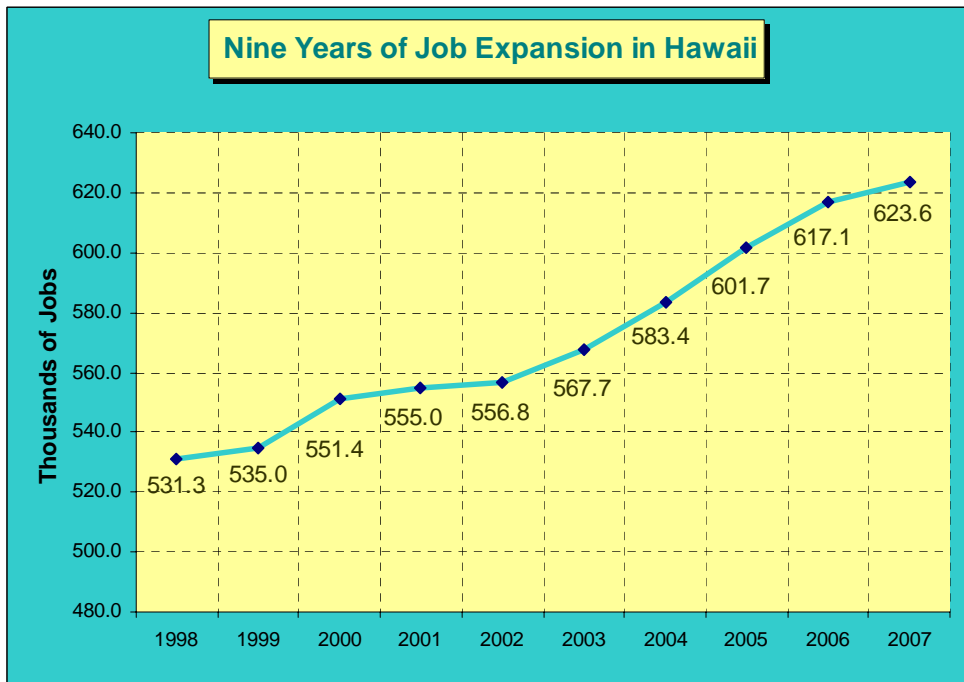


Hawaii Labor Market Trends



September 2008

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



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Introduction

Since other state agencies such as the Workforce Development Council and the Department of Business, Economic, Development, and Tourism produce reports on varying aspects of the state's economy, the **Hawaii Labor Market Trends** concentrates on presenting significant local labor market statistics. This report forecasts job openings in the future until 2016 and highlights job trends occurring in Hawaii's economy within the past 20 months. Comparisons are made between national and state figures wherever possible. County statistics are also shown when available.

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.

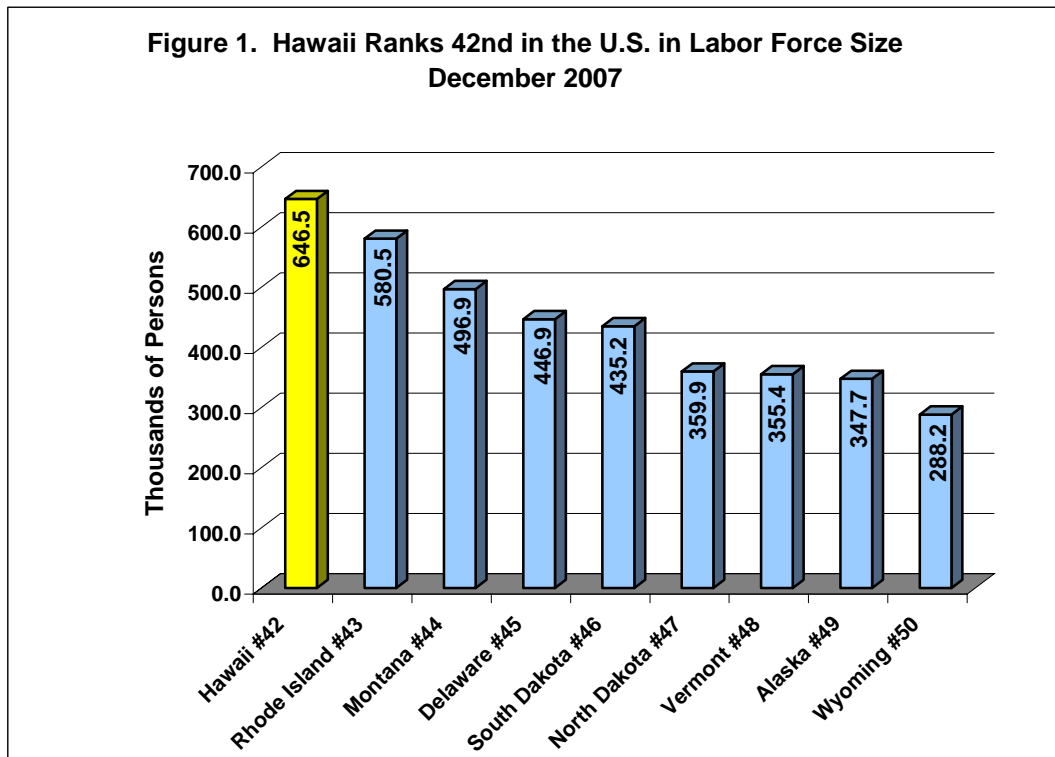
Executive Summary

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:

