



The Graying of Hawaii's Workforce 2006



April 2008

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



QUALITY INFORMATION FOR INFORMED DECISIONS

Introduction

The Graying of Hawaii's Workforce 2006 comes on the heels of a 2007 U.S. Census Bureau report, *The Geographic Distribution and Characteristics of Older Workers in Hawaii: 2004*. This report presents updated 2006 data on Hawaii's older workers. The State and County information in this report are based on the LED program's Quarterly Workforce Indicators (QWI) and includes comparisons over a 10-year period. The focus will be on employment, industry distribution, turnover rates, and earnings of Hawaii's private industry workers that are 55 years of age and older. This information may be useful for employers that are planning on the future retirements of their experienced older workers in the coming years.

A printable version of this report is available online at the Hawaii Workforce Informer (HIWI) website: <http://www.hiwi.org>.

Please direct any comments or suggestions regarding the content in this report to:



Research and Statistics Office
Labor Market Research
830 Punchbowl Street - Room 304
Honolulu, HI 96813
phone: (808) 586-8999
email: dliir.rs.hiwi@hawaii.gov
website: www.hiwi.org



Visit the Census Bureau's LED website: <http://lehd.did.census.gov/led/>

The Geographic Distribution and Characteristics of Older Workers in Hawaii 2004 report is available at: <http://www.census.gov/prod/2007pubs/ledow07hi.pdf>

More LED data are available at: <http://lehd.did.census.gov/led/datatools/qwiapp.html>

Highlights

- ❖ **In 2006, about 17 percent of the state's private workforce was 55 years and older, up from 12.5 percent a decade earlier.** The number of older workers increased by a hefty 60 percent between 1996 and 2006, while overall employment grew by only 17 percent during the same 10-year period. Hawaii County is the oldest of the counties, followed by Kauai, Honolulu, and Maui counties, in that order.
- ❖ Because of the State's graying workforce, employers will have to start preparing for significant numbers of retirements in the near future and how to replace those workers. The labor market is tight at the moment with relatively low unemployment, which will require that employers come up with creative ways to entice older workers to stay longer or attract younger workers.
- ❖ **Industries that employ the most older workers include the state's largest industries: accommodation and food services** employed 15 percent of older workers; **retail trade** had 12 percent; **health care and social assistance** accounted for 11 percent; and **administrative, support, waste management, and remediation services** employed 10 percent.
- ❖ The counties were similarly distributed except for Hawaii County's construction industry, which replaced the administrative, support, waste management, and remediation services industry. These industries will be impacted the most, but all industries will need to be prepared for the economic implications of Hawaii's older workers contemplating retirement.
- ❖ **The turnover rate of workers aged 55 to 64 was 6.4 percent in 2006 and a little higher for the 65+ year old age group with 7.2 percent.** Honolulu County's turnover was very similar to the state, while Hawaii County's was higher in the 55-64 year age group. Kauai and Maui counties turnover was higher in both age groups.
- ❖ Turnover rates did not increase as much over the 1996 to 2006 period for older workers as compared to the younger workers. This may suggest that older workers are sticking around longer. Perhaps the negative perception of older workers has changed over time and today there is more acceptance of older workers and even an increased demand for the seasoned "old timer" who has better skills and experience.
- ❖ **The 2006 average monthly pay was \$3,787 for workers between the ages 55 and 64 and much lower for the 65 and older group at \$2,681.** Honolulu County came in higher than the state average, while Maui, Hawaii, and Kauai counties trailed the state.
- ❖ Overall, older workers make more money than younger workers and older workers may continue to work beyond the traditional retirement age for financial reasons. Also, many workers want to keep working because they enjoy being productive or active.

Hawaii's workforce is aging

There were about 84,700 workers aged 55 and older in private sector companies in Hawaii during the year 2006 (Table 1). They accounted for 17.1 percent of the state's total private industry workforce, up from 12.5 percent in 1996. These numbers reflect a significant increase of 31,900 older workers (aged 55+), or 60.3 percent from 1996 to 2006. The overall employment for all ages expanded by 72,800 or 17.2 percent during the same 10-year period. Older workers have grown at a faster pace than any other age group and heightened its share of total employment by almost 5 percent.

