

# THE STATE OF THE AMERICAN DREAM IN NEW HAMPSHIRE

KEY RESEARCH FINDINGS | JANUARY 2004

By Andrew Sum, Ishwar Khatiwada, and Mykhaylo Trub'skyy  
Center for Labor Market Studies, Northeastern University

## MassINC

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### Summary of Key Findings

The typical New Hampshire family essentially ran in place during the 1990s. Despite eight consecutive years of real output growth, strong job growth for most of the 1990s, and very low unemployment rates from the mid-1990s through 2000, the median real income of all families in New Hampshire increased by only 3 percent over the decade of the 1990s. This increase is far below the growth rate of the typical New Hampshire family's income in the 1980s (26%).

Among non-elderly families, median real incomes increased only among married couples. In addition, only those families headed by an individual with an associate's or bachelor's degree experienced a jump in their median real incomes over the decade.

The median real income of non-elderly married couples increased by about \$4,200 or 7 percent over the past decade. On average, increased earnings of employed wives in these families were responsible for three-fourths of this gain. The higher earnings of wives were due to a combination of more hours of work and to higher hourly earnings. During 1999, nearly 8 of every 10 wives under age 65 worked at some point during the year, and the median hours of work was 1,938 hours.

These numbers point to a disturbing trend. Like their neighbors in Massachusetts, New Hampshire families have likely exhausted their strategy for increasing their income and standard of living: wives are tapped out. It is difficult to imagine that more than 80 percent of wives will work outside the home, and the typical employed wife is already working full-time, year-round for nearly 1,940 hours. There are some educational subgroups of wives, especially high school dropouts, for whom increased hours of work would be possible and would then help raise the income of married couples at the bottom of the economic ladder.

For the most part, however, increases in the real incomes of families in New Hampshire will require growth in earnings, especially for those workers lacking post-secondary educational degrees. Increases in these real earnings will require both continuous gains in labor productivity and the sharing of these labor productivity gains with workers.

Middle class families are at a crossroads. Government can and should play a role in addressing their concerns, particularly in the area of workforce development. These programs could contribute to productivity gains through education and training that boost the skills of new and incumbent workers. But we must also acknowledge that many of our most innovative problem-solving efforts are taking place outside government in the private and not-for-profit sectors. Proactively leveraging the capacity of these organizations will help us effectively address New Hampshire's—and New England's—economic challenges.

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**About MassINC**—MassINC is a nonpartisan public policy think tank located in Boston, Massachusetts. Our mission is to develop a public agenda that promotes the growth and vitality of the middle class. We fulfill this mission through research, journalism (as publisher of *CommonWealth* magazine), and public education events. MassINC's governing philosophy is rooted in the ideals embodied in the American Dream: equality of opportunity, personal responsibility and a strong commonwealth.

**About the Center for Labor Market Studies at Northeastern University**—The Center is a research institution located within Northeastern University. The Center specializes in analysis of labor market issues and problems at the national, regional, state, and local level.

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## I. In the 1990s, the income of the typical family<sup>1</sup> in New Hampshire barely increased —and it grew more slowly than the national average.<sup>2</sup>

**TABLE 1**  
Median Incomes of All Families in New Hampshire, New England, and the U.S., 1989 and 1999 (in constant 1999 dollars)

GEOGRAPHIC AREA	1989	1999	ABSOLUTE CHANGE	PERCENT CHANGE
New Hampshire	\$55,929	\$57,575	+\$1,646	2.9%
Massachusetts	\$59,609	\$61,664	+\$2,055	3.4%
New England	\$57,500	\$58,836	+\$1,336	2.3%
U.S.	\$47,326	\$50,046	+\$2,720	5.7%

Source: 1990 and 2000 Censuses of Population and Housing PUMS public use files, tabulations by the Center for Labor Market Studies.

### FACT:

In the 1990s, the typical New Hampshire family's income increased by less than 3 percent. This increase was less than that of families throughout the nation (2.9% vs. 5.7%).

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In contrast, in the 1980s, the typical New Hampshire family's income increased by 26 percent. This increase substantially outpaced that of their national counterparts (26.3% versus 5.5%).

