

WAGES:

The Northern and Southern Divide Widens

BY MELANIE PLENDIA

As the North Country fights to transform its economy in the wake of the recession, the gap in wages between the northern and southern halves of the state continues to grow. Between 2001 and 2011, total average private wages increased 37 percent statewide, a rate matched in Hillsborough County. Meanwhile, in Coos County, which spans most of the North Country, wages grew only 25 percent and in some fields, like manufacturing, they actually decreased.

Between 2001 and 2006, wages rose just over 7 percent in Coos County, according to the Quarterly Census of Employment and Wages recorded by the NH Employment Security. By contrast, wages rose just over 13 percent for the same time period in Hillsborough County—home to Manchester and Nashua—and Merrimack County—home to Concord.

It's been a fact of life for workers in northern NH that what would be a higher paying job in the south, such as in health care, doesn't pay the same in the north. Dennis Delay, economist with the NH Center for Public Policy Studies, says he took a look at what registered nurses in the north were making compared to those in the south and found, on average, it was two or three dollars less

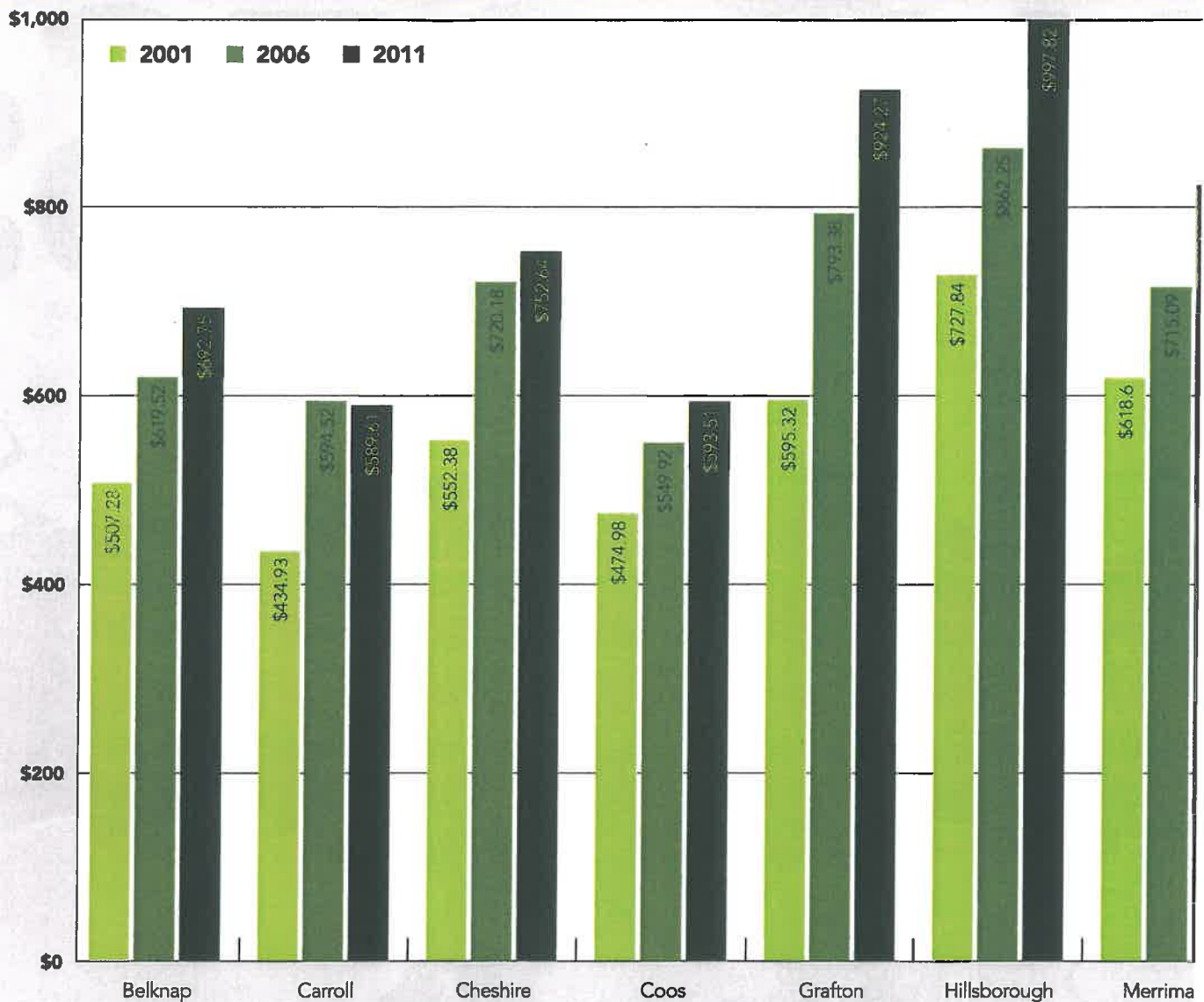
per hour. According to the NH Employment Security 2011 Occupational Employment & Wages publication, registered nurses in Northern NH made on average \$27.14 an hour as opposed to those in Concord who made an average of \$30.75 an hour and \$32.64 an hour in Manchester.

Even manufacturing jobs in the North Country are paying less than those in other parts of the state. In Coos County, according to the Quarterly Census, a manufacturing worker makes \$708 per week on average. But the same worker would make \$1,009 or \$948 per week in Hillsborough or Merrimack Counties, respectively.

This can be frustrating for North Country graduates entering the workforce, says Katharine Eneguess, president of White Mountains Community College. "I think there's a mythology (among employers) that if I move to the North Country, I can pay less," Eneguess says. But she stresses to graduates that they can negotiate for higher wages, and underscores for employers that just because it's the North Country doesn't mean people don't still need a livable wage.