Table 1

Annual Average Employment by Age Group State of Hawaii, Private Sector, 1996 and 2006						
Age Group	----- 1996 -----		----- 2006 -----		1996-2006 Change	
	Emp.	% Dist.	Emp.	% Dist.	Number	Percent
All Ages	423,113		495,953		72,840	17.2%
14-18	10,330	2.4%	14,640	3.0%	4,310	41.7%
19-21	23,265	5.5%	29,107	5.9%	5,842	25.1%
22-24	29,471	7.0%	34,909	7.0%	5,438	18.5%
25-34	115,471	27.3%	109,313	22.0%	-6,158	-5.3%
35-44	112,525	26.6%	112,889	22.8%	364	0.3%
45-54	79,228	18.7%	110,417	22.3%	31,189	39.4%
55-64	37,957	9.0%	65,784	13.3%	27,827	73.3%
65-99	14,862	3.5%	18,892	3.8%	4,030	27.1%
55-99	52,819	12.5%	84,676	17.1%	31,857	60.3%

Hawaii County had the largest fraction of workers aged 55 and older with 17.7 percent in 2006 (Table 2). Kauai County was a close second with 17.5 percent, followed by Honolulu County (17.1 percent) and Maui County (16.1 percent). The largest percentage surge from 1996 to 2006 occurred in Hawaii County with 107.0 percent. Kauai and Maui County weren't far behind with 90.1 percent and 90.0 percent, respectively. Honolulu County had the smallest gain of 49.8 percent.

