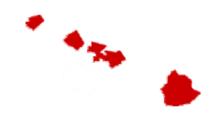
# Annual Labor Market Overview for Hawaii



August 2007

Research & Statistics Office
State of Hawaii
Department of Labor & Industrial Relations





## Introduction

The Annual Labor Market Overview for Hawaii presents significant labor market statistics and trends in Hawaii's economy between July 2006 and June 2007. In some instances, comparisons are made between national and state figures and rates. County statistics are also available. Recent developments with possible crucial impact on the local economy are also cited.

Workforce and economic analyses provided in this report supports Hawaii's workforce information system as directed by the U.S. Department of Labor's Employment and Training Administration.

### **Table of Contents**

Page	,
General Facts 3	,
Hawaii's Job Expansion is Now Eight Years Old 4	-
Industry Highlights5	,
Local Employment Dynamics 8	ò
Focusing on Recent Major Developments 10	)
Unemployment Rates Remain Low and Jobs Continue to Expand In All Counties of the State 11	
Short- and Long-Term Job Outlook	

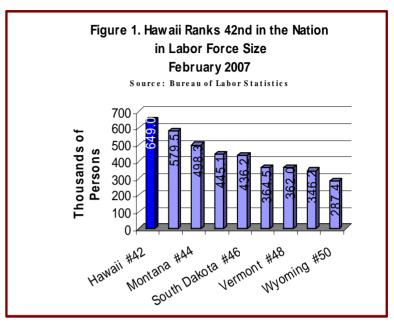
# **Executive Summary**

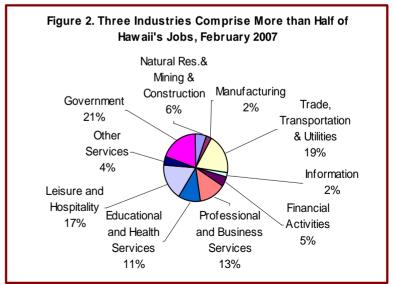
This report provides a current overview of the local labor market and economy to inform those developing workforce development policies and making workforce investment determinations. The following are some significant findings:

- Similar to its rank in population among the 50 states, Hawaii ranks 42<sup>nd</sup> in the nation in the size of its labor force.
- Nearly two-thirds of Hawaii's population 16 years and older participate in the labor force.
- Hawaii is in its eighth year of job expansion, reaching a record high of 616,550 jobs in 2006. Also, Hawaii's unemployment rate was at its lowest level in 16 years and the lowest in the nation.
- For the last four years, Hawaii has had widespread industry job growth in eight of 10 major industry sectors with construction leading the way. In year-to-year comparisons, the professional and business services sector was the one to beat.
- Accommodations and food services accounted for the largest share of total private sector employment in Hawaii at 19 percent.
- Workers with presumably more longevity, those aged 45-54 years, earned the biggest monthly paycheck of \$3,713.
- Hawaii dealt with two untimely incidences during the July 2006 to June 2007 period: an earthquake last October that caused over \$200 million in damages and the earlier than expected closure of a pineapple company, both affecting over 1,000 workers.
- All four counties unemployment rates fell in the 12-month period ending in April 2007, with Kauai exhibiting the biggest jobless rate decrease.
- In general, the pace of non-farm job growth is expected to slow over the 2004-2014 period compared with the 2005-2007 period.
- While there will be many job openings for workers with limited skills, about one in five openings will require a bachelor's degree or higher.

#### **General Facts**

- Hawaii ranks 42<sup>nd</sup> among the 50 states in the size of its labor force.<sup>1</sup> According to the February household survey of employment, there are 649,000 persons in the Hawaii labor force (Figure 1).
- As of February 2007, there were 634,150 employed persons statewide, and 14,850 unemployed. About one out of every thirteen people were self-employed.<sup>2</sup>
- Almost two-thirds of Hawaii's population 16 years and older participate in the labor force.<sup>3</sup> The remainder of the working-age population is not in the labor force, a category that includes homemakers, stay-at-home caregivers, students, disabled persons, and retirees.
- Hawaii's non-farm job market consisted of 625,400 jobs. This figure is based on the February payroll survey of business establishments, which defines employment differently than the household survey.
- More than nine out of every ten jobs in Hawaii is in the service-providing industries, and less than one out of every ten jobs is in the goods-producing industries.
- Government; trade, transportation, and utilities; and leisure and hospitality are the industry sectors with the largest number of jobs (Figure 2). These three sectors account for more than half of Hawaii's jobs. Professional and business services and educational and health services combined accounted for almost one of every four jobs. Together, construction, financial activities, and other services accounted for about one out of every seven jobs. Information and manufacturing comprised the remainder of the jobs.