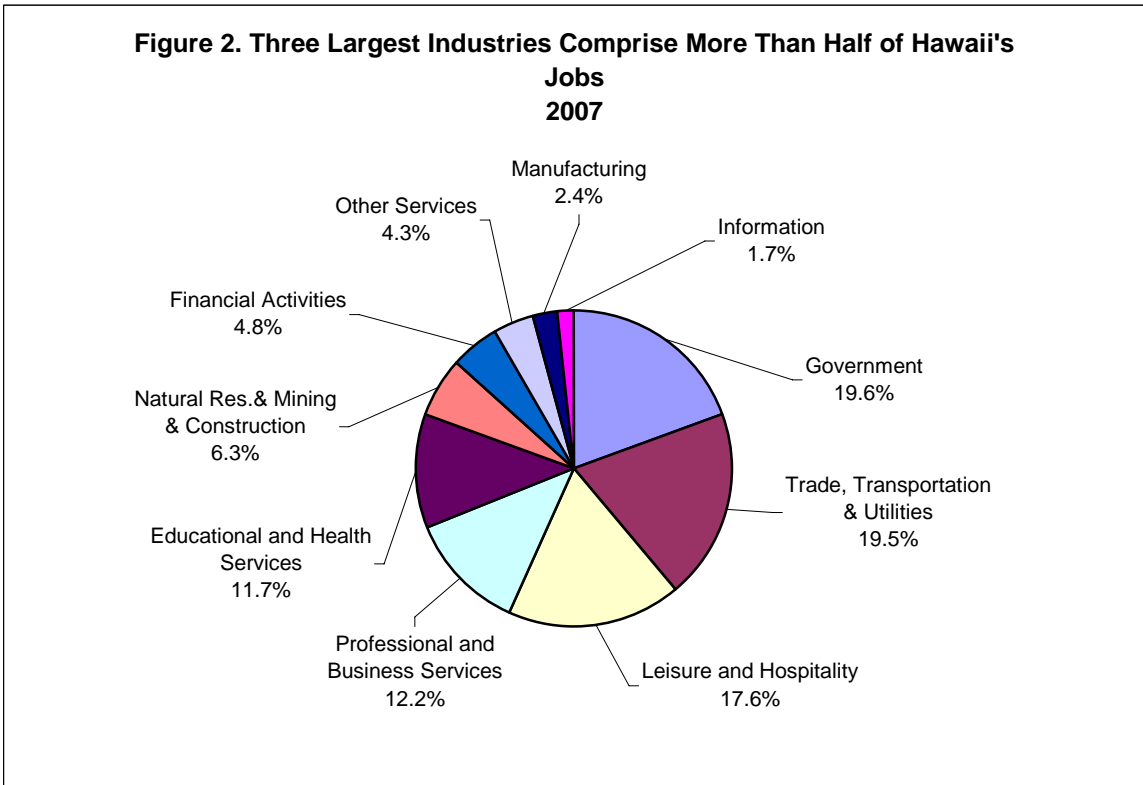
- Hawaii remains 42nd in the nation in the size of its labor force, the same as its rank in population among the 50 states.
- About two-thirds of Hawaii's population 16 years and older participates in the labor force, nearly the same as the U.S. rate.
- Hawaii is in its ninth year of job expansion, reaching a record high of 623,550 jobs in 2007. The state's unemployment rate remained low at 2.6 percent, retaining its place as the lowest in the nation for the fourth year in a row.
- The unemployment rates in all four counties went up slightly during 2007, with Honolulu and Kauai exhibiting the smallest jobless rates and increases.
- For the last five years, Hawaii has had widespread industry job growth in eight of 10 major industry sectors, led by the trade, transportation, and utilities group.
- Accommodations and food services accounted for the largest share of total private sector employment in Hawaii at 19 percent.
- Workers aged 45-54 years, earned the biggest monthly paycheck of \$3,844.
- The pace of non-farm job growth is expected to improve over the 2006-2016 period compared to the 2007-2009 period.
- While there will be many job openings for workers with limited skills, about one in six openings will require a bachelor's degree or higher.

Labor Market Highlights

- Similar to its population rank, Hawaii retains its 42nd place among the 50 states in terms of the size of its labor force.¹ According to a monthly survey of households, there were 646,500 persons in the Hawaii civilian labor force in December 2007(Figure 1).