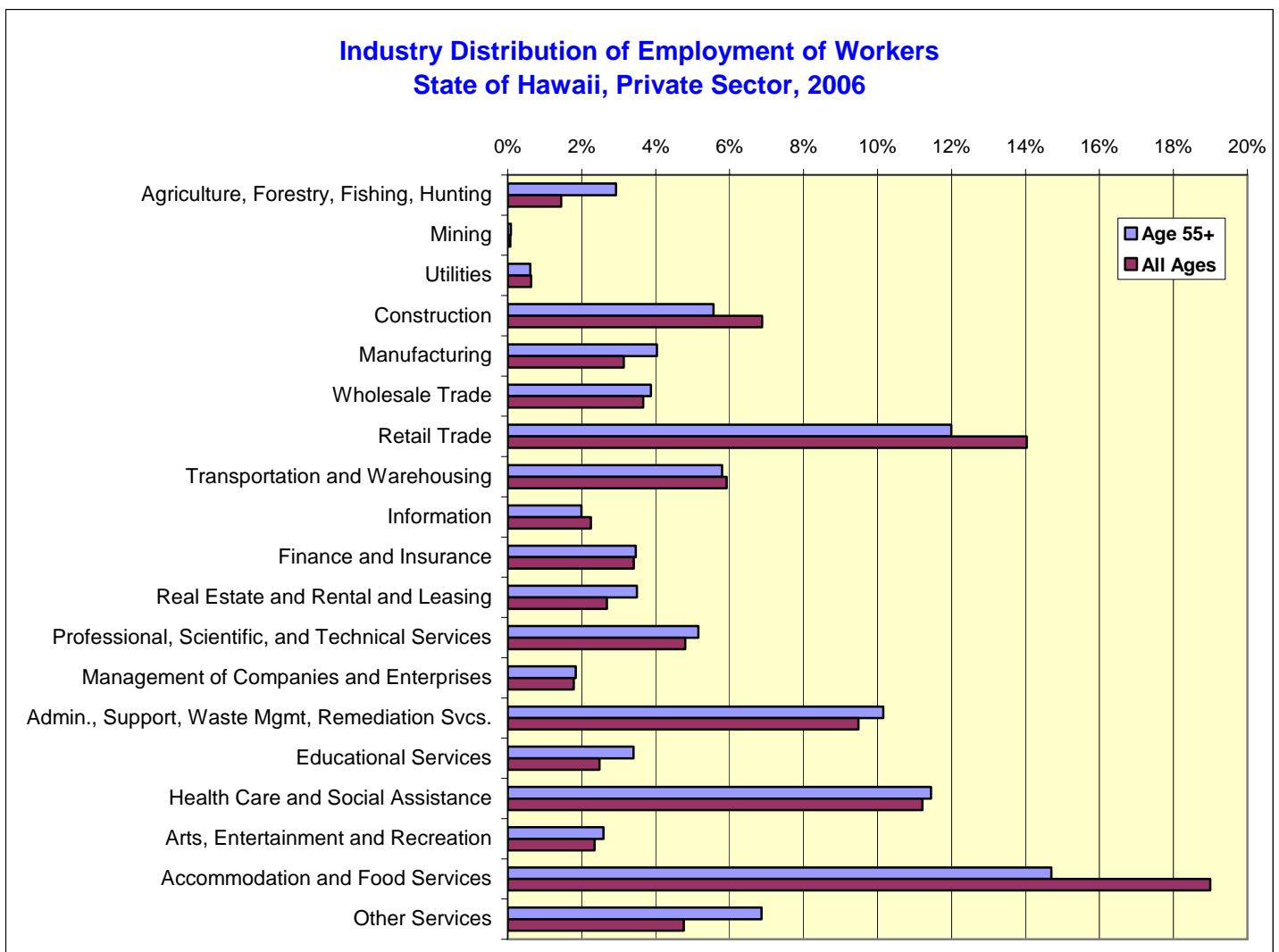
Table 2

Annual Average Employment of Workers Age 55+ State and Counties, Private Sector, 1996 and 2006						
Area	----- 1996 -----		----- 2006 -----		1996-2006 Change	
	Emp.	% Dist.	Emp.	% Dist.	Number	Percent
State of Hawaii	52,819	12.5%	84,676	17.1%	31,857	60.3%
Hawaii County	4,517	12.0%	9,350	17.7%	4,833	107.0%
Honolulu County	40,914	12.8%	61,290	17.1%	20,376	49.8%
Kauai County	2,268	12.2%	4,311	17.5%	2,043	90.1%
Maui County	5,117	11.1%	9,723	16.1%	4,606	90.0%

Industry distribution of older workers

Hawaii's workers aged 55 and older are distributed among the industry sectors pretty much the same way as the workforce as a whole (Chart 1). There are significantly larger proportions of older workers in other services and agriculture, with a difference of about two percentage points. Other industries facing the graying of their workers are: manufacturing; educational services; real estate and rental and leasing; administrative, support, waste management, and remediation services; professional, scientific, and technical services; wholesale trade; health care and social assistance; art, entertainment and recreation; and finance and insurance. There are significantly smaller fractions of older workers in accommodation and food services (four percentage points) and retail trade (two percentage points). Other industries that are experiencing a shrinking older worker pool are: construction; information; and transportation and warehousing.

Chart 1



Industries that employ the most older workers (age 55+) are also the state's largest industries: accommodation and food services (12,456 older workers); retail trade (10,167 older workers); health care and social assistance (9,700 older workers); and administrative, support, waste management, and remediation services (8,609 older workers) (Table 3). All four of the counties also were headed by accommodation and food services as the top employer of older workers. Maui County mirrored the state in terms of the top four industries employing older workers. Hawaii County followed the state's lead except construction was the fourth-ranked industry employing older workers. Kauai County was similar to the state as well – with the health care and administrative support sectors in reverse order. Although Honolulu County had the same four industries represented at the top the order was different.