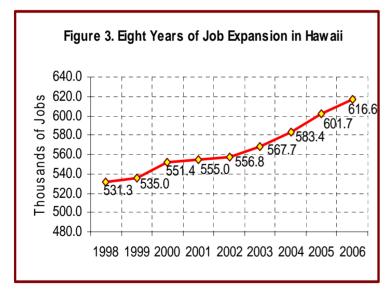




# Hawaii's Job Expansion is Now Eight Years Old

#### **Jobs**

- Hawaii is in its eighth year of job expansion. Its non-farm payrolls reached a record high of 616,550 jobs in 2006 (Figure 3). Over the eight year period, 85,250 jobs have been added.
- In spite of a curtailment in job growth in the first two years of the new millennium due to the aftermath of the 9/11 tragedy, Hawaii's non-farm payrolls grew consistently over the last eight years. They were particularly robust, with spurts of 10,900, 15,700, 18,350, and 14,850 in the last four years.

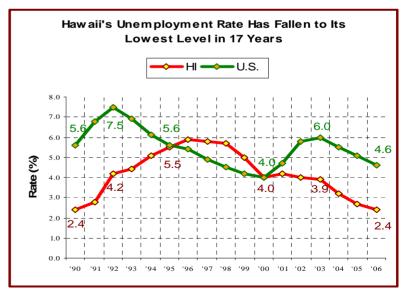


During this same period, the U.S. job expansion was not as fortunate, stalling for two years in 2002 and 2003 before picking up momentum in the last three years. National job gains totaled 6.2 million jobs over the last three years.

- Proportionally, Hawaii's pattern of job growth has been stronger than the nation's in seven of the past eight years. During this period, Hawaii's non-farm payrolls expanded by 2.1 percent, while the nation's grew by 0.8 percent.
- Hawaii's pace of job growth has slowed since the beginning of 2007 as the economy copes with the effects of high energy prices and lower visitor counts<sup>4</sup>. Hawaii added 4,400 jobs between January and April, growing at a pace of 0.7 percent. For the same four months, the nation has maintained its job growth rate as in 2006.

#### **Labor Force Employment**

In 2006, Hawaii's unemployment rate was at its lowest level in 16 years and the lowest in the nation. Hawaii's unemployment rate fell to 2.4 percent, the same as it was in 1990 (Figure 4).



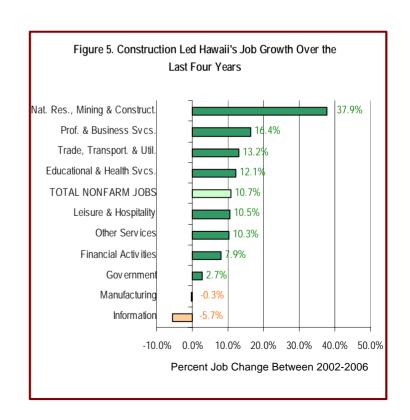
- With the exception of 2001, Hawaii's unemployment rate has dropped each year for the last 10 years.
- Except during the late 1990's, Hawaii's jobless rate has been below the U.S. jobless rate for most of this 16 year period. Only twice, in 1995 and 2000, did Hawaii and the U.S. reflect the same or nearly the same jobless rates.
- Hawaii's unemployment rate fell by 1.5 percentage points over the last four years, in contrast to the U.S. rate that decreased by 1.4 percentage points.
- The number of employed persons in Hawaii increased by 14,000 in 2006 over 2005. This compares to annu-

# **Industry Highlights**

#### **Four-Year Trends**

- Hawaii has had widespread industry job growth in recent years. Eight of Hawaii's 10 major industry sectors gained jobs over the last four years, while two lost jobs (Figure 5).
- Trade, transportation, and utilities (14,050 jobs); professional and business services ((11,000 jobs); and leisure and hospitality (10,200 jobs) grew by more than 10,000 jobs over the last four years. Together, these three industries accounted for about three out of five new jobs in Hawaii since 2002.
- Natural resources, mining, and construction (9,850 jobs) and educational and health services (7,650 jobs) were industries with four-year job gains of more than 5,000 jobs. To a lesser extent, government (3,150 jobs), other services (2,450 jobs) and financial activities (2,200 jobs)

- al gains of 17,150 in 2005, 8,250 in 2004, and 4,550 in 2003.
- Hawaii's four-year civilian employment gains totaled 43,950 persons as of 2006.
- There were 1,800 fewer unemployed persons in Hawaii in 2006 than the previous year. Each one of the earlier four years also exhibited decreases of 2,800 in 2005, 3,900 in 2004, and 900 in 2003.
- Over the year decreases totaled 9,400 fewer unemployed persons in Hawaii in 2006 than in 2003, a decline of 38 percent.