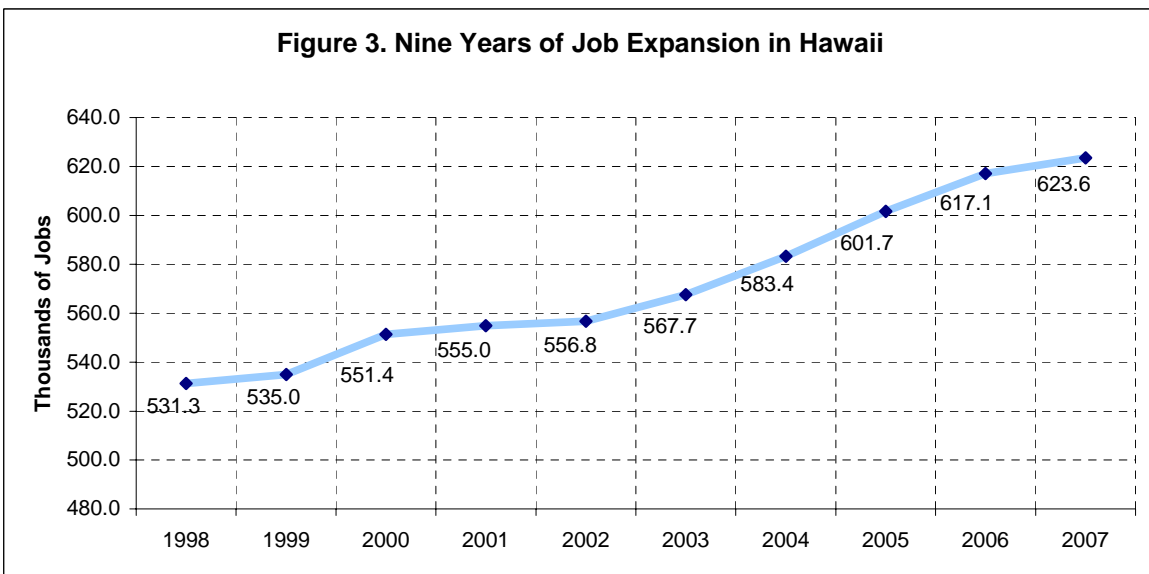
- In 2007, an average of 631,900 persons were employed statewide and an average of 17,150 were unemployed. About one out of every thirteen people was self-employed.²
- Almost two-thirds of Hawaii's population 16 years and older participate in the labor force³, which is about the same as the U.S. The remainder of the working-age population is not in the labor force, which includes homemakers, stay-at-home caregivers, full-time students, disabled persons, and retirees.
- Hawaii's non-farm job market consisted of 623,550 jobs. This figure is based on the monthly 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.



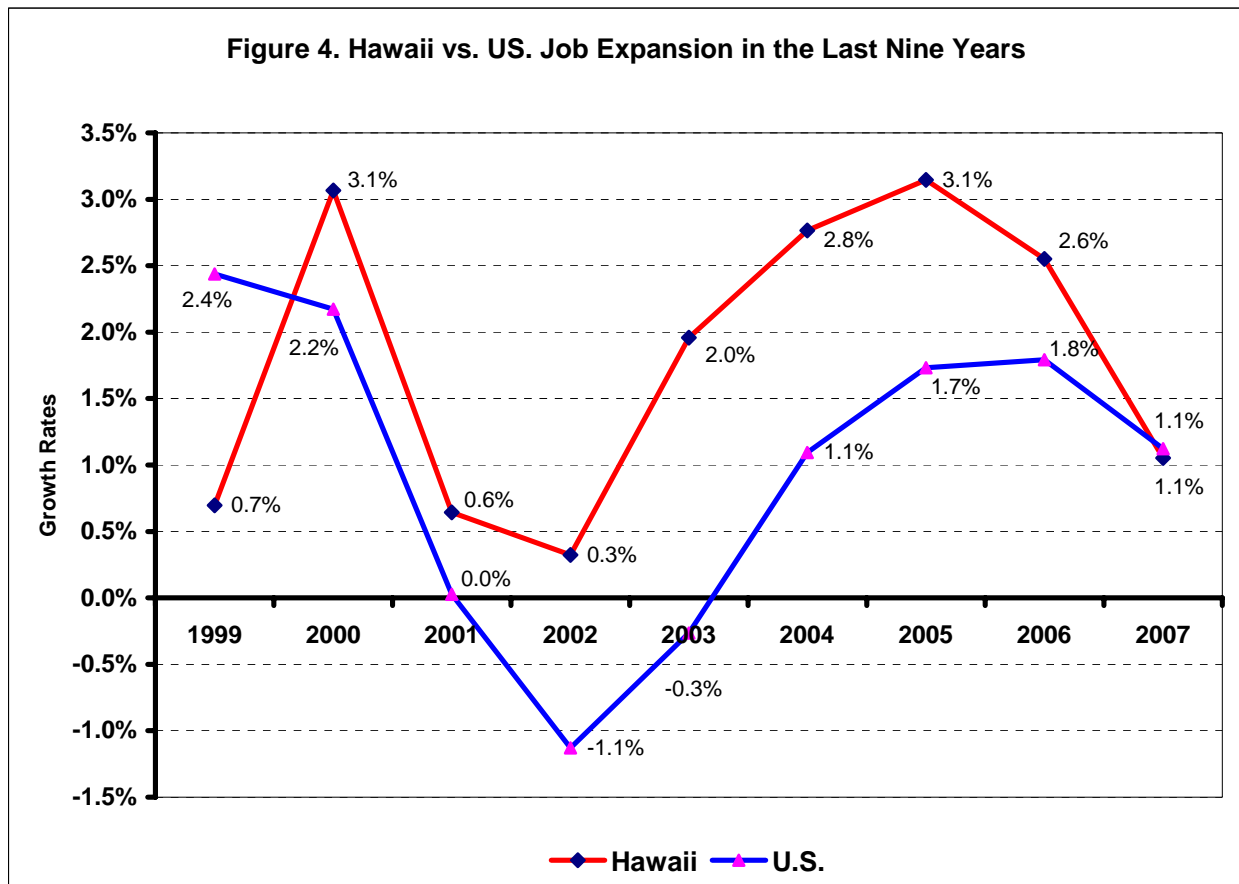
Hawaii's Job Expansion Continues for Ninth Year

Jobs

- Hawaii is in its ninth year of job expansion. Its non-farm payrolls reached a record high of 623,550 jobs in 2007 (Figure 3). Over the nine-year period, 92,250 jobs have been added.
- In spite of a tempered 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 nine years. Growth was especially strong between 2003 and 2006, with a milder growth in 2007.