**TABLE 2**  
Median Incomes of All Families in New Hampshire, New England, and the U.S., 1979 and 1989 (in constant 1999 dollars)

GEOGRAPHIC AREA	1979	1989	ABSOLUTE CHANGE	PERCENT CHANGE
New Hampshire	\$44,273	\$55,929	+\$11,656	26.3%
Massachusetts	\$47,492	\$59,609	+\$12,117	25.5%
New England	\$46,625	\$57,500	+\$10,875	23.3%
U.S.	\$44,840	\$47,326	+\$ 2,486	5.5%

Source: 1980 and 1990 Censuses of Population and Housing PUMS public use files, tabulations by the Center for Labor Market Studies.

<sup>1</sup> We use the term “typical” to refer to median income. The median income is that income that divides the family income distribution into two equal parts; one half of all families earn more than the median income and one half of all families earn less than the median income.

<sup>2</sup> This work builds on previous MassINC and Center for Labor Market Studies research, especially *The State of the American Dream in New England* (1996) and *The State of the American Dream in Massachusetts, 2002*. Because the years of comparison for these studies are slightly different, the numbers are not precisely comparable, and thus, we have not presented them in this report. However, in general terms, our findings for Massachusetts are quite similar to those presented in this research brief.

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II. There were key differences in income gains among different types of New Hampshire families in the 1990s. Income gains varied depending on the family head's education level and whether or not the family was a married couple.

## FACT:

Only New Hampshire families headed by someone with an associate's or bachelor's degree enjoyed any income gains in the 1990s. Families headed by someone with a bachelor's degree enjoyed the biggest gains (11%).

TABLE 3

Median Incomes of Non-Elderly Families in New Hampshire by the Educational Attainment of the Family Householder, 1989 and 1999

(in constant 1999 dollars)

EDUCATIONAL ATTAINMENT OF FAMILY HOUSEHOLDER	1989	1999	ABSOLUTE CHANGE	PERCENT CHANGE
0-12 years, no diploma or GED	\$42,993	\$42,000	-\$993	-2%
H.S. diploma or GED	\$49,910	\$50,000	+\$90	0%
13-15 years, no degree	\$59,250	\$58,900	-\$350	-1%
Associate's degree	\$59,539	\$61,000	+\$1,461	+2%
Bachelor's degree	\$73,911	\$82,400	+\$8,489	+11%
Master's or higher degree	\$88,069	\$86,000	-\$2,069	-2%

Source: 1990 and 2000 Census, public use files, tabulations by Center for Labor Market Studies.

TABLE 4

Median Incomes of Non-Elderly Families in New Hampshire by Type of Family, 1989 and 1999 (in constant 1999 dollars)

FAMILY TYPE	1989	1999	ABSOLUTE CHANGE	PERCENT CHANGE
Married couple	\$62,744	\$67,020	+\$4,276	+7%
Male householder, no spouse present	\$42,994	\$38,000	-\$4,994	-12%
Female householder, no spouse present	\$29,558	\$28,320	-\$1,238	-4%

Source: 1990 and 2000 Census, public use files, tabulations by Center for Labor Market Studies.

## FACT:

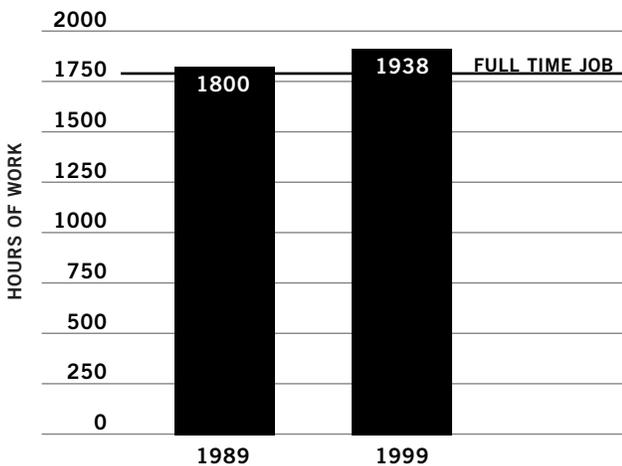
Married couples in New Hampshire enjoyed a 7 percent gain, while the typical family headed by a single adult experienced income losses.