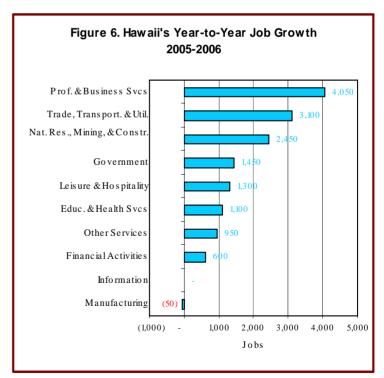


- exhibited smaller growth of more than 2,000 jobs during the same time frame.
- Only two sectors lost jobs during the four year period: information (650 jobs) and manufacturing (50 jobs).
- Construction, being the largest portion of the natural resources, mining, and construction industry sector, expanded at the fastest rate of 38 percent.
- With rates starting at less than half as much as the natural resources and construction sector but above Hawaii's four year growth rate of 10.7 percent were the professional and business services field (16.4 percent); trade, transportation, and utilities (13.2 percent); and educational and health services (12.1 percent).

#### **Year-to-Year Industry Trends**

- In 2006, eight Hawaii industry sectors showed yearto-year job gains, while one remained unchanged and one showed a year-to-year loss (Figure 6).
- The largest year-to-year job gain was in professional and business services (4,050 jobs). This gain was its largest gain in four years with previous annual leaps of 2,400; 1,100; and 3,450 between 2002 and 2005 (Figure 7).
- Trade, transportation, and utilities (3,100 jobs) and natural resources, mining, and construction (2,450 jobs), fueled mainly by construction, contributed a significant share as well. However, their gains in 2006 were smaller than the gains of the previous year-to-year period.

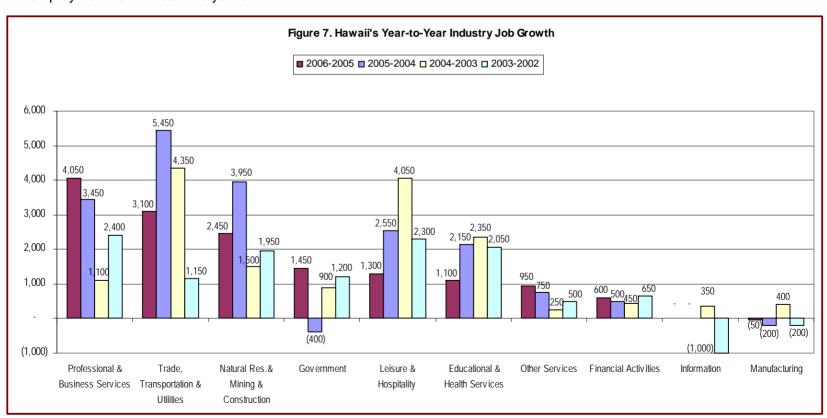
- Government made a comeback in 2006, adding 1,450 positions, after losing 400 slots between 2004 and 2005.
- Year-to-year growth in the leisure and hospitality sector amounted to 1,300 more jobs in 2006. This was not particularly outstanding compared with the previous three annual growth numbers, but still indicates continued strength in Hawaii's tourism and recreational industries.
- Educational and health services added 1,100 jobs in one year. Taking into consideration the previous three years, when growth exceeded 2,000 annually, the amount was not as robust.



- The other services sector has improved over the past four years, contributing 950 additional jobs in the last year.
- In the last year, employment in the financial activities sector grew by 600, reflecting steady improvement since 2003. This was, however, still smaller than the 650 increase in 2002.
- The information sector seems to have stabilized at 10,800 over the last three years, exhibiting no change in employment for the last two years.

- The only sector suffering losses was manufacturing, losing 50 jobs in 2006. This was an improvement over the previous year's drop of 200 jobs.
- Overall job gains in 2006 (14,950) were fewer than those in 2005 (18,200) and 2004 (15,700), probably due to higher energy costs and rising interest rates.