- During this same period, the U.S. job expansion was not as fortunate, stagnating in 2001 and dipping for two years in 2002 and 2003 before picking up momentum in the last four years (Figure 4). Like Hawaii, the growth rate was tempered between 2006 and 2007. National job gains totaled 7.6 million jobs over the last four years.

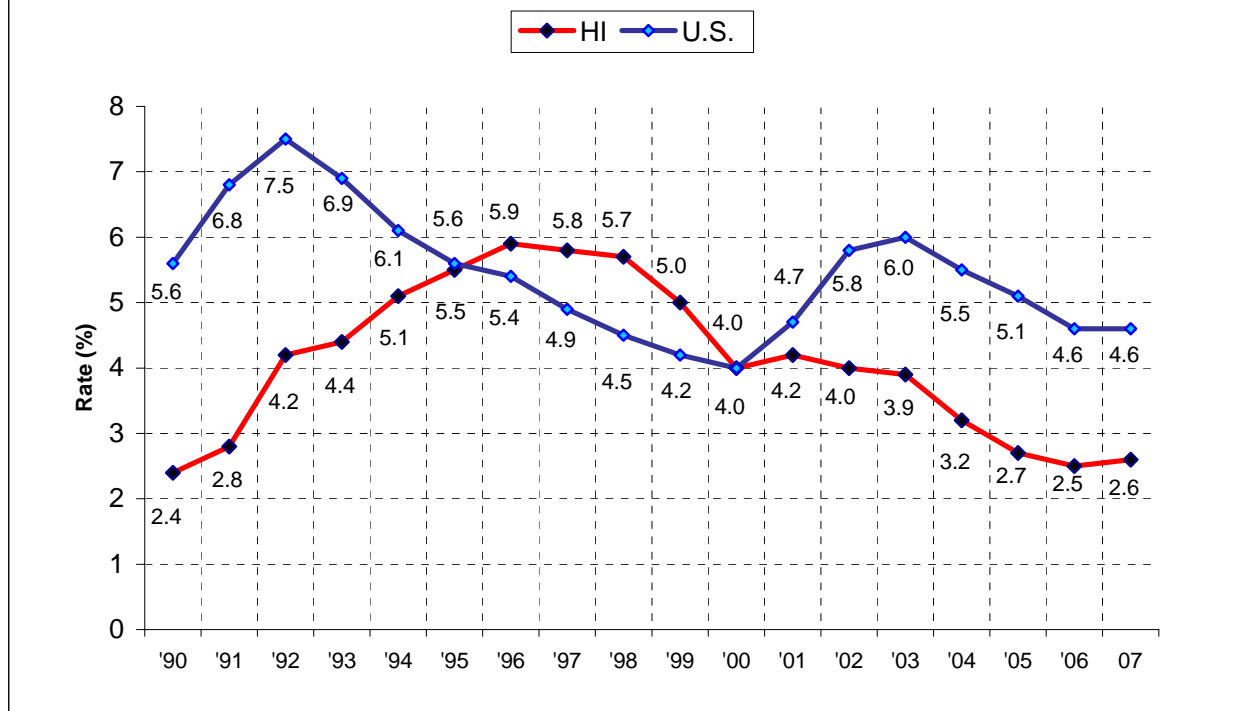


- Hawaii's pattern of job growth has been stronger than the nation's in seven of the past nine years. During this period, Hawaii's non-farm payrolls expanded by 1.7 percent, almost twice as much as the nation's 0.9 percent rate.
- Similar to the U.S., Hawaii's job pace has slowed in 2007 as the economy copes with higher energy prices, tighter credit, and lower visitor counts. Hawaii added 6,500 jobs between 2006 and 2007, growing at a pace of 1.1 percent. For the same period, the nation grew by the same rate⁴.

Labor Force Employment

- For the fourth consecutive year, Hawaii's annual average unemployment rate of 2.6 percent in 2007 was the lowest in the nation, despite edging up 0.1 percentage point over the previous year's rate. (Figure 5)
- Except during the late 1990's, Hawaii's jobless rate has been below the U.S. jobless rate for most of this 18 year period. Only twice, in 1995 and 2000, did Hawaii and the U.S. reflect the same or nearly the same jobless rates.

