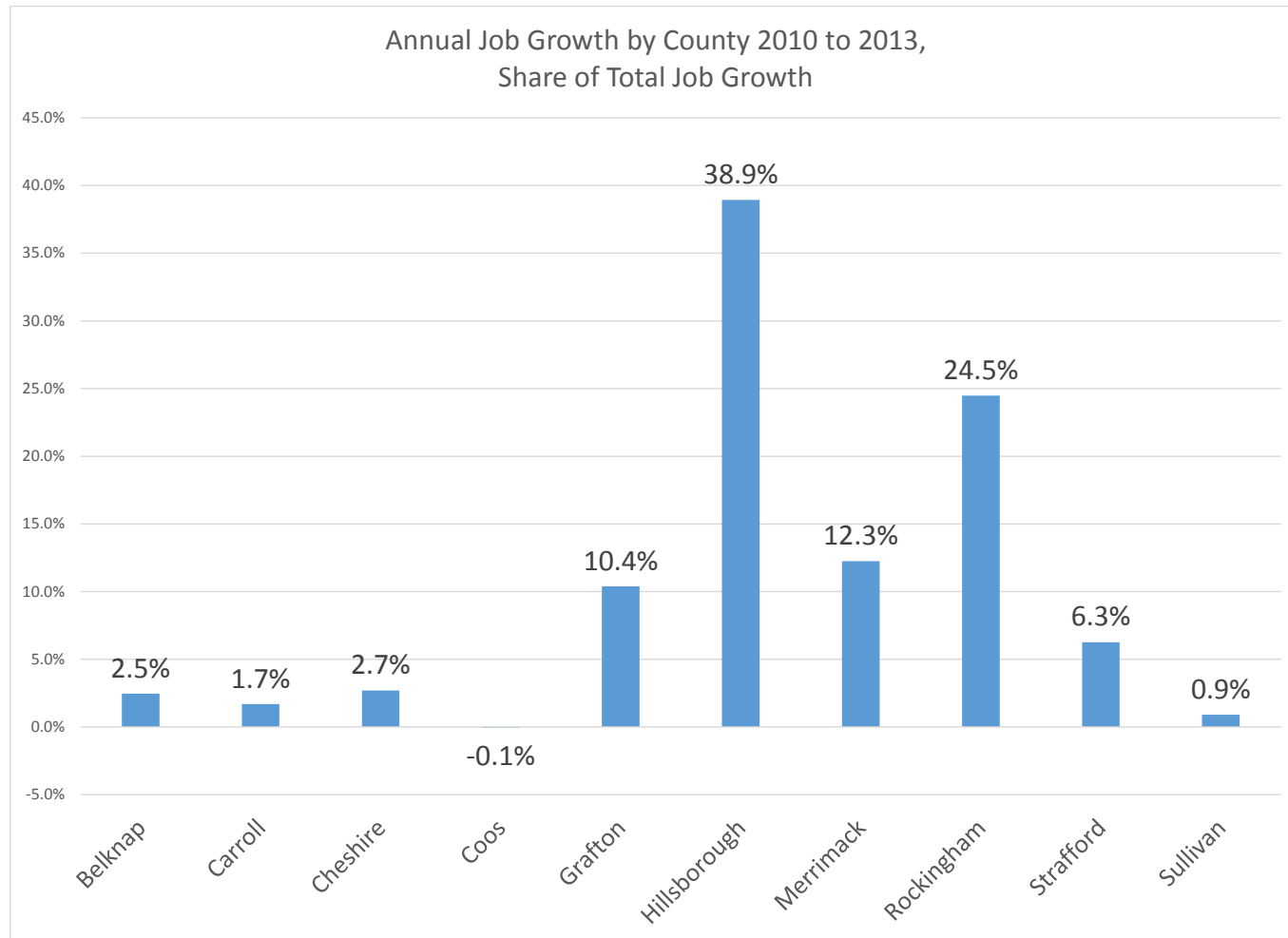
# Building on Assets: For its size, the Nashua-Manchester Corridor is in the top 10 with fastest growing companies



# Merrimack – Hillsborough Corridor is Growing



# Hillsborough County ... 2010 - 2020



“The Young and Restless—25 to 34 year-olds with a bachelor’s degree or higher level of education—are increasingly moving to the close-in neighborhoods of the nation’s large metropolitan areas. This migration is fueling economic growth and urban revitalization.”