# **Local Employment Dynamics**

The new Local Employment Dynamics (LED) program produces eight Quarterly Workforce Indicators (QWI) that give a snapshot of the State's private industry workforce by industry, gender, and age group.

- Total private sector employment in the state was 493,368 in the second quarter of 2006 with accommodation and food services accounting for 19 percent of that total (Table 1).
- There was a net of -406 job flows. Downsizing at some accommodation and food service companies along with utilities contributed to this negative trend. (Note: Jobs contracted faster than they were expanding, resulting in a negative Net Job Flow for the quarter.)

- Private industry employers in the state created 26,950 jobs with 21 percent in the accommodation and food services industry.
- There were 86,043 new hires and 98,250 separations in the State. Accommodation and food services led the pack in those two indicators as well.
- The turnover rate in the private sector was 11.4 percent.
- The average monthly earnings was \$3,041 statewide for all private industry employees. New hires earned nearly 73 percent of all workers with an average monthly wage of \$2,214.

Table 1. Quarterly Workforce Indicators - Industry

2nd Quarter 2006	2006 Industry																			
Quarterly Workforce Indicator	Total, All Industries	Agriculture, Forestry, Fishing & Hunting	Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation & Warehousing	Information	Finance & Insurance	Real Estate & Rental & Leasing	Professional, Scientific & Technical Services	Mgmt. of Companies & Enterprises	Admin., Support, Waste Mgmt., Remediation Svcs.	Educational Services	Health Care & Social Assistance	Arts, Entertainment & Recreation	Accommodation & Food Services	Other Services
Total Employment	493,368	6,896	353	3,139	31,119	15,779	18,206	69,523	29,591	11,301	16,942	13,435	24,227	8,473	46,213	12,487	55,516	11,612	94,636	23,920
Net Job Flows	-406	77	4	-1,306	768	14	35	163	438	-22	103	17	26	162	409	359	666	293	-2,210	-463
Job Creation	26,950	344	8	50	2,625	668	891	2,864	1,481	494	673	633	1,814	312	2,413	1,139	2,496	991	5,699	1,332
New Hires	86,043	764	13	103	5,952	2,031	2,288	12,388	5,245	1,502	1,665	2,206	3,200	958	13,493	1,783	6,040	2,695	20,061	3,655
Separations	98,250	824	9	1,451	6,146	2,189	2,479	13,338	5,410	1,864	1,704	2,443	3,930	880	14,662	2,888	6,730	2,843	23,708	4,752
Turnover	11.4%	7.0%	2.4%	43.7%	11.4%	7.9%	8.0%	11.0%	10.6%	13.5%	7.1%	10.1%	10.2%	6.6%	16.4%	9.9%	8.5%	12.0%	14.3%	10.7%
Avg. Monthly Earnings	\$3,041	\$2,375	\$6,879	\$5,631	\$4,769	\$3,034	\$3,749	\$2,343	\$3,058	\$4,231	\$4,619	\$3,426	\$4,673	\$4,039	\$2,404	\$2,794	\$3,305	\$1,986	\$2,216	\$2,336
Avg. New Hire Earnings	\$2,214	\$1,835	\$5,045	\$4,387	\$3,759	\$2,305	\$2,581	\$1,534	\$2,113	\$3,891	\$3,186	\$3,561	\$3,894	\$2,810	\$1,896	\$1,549	\$2,298	\$1,367	\$1,590	\$1,744

- Males outnumbered females in total employment, job creation, new hires, and separations and had higher turnover as well (11.7 percent compared to 11.1 percent) (Table 2).
- Women's earnings comprised only 70 percent of men's earnings (\$3,571 for men compared to \$2,498 for

Table 2. Quarterly Workforce Indicators - Gender

2nd Quarter 2006	Gender						
Quarterly Workforce Indicator	Both	Male	Female				
Total Employment	493,368	250,718	242,650				
Net Job Flows	-406	-236	-170				
Job Creation	26,950	15,370	14,451				
New Hires	86,043	45,303	40,740				
Separations	98,250	51,796	46,454				
Turnover	11.4%	11.7%	11.1%				
Avg. Monthly Earnings	\$3,041	\$3,571	\$2,498				
Avg. New Hire Earnings	\$2,214	\$2,592	\$1,794				