Figure 5. Hawaii's Unemployment Rate Remains Lowest in the Nation

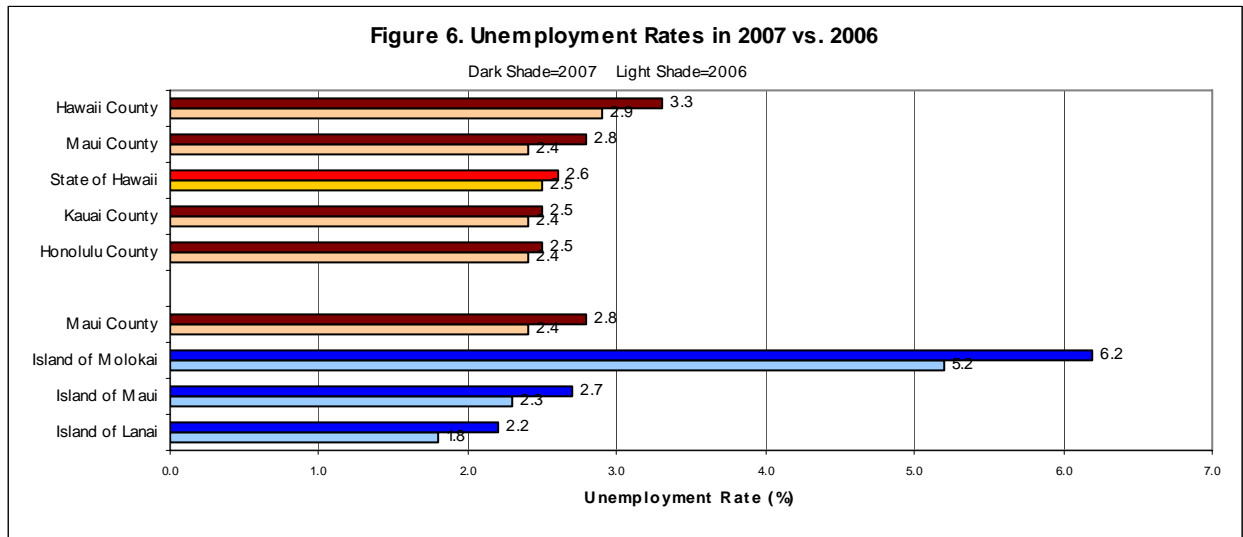


- Hawaii's unemployment rate fell by 1.4 percentage points over the last five years, in contrast to the U.S. rate that decreased by 1.2 percentage points.
- The number of employed persons in Hawaii increased by 300 in 2007 over 2006. This compares to annual gains of 13,600 in 2006, 15,550 in 2005, 10,000 in 2004, and 8,100 in 2003.
- Hawaii's five-year civilian employment gains totaled 47,550 persons as of 2007.
- There were 1,150 more unemployed persons in Hawaii in 2007 than the previous year, a reversal of trends from the previous four years that exhibited decreases of 1,400 in 2006, 2,700 in 2005, 3,750 in 2004, and 750 in 2003.
- Over the year decreases totaled 7,450 fewer unemployed persons in Hawaii in 2007 than in 2003, a decline of 30 percent.

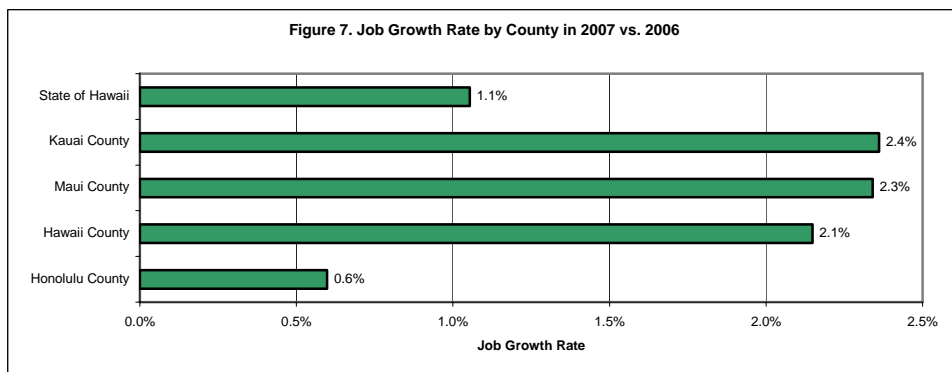
Unemployment Rates Remain Low and Jobs Continue to Expand In All Counties of the State

- 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.

- All of the counties unemployment rates rose in 2007 (Figure 6).
- Among the counties, Honolulu and Kauai counties had the lowest jobless rates in 2007 at 2.5 percent, each up 0.1 percentage point from a year ago.
- Although Hawaii County's rate was the highest at 3.3 percent, Maui County experienced the same up tick in its jobless rate, rising by 0.4 percentage point to 2.8 percent.