<http://cityobservatory.org/ynr/>



# WHAT'S THE GOAL?

# Converting Headwinds to Tailwinds: Workforce

- Workforce
  - Better educate our own to support economic activity
  - Ensure that we are a place that young professionals want to move to and stay
- Solutions
  - Support businesses in creating training feeder systems?
  - Increase state spending on USNH & CCSNH?
    - But what is the return on investment?
  - Scholarships to keep graduates in state?
    - Would these reach intended targets?
  - Overall K-12 curricula, including STEM, etc?
    - How does this align with needs of future economy?

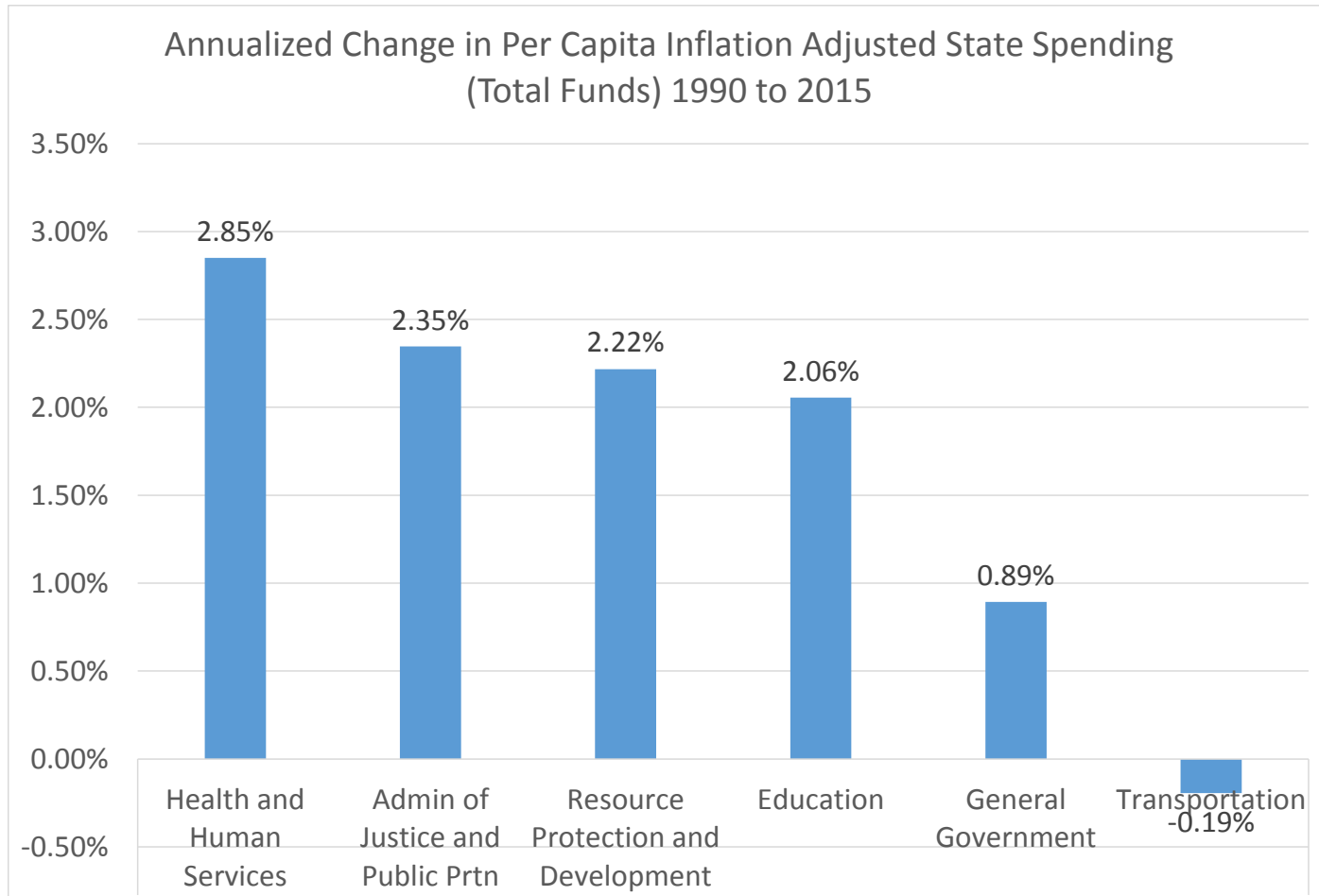
# Business climate

- Goal: Continue to be (improve our status as a) business-friendly place
- Solutions
  - Lower costs?
    - Health care
    - Energy
    - Real Estate
  - Reduce business taxes?
    - What are unintended consequences for state budget?
  - Reduce regulation?
    - How does NH really compare to other states?
  - More aggressive recruiting and incentives?
    - Do these work? i.e. Smokestack chasing?

# Focus more effectively where we have a comparative advantage

- Recognize regional variation in economic ecology and assets.
  - Limit focus to geographic clusters?
    - Manchester: Hi-tech Millyard
    - Portsmouth: Build off UNH energy
    - Upper Valley: Dartmouth as incubator
    - Nashua: Extending high tech north
- Industry
  - Aerospace
  - Bio-tech
  - Travel tourism

# The Long View of State Spending



A Balanced Scorecard for NH

What Does a Balanced Scorecard Look Like?				
		Various Measures		
		Value	Rank	
<b>Economy</b>				
	Total Employment % Change 2007 to 2012	-2%	25	Higher the percentage, the higher the ranking.
<b>General Spending</b>				Notes
	Public Spending Per Capita	\$4,910	37	Lower the spending, the higher the ranking.
	Total Public Spending as a Share of Income	11%	45	The higher the percentage, the lower the ranking.
<b>Administration</b>				
	State Employees per 10,000 Residents	52.3	39	The higher the number, the lower the ranking
	Public Government and Administration Per Capita	\$197	24	The higher the number, the lower the ranking