Table 3. Quarterly Workforce Indicators – Age Group

- women). Similarly, newly hired males earned \$2,592 compared to newly hired females' wages of \$1,794.
- The largest age group, in terms of total private industry employment, was 35-44 years old, representing 22.9 percent of the total (Table 3).
- The younger demographic (ages 14-18) had the highest net job flows.
- However, it was the 25-34 year old group that led the way in job creation (29.6 percent of the total), new hires (25.0 percent), and separations (25.3 percent).
- Turnover was greatest in the 14-18 year old group with 29.6 percent.
- And predictably, workers with presumably more longevity, specifically, those aged 45-54, took home the biggest paycheck of \$3,713 per month.
- An even older group of workers, aged 55-64, commanded the most pay for new hires with \$3,057 on average per month.

Table 3. Quarterly Workforce indicators – Age G	oup	average per meman									
2nd Qtr. 2006		Age Group									
Quarterly Workforce Indicator	14-99	14-18	19-21	22-24	25-34	35-44	45-54	55-64	65-99		
Total Employment	493,368	14,193	28,525	34,631	108,796	112,972	110,226	65,335	18,690		
Net Job Flows	-406	3,268	1,941	617	-1,009	-1,321	-1,655	-1,531	-700		
Job Creation	26,950	5,243	5,566	4,644	7,975	6,440	5,277	2,800	908		
New Hires	86,043	9,971	12,473	10,958	21,472	14,545	10,494	4,731	1,399		
Separations	98,250	7,498	11,845	11,293	24,865	18,247	14,314	7,622	2,565		
Turnover	11.4%	29.6%	23.5%	19.0%	13.7%	9.7%	7.8%	7.0%	7.8%		
Avg. Monthly Earnings	\$3,041	\$756	\$1,298	\$1,797	\$2,641	\$3,388	\$3,713	\$3,607	\$2,533		
Avg. New Hire Earnings	\$2,214	\$797	\$1,246	\$1,657	\$2,226	\$2,671	\$2,954	\$3,057	\$1,845		

# **Focusing on Recent Major Developments**

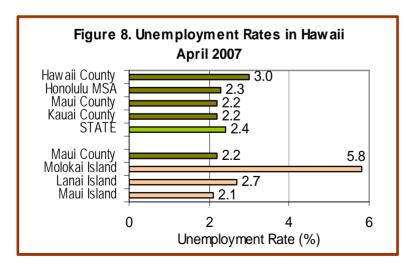
- During the July 2006 –June 2007 period, two events occurred that ruffled the state's economy.
- The first was the effects of the October 15, 2006 earth-quakes off the northwest coast of the Big Island of Hawaii that caused property damage, injuries, land-slides, power outages, airport delays, and closures. It is estimated that about \$200 million in damage occurred throughout the state, <sup>5</sup> the majority of it, naturally, on the Big Island. Heavy damage also was evident on the eastern side of Maui and minor damage was spread to the western side of Oahu.
- Luxury hotels closest to the earthquake's epicenter, the Mauna Kea and Hapuna Prince hotels, suffered significant structural damage, the former in particular, whose building was deemed unsafe and in danger of collapse.
- As a result, the Mauna Kea Hotel closed indefinitely on December 1, 2006. In the weeks following the earth-quake between November 2006 and February 2007, approximately 60 percent of Mauna Kea's 420 employees were laid off, while some were hired by the Hapuna Prince, Fairmont Orchid, and other hotels or other industries. Structural repairs to the Mauna Kea are expected to take at least a year to complete and about 230 workers will be affected.<sup>6</sup>
- Overall employment in the accommodation portion of the leisure and hospitality sector has weathered the loss well, holding steady in January 2007 and only modestly dipping by approximately 100 employees from February through April 2007.

- The second event of major significance to Hawaii's economy followed the announcement by Del Monte Fresh Produce that it was closing its Hawaii operations around January 22, 2007 instead of the original target at the end of 2008. This subsequent layoff will affect 551 workers.<sup>7</sup>
- In anticipation of the closure, the state sought and obtained federal grant monies to provide assessment, case management, and job placement assistance to the impacted workers through rapid response sessions. Additionally, 180 workers were certified as eligible to apply for Trade Adjustment Assistance and Alternative Trade Adjustment Assistance. State labor officials also contacted the state's Department of Agriculture to identify farms needing workers and arranged job fairs and invited the healthcare industry to participate. Officials have also worked with the ILWU to hold workshops to train the displaced workers on job search skills.
- Workers have made efforts on their own to improve their skills for other types of work by working towards their competency-based diplomas and attending English as a Second Language classes. Some have also taken community college courses paid for by the federal Rural Development Program.<sup>10</sup>