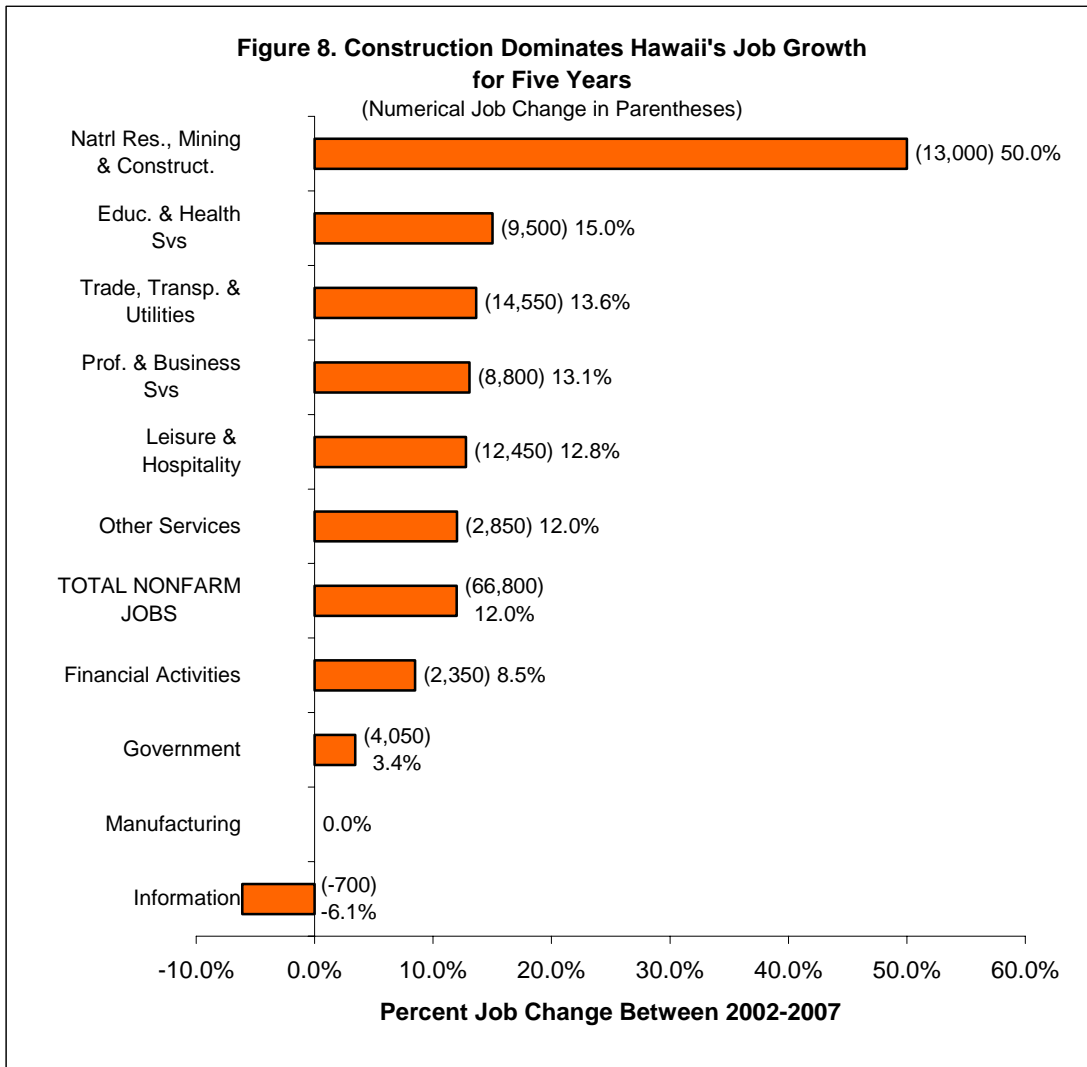
- Overall, the island of Molokai not only exhibited the biggest jobless rate increase of one full percentage point between 2006 and 2007, but also held the top spot of 6.2 percent.
- The rates for the other two islands of Maui County, Maui and Lanai, both increased by 0.4 percentage points.
- Non-farm payrolls grew in each of Hawaii's four counties during 2007. Kauai's job growth was strongest, expanding by 2.4 percent, followed by Maui County, which grew by 2.3 percent (Figure 7).
- Hawaii County's year-to-year job growth rate of 2.1 percent exceeded the state's rate of 1.1 percent.
- Honolulu MSA's job expansion trailed the rest of the counties, growing by 0.6 percent during the one-year period. However, the 2,700 jobs that it grew by, accounted for 42 percent of the state's added jobs.



Industry Highlights

Five-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 five years, while one remained stable and one lost jobs (Figure 8).