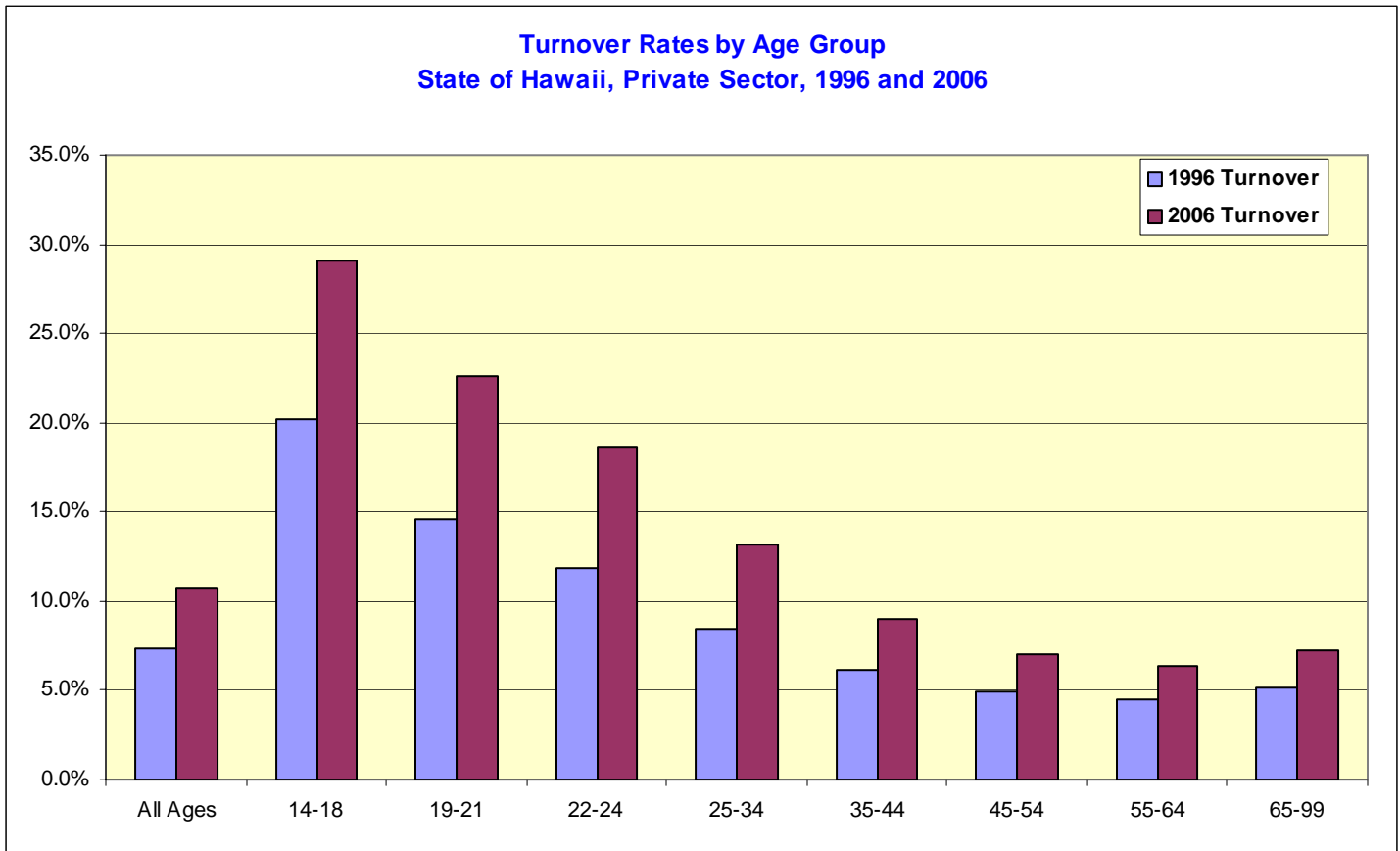
Table 3

Employment of Workers Aged 55+ by Industry State and Counties, Private Sector, 2006										
Industry	State of Hawaii		Hawaii County		Honolulu County		Kauai County		Maui County	
	Emp.	% Dist.	Emp.	% Dist.	Emp.	% Dist.	Emp.	% Dist.	Emp.	% Dist.
ALL INDUSTRIES	84,762	-----	9,351	-----	61,379	-----	4,300	-----	9,729	-----
Agriculture, Forestry, Fishing, Hunting	2,480	2.9%	729	7.8%	834	1.4%	237	5.5%	678	7.0%
Mining	71	0.1%	N/A	N/A	60	0.1%	N/A	N/A	N/A	N/A
Utilities	519	0.6%	74	0.8%	332	0.5%	35	0.8%	77	0.8%
Construction	4,715	5.6%	691	7.4%	3,300	5.4%	201	4.7%	522	5.4%
Manufacturing	3,419	4.0%	390	4.2%	2,594	4.2%	71	1.7%	363	3.7%
Wholesale Trade	3,281	3.9%	299	3.2%	2,719	4.4%	77	1.8%	184	1.9%
Retail Trade	10,167	12.0%	1,538	16.4%	6,733	11.0%	622	14.5%	1,272	13.1%
Transportation and Warehousing	4,914	5.8%	461	4.9%	3,738	6.1%	229	5.3%	485	5.0%
Information	1,687	2.0%	98	1.0%	1,426	2.3%	43	1.0%	118	1.2%
Finance and Insurance	2,934	3.5%	172	1.8%	2,599	4.2%	39	0.9%	121	1.2%
Real Estate and Rental and Leasing	2,961	3.5%	391	4.2%	1,993	3.2%	144	3.3%	430	4.4%
Professional, Scientific, and Technical Services	4,370	5.2%	290	3.1%	3,729	6.1%	90	2.1%	258	2.7%
Management of Companies and Enterprises	1,561	1.8%	147	1.6%	1,288	2.1%	24	0.6%	101	1.0%
Admin., Support, Waste Mgmt, Remediation Svcs.	8,609	10.2%	453	4.8%	6,840	11.1%	543	12.6%	772	7.9%
Educational Services	2,883	3.4%	182	1.9%	2,452	4.0%	49	1.1%	198	2.0%
Health Care and Social Assistance	9,700	11.4%	1,175	12.6%	7,278	11.9%	389	9.0%	858	8.8%
Arts, Entertainment and Recreation	2,197	2.6%	274	2.9%	1,308	2.1%	230	5.3%	384	3.9%
Accommodation and Food Services	12,456	14.7%	1,551	16.6%	7,619	12.4%	1,037	24.1%	2,246	23.1%
Other Services	5,819	6.9%	420	4.5%	4,527	7.4%	225	5.2%	644	6.6%