# **Unemployment Rates Remain Low and Jobs Continue to Expand In All Counties of the State**

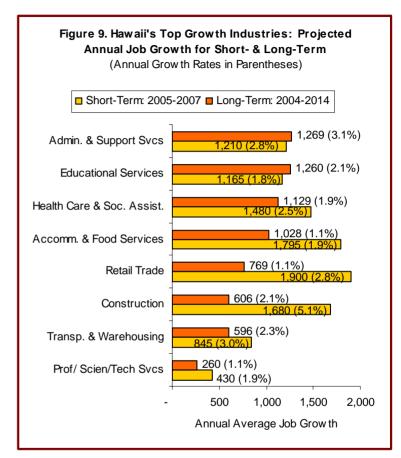
- Hawaii's economy has four county labor markets, consisting of Honolulu Metropolitan Statistical Area (MSA), Hawaii County, Maui County, and Kauai County. Honolulu MSA, the largest, comprises nearly three out of every four jobs in the state.
- Unemployment rates vary among the counties. The unemployment rates of the urban areas tend to be lower than those of more rural regions.
- Maui and Kauai counties had the lowest jobless rates in April 2007 at 2.2 percent, while Hawaii County's rate was the highest at 3.0 percent (Figure 8).
- All of the counties unemployment rates fell over the twelve month period ending in April 2007.



- The smallest county of Kauai exhibited the biggest jobless rate decrease of .4 percentage point between April 2006 and April 2007.
- Although Maui County's jobless rate markedly declined by .3 percentage point over the one year period ending April 2007, of the three islands that comprise the county's labor market, only Maui Island benefited with a .4 percentage point lower rate. The rates for the other two islands of Molokai and Lanai, increased by 1.4 and 1.0 percent, respectively.
- Honolulu MSA, improved on its unemployment rate over the same period, lowering it by .2 percentage point and influencing the state's downward trend by the same amount.
- Non-farm payrolls grew in each of Hawaii's four counties over the year ending April 2007. Kauai's job growth was strongest, expanding by 2.9 percent, followed by Hawaii County, which grew by 2.8 percent.
- Maui County's year-to-year job growth rate of 2.1 percent exceeded the state's rate of 1.7 percent.
- Although Honolulu MSA's job expansion was weakest among the counties, growing by 1.4 percent during the one year period, the 6,200 jobs that it grew by, accounted for 60 percent of the state's added jobs.