	Interest Per Capita	\$303	5	The higher the number, the lower the ranking
	Debt Per Capita	\$6,508	7	The higher the number, the lower the ranking
<b>Health and Welfare</b>				
	Public Health, Welfare, Hospital Spending Per Poverty	\$15,757	7	The higher the number, the higher the ranking
	Total Medicaid Spending Per Enrollee	\$6,978	13	The higher the number, the higher the ranking
	Infant Mortality	6.1	33	The lower the rate, the higher the ranking
	Total Health Care Spending	\$7,839	43	The higher the number, the lower the ranking
	Adjusted Adjusted Morbidity	710	15	The higher the number, the lower the ranking
<b>Education</b>				
	Percent of Children 3-4 in Pre-School	52%	8	The higher the number, the higher the ranking
	Total Spending Per Pupil on Elementary and Secondary	\$12,383	11	The higher the number, the higher the ranking
	State Only Spending Per Pupil on Education	\$3,347	29	The higher the number, the higher the ranking
	High School Graduation Rate	86.0%	4	The higher the number, the higher the ranking
	Rate of HS grads going to degree-granting institution	64%	24	The higher the number, the higher the ranking
<b>Transportation</b>				
	Public Transportation Spending Per Mile of Road	\$34,520	17	The higher the number, the higher the ranking
	Portion of unacceptable rough roads	22%	35	The higher the number, the lower the ranking
	Percent of bridges deficient or obsolete	31%	39	The higher the number, the lower the ranking
<b>Water Infrastructure</b>				
	Natural Resources and Parks Per Capita	\$79	34	The higher the number, the higher the ranking
	Water infrastructure needs per capita	\$1,554.9	21	The higher the number, the lower the ranking
	Per Capita Water Usage (Gallons Per Day)	375.6	45	The higher the number, the lower the ranking
	Impaired Water Bodies (?)	NA	NA	
<b>Public Safety</b>				
	Police Spending Per Crime	\$25,980	7	The higher the number, the higher the ranking
	Corrections Spending Per Prisoner	\$43,101	22	The higher the number, the higher the ranking
	Violent Crime Rate per 10,000 Residents	137	48	The higher the number, the higher the ranking.

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