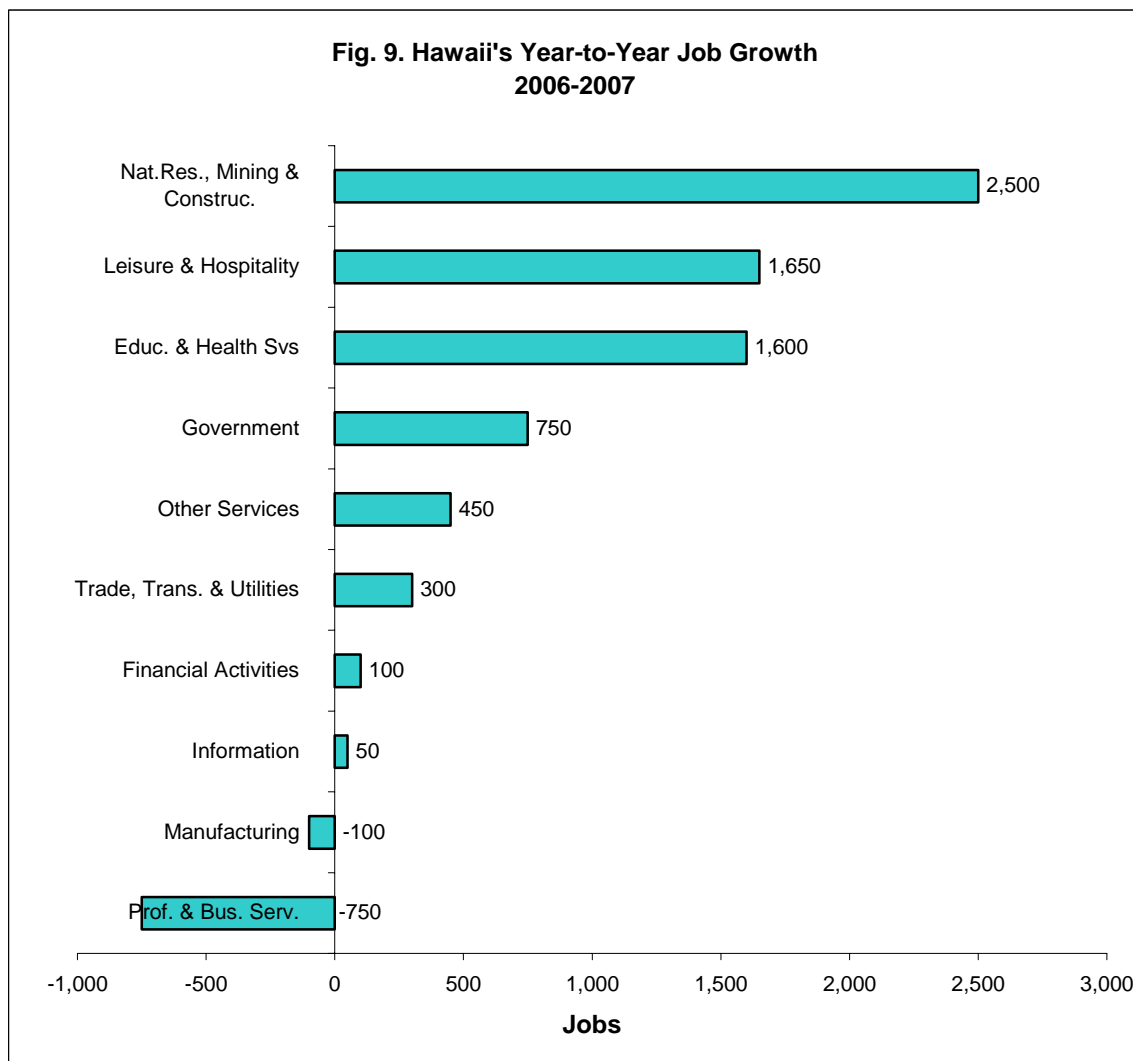


- Trade, transportation, and utilities (14,550 jobs); natural resources, mining, and construction (13,000 jobs); and leisure and hospitality (12,450 jobs) grew by more than 10,000 jobs over the last five years. Together, these three industry sectors accounted for about three out of five new jobs in Hawaii since 2002.
- Educational and health services (9,500 jobs), professional and business services (8,800 jobs), and government (4,050 jobs) were industries with five-year job gains of more than 4,000 jobs each. To a lesser extent, other services (2,850 jobs) and financial activities (2,350 jobs) exhibited smaller growth of more than 2,000 jobs during the same time frame.

- Only two sectors failed to show job gains during the five-year period: manufacturing (0 jobs added) and information (lost 700 jobs).
- Construction, the largest portion of the natural resources, mining, and construction industry sector, far exceeded all industries in growth rate, ballooning by 50 percent.
- With rates starting at three and four times slower than the natural resources and construction sector but above Hawaii's five year growth rate of 12.0 percent were the educational and health services field (15.0 percent); trade, transportation, and utilities (13.6 percent); professional and business services (13.1 percent); and leisure and hospitality (12.8 percent). Other services (12.0 percent) kept pace with the overall industry growth rate.