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**III. Married couples in New Hampshire were the only families whose incomes increased (+7%). The vast majority of this income gain occurred because of increased hours of work and increased earnings of wives.**

**FIGURE 1**  
**Median Annual Hours Worked by Employed Married Women in New Hampshire, 1989-1999**



**FACT:**

In 1999, the typical employed wife in New Hampshire worked 1,938 hours. Over the 1990s, New Hampshire wives added an extra 138 hours of work outside the home (an 8% increase). To put this number in context, 1,938 hours more than meets the standards of a full-time, full-year job.<sup>3</sup> Moreover, because that number refers to the median hours worked, it means that half of all working wives actually work more than 1,938 hours.

Source: 1990 and 2000 Census, PUMS files, tabulations by Center for Labor Market Studies.

**FACT:**

The median annual earnings of wives increased by \$3,190 (17%). Except for those wives who lacked a high school diploma, the earnings of married women with all levels of education increased.

**TABLE 5**  
**Median Annual Earnings of Employed Wives Under 65 Years of Age in New Hampshire, by Educational Attainment, 1989 and 1999 (in constant 1999 dollars)**

EDUCATIONAL ATTAINMENT	1989	1999	ABSOLUTE CHANGE	PERCENT CHANGE
0-12 years, no diploma or GED	\$13,973	\$12,000	-\$1,973	-14%
H.S. diploma or GED	\$16,122	\$19,000	+\$2,878	+18%
13-15 years, no degree	\$19,070	\$20,000	+\$930	+5%
Associate's degree	\$22,437	\$25,000	+\$2,563	+11%
Bachelor's degree	\$25,316	\$30,000	+\$4,684	+18%
Master's or higher	\$33,589	\$35,000	+\$1,411	+4%
All	\$18,810	\$22,000	+\$3,190	+17%

Source: 1990 and 2000 Census, PUMS files, tabulations by Center for Labor Market Studies.

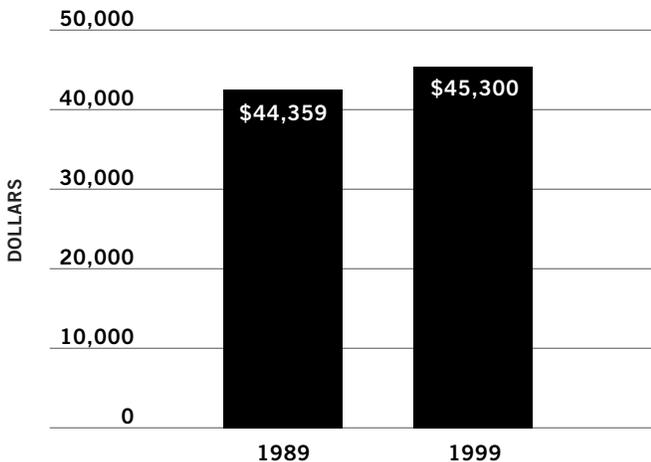
<sup>3</sup> 1,800 hours is the number of hours that economist consider "full-time, year-round." This assumes that a person works about 35 hours per week for 52 weeks.

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**FIGURE 2**

**Median Incomes of Non-Elderly Married Couple Families in New Hampshire Excluding Wives' Earnings, 1989 and 1999 (in constant 1999 dollars)**



**FACT:**

If the annual earnings of wives are excluded from the income of married couples, the median income of married couples would have increased by only 2 percent (not 7%) between 1989 and 1999.

Note: The family income data in this table pertain to married couple families in which the wife was under 65 years of age. Source: 1990 and 2000 Census of Population and Housing, PUMS files, tabulations by Center for Labor Market Studies.

**FACT:**

New Hampshire wives contributed \$3,216 of the \$4,157 increase that married couples enjoyed in the 1990s. Their contribution accounts for 77 percent of the income gain that married couples enjoyed.

**TABLE 6**

**Summary of New Hampshire Wives' Contribution to Family Income from 1989 to 1999 (in constant 1999 dollars)**

MEDIAN INCOME CHANGE	AMOUNT OF INCREASE
All family income, including wives' earnings	\$4,157*
Family income excluding wives' earnings	\$941
Wives' contribution to family income increase	\$3,216
Share of Income Growth Due to Wives' Earnings	77%

\* Note this number is slightly different from that in Table 4 because it only considers married families in which the wife is less than 65 years old.