The gap is even more pronounced for middle skilled jobs, Eneguess says. "That's what we hear from our students," she says. "It's not at the managerial level and not the international areas of some of the more technologically updated skill areas, but those

Average Weekly Salary (Third Quarter)



Source: NH Employment Security, Economic and Labor Market Information Bureau

entry level jobs. Some pay lower wages. ... And we also hear from our students that oftentimes employers expect to pay less." Better paying jobs in timber and manufacturing are being replaced with service jobs, says Kristin Smith, research assistant professor and family demographer with the Carsey Institute at the University of NH. Those service jobs tend to be lower paying, have fewer benefits, and typically do not support a family.

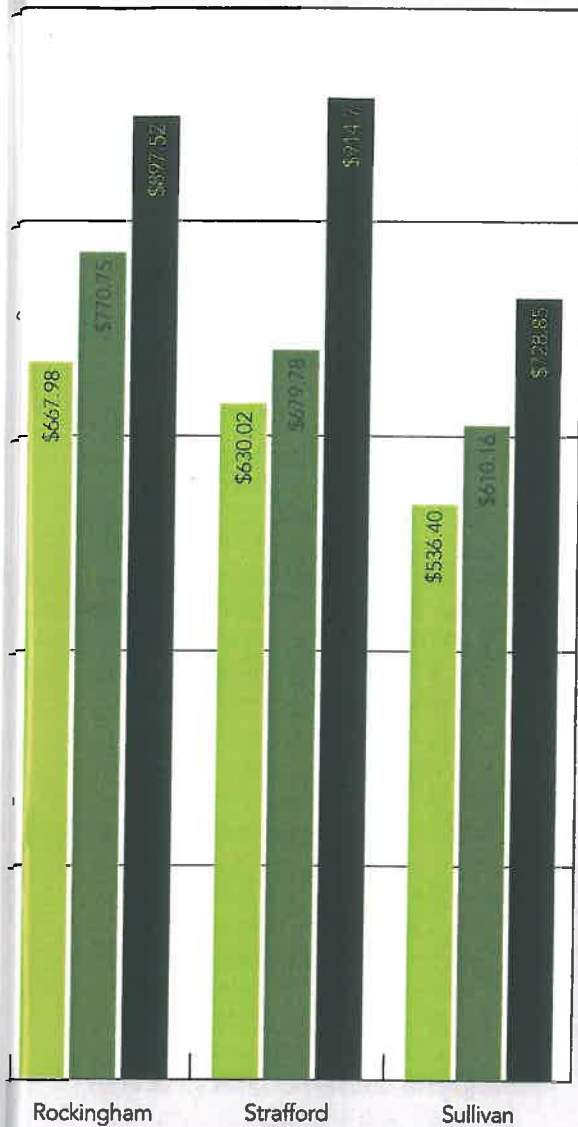
In Coos County, those in the retail trade industries make on average \$490.21 per week, but in Hillsborough and Merrimack it's \$598.61 and \$531.06 respectively. One of the few areas where the North Country has a slight edge when it comes to wages is tourism—its lifeblood—where weekly salaries average \$391.97 as opposed to \$337 in Hillsborough and Merrimack.

The fact that tourism is a vital industry to the North Country helps to explain the widening wage gap, though. "If you look at a Concord, Manchester, Portsmouth and the Nashua corridor—it has technology, biotech, and other growing companies that re-

quire highly skilled workers, says Stephen Heavener, executive director of the Capital Regional Development Council in Concord. "There's clearly a higher salary or a higher wage based on the skill demands of the growing companies."

While known for its rustic beauty, the North Country's distance from major metropolitan centers and lack of industry clustering are part of what holds it back when it comes to wages. Where you have clustering, Heavener says, you have similar types of businesses that buy and sell from each other. And those clusters can attract more, similar businesses. Northern NH has traditionally clustered forest-based paper and wood product businesses, but as yet hasn't been able to attract a larger number of companies with higher paying jobs, such as those in the biotech and high-tech fields, for example.

In the south, not only are there similar types of businesses trading, but also there is infrastructure, appropriately skilled workers, and amenities that help attract and retain new businesses and workers.



"In larger urban centers, there's more workers and there are more jobs," says Smith of the Carsey Institute. "This means there is also more competition for those, but there's also more demand for jobs. So employers are competing for those workers, which can drive wages up."

Delay of the NH Center for Public Policy Studies adds that not only are there more in-state workers competing for jobs in the south, but employers in the southern part of the state are competing with Massachusetts firms, which may pay more than the average NH company. Part of that difference is the income tax in Massachusetts (which also applies to NH residents employed in the Bay State).

To some extent, wages are affected by the cost of living, which is slightly less in the North Country, economist Delay says. According to the NH Housing Finance Authority, in 2011, the median purchase price for a home in Coos County was \$90,000 whereas in Hillsborough it is \$212,000. As for rents, the median rent for a two-

bedroom apartment in Coos County in 2011 was \$665, but it was \$1,090 per month for a two-bedroom in Hillsborough County.

But, says Smith, while housing prices may have dropped, the cost of other goods has still gone up, such as heating oil. And there is some data showing that the cost of living in rural areas may be higher when we consider the cost of transportation and food, because gas costs push up prices on items that need to be shipped and people may need to drive further to get goods and services.

Heavener says while he's seen tremendous efforts on the part of the state to bring in new business, he doesn't see the wage gap closing soon. But, he says there are some things that could help it, such as a major worker retraining effort. Neither does Delay see much change near term for the North Country. "I think in the short term, things are likely to stay the way they are," he says. "There are people in the state, not just in the North Country, but in the southern part of the state, that want to see the North Country succeed. And, hopefully their efforts will bear that out." ■