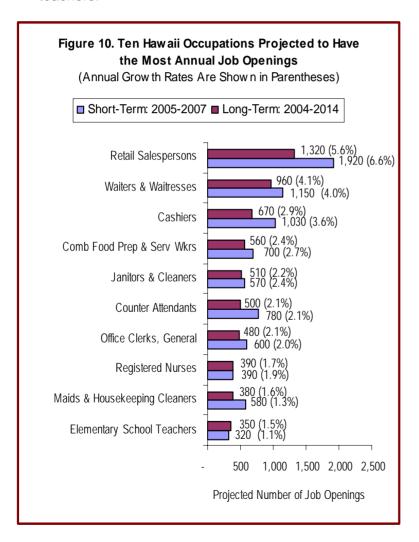
# **Short- and Long-Term Job Outlook**

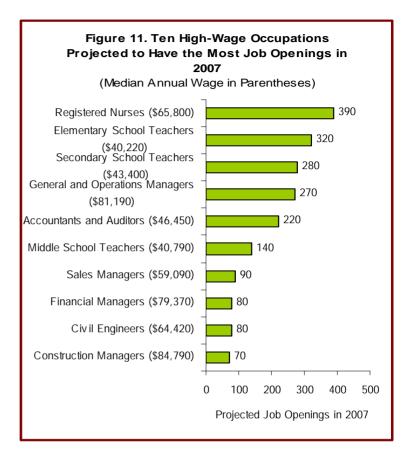
- Hawaii's non-farm employment is expected to grow at a rate of 2.0 percent in 2007, adding 24,800 new jobs since 2005. This is faster than the long-term outlook, which projects non-farm payrolls to grow at an annual average rate of 1.4 percent, or nearly 8,050 new jobs per year through 2014.
- For both the short- and long-term industry projections, more than 90 percent of the job growth will be concentrated in five major industry sectors: education and health services; professional and business services; trade, transportation, and utilities; leisure and hospitality; and construction. Within these major sectors are industries such as administrative and support services, education, health care and social assistance, and accommodations and food services, all of which are expected to add over 1,000 jobs annually over the long-term (Figure 9).
- Overall non-farm job growth is expected to be smaller over the long-term than the short-term. With the exception of health care and social assistance and the professional, scientific, and technical services, the industries exhibiting larger short-term growth than long-term growth are cyclical in nature, mostly affected by the tourist trade. Construction is currently very strong due to low interest rates and numerous military contracts. The water transportation industry portion of transportation and warehousing is lately, particularly vibrant, but shows signs of slowing as one major cruise line plans to reduce its fleet in 2008.<sup>11</sup>
- Job openings are created when an industry grows or a worker creates a vacant position by leaving the labor force or changing occupations. Many of the job open-



ings (growth plus replacements) for the short- and long-term will occur in entry level, transitional jobs in which there is a constant need for new workers (Figure 10). Eight of the ten occupations with the most projected job openings require short-term on-the-job training and pay a median annual wage between \$15,000 and \$26,000 or less than \$13.00 an hour. Retail salespersons, waiters and waitresses, cashiers, and combined food

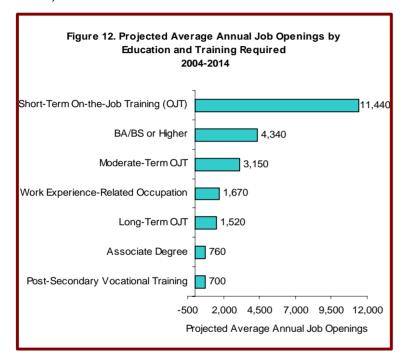
- preparation and serving workers are expected to be in the highest demand.
- Two of the ten occupations with the most projected job openings require higher education and training. They include registered nurses and elementary school teachers.





- Jobs that pay median annual wages of more than \$40,000 like registered nurses; elementary, middle, and secondary school teachers; accountants and auditors; general and operations, sales, financial, and construction managers; and civil engineers will provide a substantial number of job openings in 2007 (Figure 11).
- The long-term outlook for the number of job openings by education and training reflects employer's need for a wide range of trained workers. While there will be many openings for workers who can obtain their training on

the job, there will also be a substantial number of job openings that will require at least a bachelor's degree. About 19 percent of all job openings forecasted through 2014 will require a bachelor's degree or higher (Figure 12).



For more information visit the Research and Statistics Office's website at <a href="www.hiwi.org">www.hiwi.org</a> or <a href="www.hawaii.gov/labor">www.hawaii.gov/labor</a>. You may also contact us by:

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#### **Notes**

- <sup>1</sup> U.S. Department of Labor, Bureau of Labor Statistics,[ftp://ftp.bls.gov/pub/news.release/History/laus.03302007.news].
- <sup>2</sup> U.S. Census Bureau, 2005 American Community Survey, "Selected Economic Characteristics: 2005," [http://factfinder.census.gov/servlet/ ADPTable?\_bm=y&-geo\_id=04000US15&-qr\_name=ACS\_2005\_EST\_G00\_DP3&-context=adp&-ds\_name=&-tree\_id=305&-\_lang=en&-redoLog=false&-format=].
- 3 Ibid.
- <sup>4</sup> Department of Business & Economic Development & Tourism, [http://www.hawaii.gov/dbedt/info/visitor-stats/2007/feb07.swf].
- <sup>5</sup> Kevin Dayton, "Oct. 15 Quakes' Fury Lingers on Big Island," *The Honolulu Advertiser*, 4 April 2007, [http://the.honoluluadvertiser.com/article/2007/Apr/04/In/FP704040407.html].
  - 6 Ibid.
- <sup>7</sup> Greg Wiles and Lynda Arakawa, "Job Fair Set for Laid-Off Workers," *The Honolulu Advertiser*, 21 November 2006, [http://the.honoluluadvertiser.com/article/2006/Nov/21/bz/FP611210320.html].
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  - <sup>10</sup> Ibid.
- <sup>11</sup> Allison Schaefers, "Pride of Hawaii Leaving," *Star Bulletin*, 11 April 2007, [http://starbulletin.com/2007/04/11/news/story01.html].