Turnover rates of workers

In general, turnover rates in Hawaii's workforce are highest for the younger workers and lowest for the older workers. Not surprisingly, the turnover rate for workers under age 22 exceeds 20 percent (Chart 2). Meanwhile, the turnover rate for workers over age 34 is below 10 percent. Since retired workers increase the turnover rate, it is understandable that the rate would be slightly elevated for the oldest workers aged 65+.

Chart 2



Statewide, the turnover rate was 6.4 percent for workers aged 55-64 and 0.8 percentage points higher for the oldest workers aged 65 and over, at 7.2 percent (Table 4). Honolulu County almost mirrored the statewide turnover, though coming in a tad lower. Kauai and Maui County both had greater turnover in the 65+ age group as compared to the 55-64 set. Meanwhile, Hawaii County departed from the rest of the pack with higher turnover in the 55-64 year old group as compared to the older 65+ set.

Table 4

**Turnover Rates of Workers Aged 55+
State and Counties, Private Sector, 1996 and 2006**

Age Group	State of Hawaii		Hawaii County		Honolulu County		Kauai County		Maui County	
	1996	2006	1996	2006	1996	2006	1996	2006	1996	2006
55-64	4.5%	6.4%	5.2%	7.3%	4.3%	6.2%	5.3%	6.8%	5.2%	6.6%
65-99	5.2%	7.2%	5.7%	7.2%	5.0%	7.0%	5.6%	8.0%	6.4%	7.7%

During the 10-year period from 1996 to 2006, turnover rates increased by about 2 percentage points for Hawaii's older workers. Honolulu County followed suit but the other

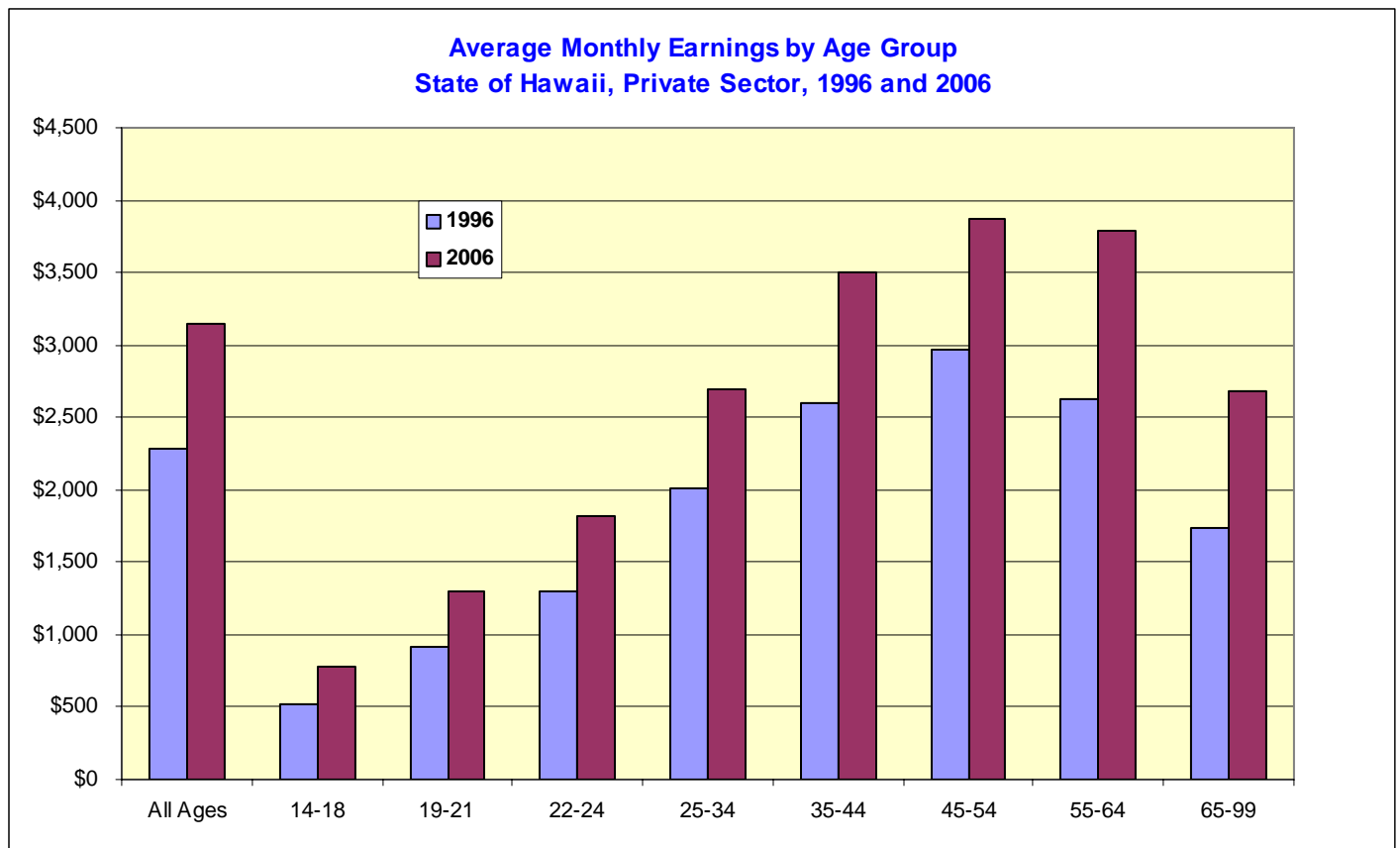
counties deviated from the statewide trend. In Hawaii County, the 65+ year old workers turnover rates did not rise as much as the state, increasing by only 1.5 percentage points. In Kauai County, turnover rates increased more than the state in the 65+ age group but only 1.5 percentage points in the 55-64 set. Meanwhile, Maui County saw both the 55-64 and 65+ age groups experience only about 1.4 percentage point increases in turnover.

Earnings of Older Workers

The trend in earnings is usually the opposite of the trend in turnover rates. Generally, younger workers make less money while older workers pull in the higher salaries. This is true in Hawaii’s private sector during the years 1996 and 2006 (Chart 3). The youngest age group, those aged 14-18, earned about \$777 per month in 2006. Earnings peaked at \$3,871 per month at ages 45-54. Monthly earnings then dipped slightly to \$3,787 for the 55-64 year old group, then dropped to \$2,681 for the oldest age group of 65+ years old.

From 1996 to 2006, the state’s average monthly earnings rose by \$866 or 38.0 percent. The oldest and the youngest workers have enjoyed the most earnings growth at the expense of the in-between groups. While workers under 25 or over 54 have posted 10-year increases of at least 40 percent, the workers between the ages of 25 and 54 grew at a more moderate pace of 30 to 34 percent.

Chart 3



Average monthly earnings in 2006 for Hawaii's private industry workers was \$3,787 for those aged 55-64 and \$2,681 for the oldest 65+ year old group (Table 5). Older workers pay in Honolulu County was higher than the statewide average. Below the statewide average was Maui, Hawaii, and Kauai counties, in that order.

Although Honolulu County's older workers led the counties in terms of highest average monthly earnings in 2006, it had the slowest rate of growth during the 1996 to 2006 period. Hawaii County had the fastest rate of growth during the same 10-year period, followed by Maui and Kauai counties.

Table 5

Average Monthly Earnings of Workers Aged 55+ State and Counties, Private Sector, 1996 and 2006										
Age Group	State of Hawaii		Hawaii County		Honolulu County		Kauai County		Maui County	
	1996	2006	1996	2006	1996	2006	1996	2006	1996	2006
55-64	\$2,625	\$3,787	\$2,089	\$3,347	\$2,755	\$3,928	\$2,037	\$3,184	\$2,316	\$3,568
65-99	\$1,732	\$2,681	\$1,379	\$2,327	\$1,821	\$2,806	\$1,223	\$2,006	\$1,506	\$2,520