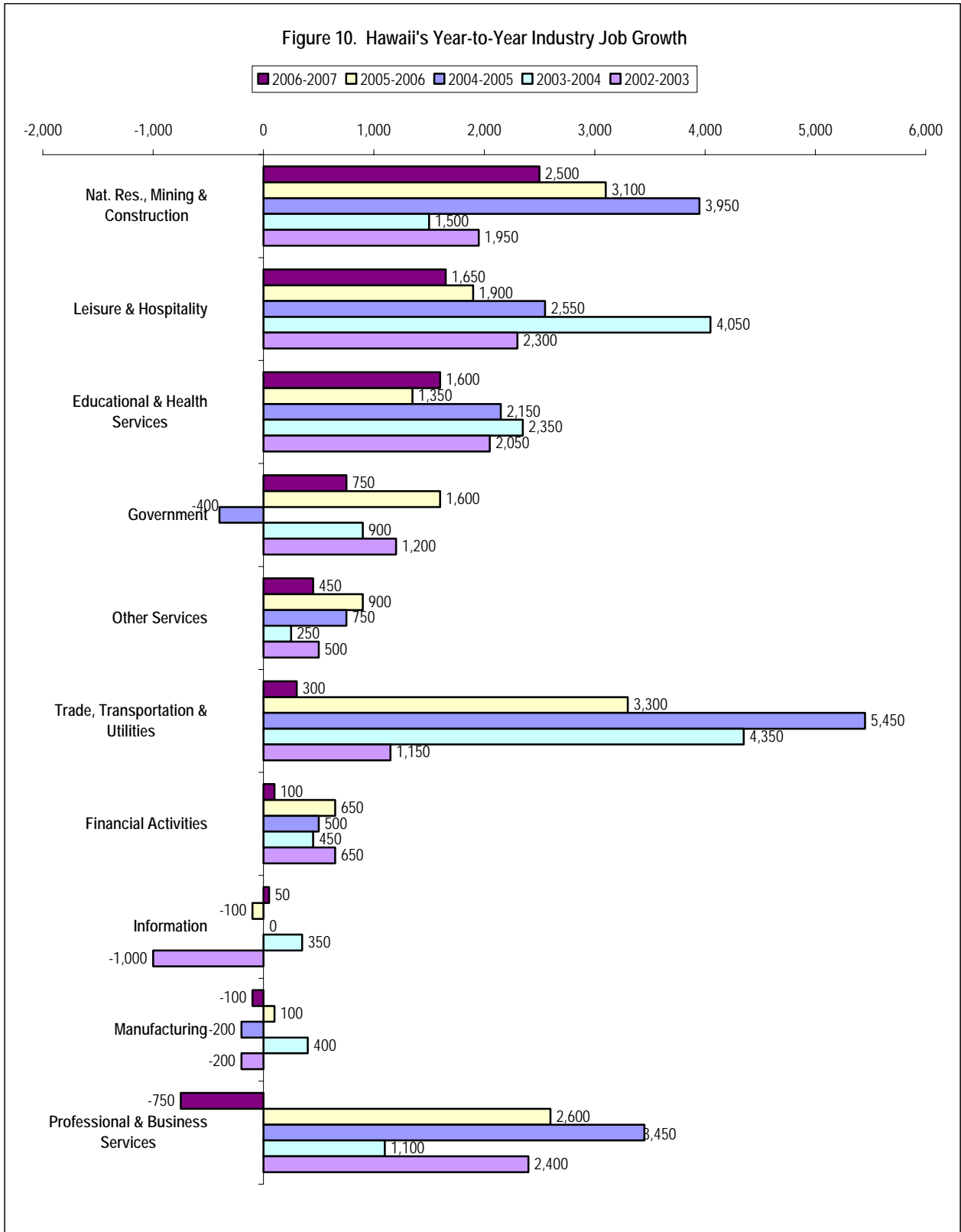
Year-to-Year Industry Trends

- In 2007, eight Hawaii industry sectors showed year-to-year job gains, while two registered year-to-year losses (Figure 9).



- The largest year-to-year job gain was in natural resources, mining, and construction (2,500 jobs), fueled mainly by construction.

- Leisure and hospitality (1,650 jobs) and educational and health services (1,600 jobs) contributed a significant share as well. However, this was not particularly outstanding compared to previous years when the visitor counts were higher. (Figure 10)



- Government positions grew by a net 750 in 2007.
- The other services sector reflected an annual growth of 450 jobs in 2007, which, while positive, was only half the size of the previous year.
- The most significant change was the much smaller increase of 300 jobs in the trade, transportation, and utilities sector in the last year as compared to robust gains in the years 2002 through 2006.
- Growth in the financial activities sector was minimal at 100 after several steady years of 450-650 positions gains.
- Manufacturing continued to struggle, losing 100 jobs in 2007, after gaining that amount in 2006.
- The professional and business services sector recorded a drop of 750 fewer jobs, but this was most likely because of a change in reporting by one of the large administrative support service employers rather than an actual contraction in jobs.
- Overall job gains in 2007 (6,550) were far fewer than those in 2006 (15,400) and 2005 (18,200).



Local Employment Dynamics

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

- Total private sector employment in the state was 502,288 in the second quarter of 2007 with accommodation and food services registering 96,675, accounting for the largest share at 19 percent (Table 1).
- There was a net job flow of 208. Construction and administrative support's influx of jobs countered exits of transportation and warehousing and hotel positions, resulting in a positive trend.
- Private industry employers in the state created 24,915 jobs with the bulk of them, 18 percent, in the accommodation and food services industry.
- There were 83,104 new hires and 95,237 separations in the State during the second quarter of 2007. Accommodation and food services reported the largest shares in those two indicators as well.
- The turnover rate in the private sector was 11.3 percent.
- The average monthly earnings was \$3,158 statewide for all private industry employees. New hires earned \$2,330 or about 74 percent of the average wage earned by all workers.
- Mining and utility companies paid the highest wages, averaging \$7,070 and \$6,768 a month, respectively; while the arts, entertainment, and recreation establishments averaged the least at \$2,146 a month.

Table 1. Quarterly Workforce Indicators – Industry

2nd Quarter 2007	Industry																			
	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	502,288	6,421	365	3,161	37,361	15,773	18,446	69,011	29,838	11,497	16,893	13,145	24,183	8,599	43,302	13,478	57,475	12,256	96,675	24,407
Net Job Flows	208	67	7	91	1,160	-24	100	-219	-1,017	-319	-30	172	-160	-22	643	171	81	120	-658	67
Job Creation	24,915	335	11	98	3,666	825	1,005	2,642	765	630	519	716	1,544	246	2,529	1,049	1,719	706	4,513	1,407
New Hires	83,104	728	19	140	7,492	2,084	2,271	12,221	3,895	2,921	1,448	1,893	2,934	875	11,833	1,959	5,746	2,215	18,654	3,774
Separations	95,237	820	14	62	7,592	2,447	2,585	13,820	5,443	3,687	1,617	2,009	3,730	970	12,582	3,098	6,620	2,488	21,134	4,517
Turnover	11.3%	7.8%	5.7%	2.7%	12.1%	8.9%	9.8%	11.0%	10.9%	9.7%	7.3%	9.7%	10.0%	7.9%	15.9%	11.1%	10.3%	11.9%	13.1%	10.7%
Avg. Monthly Earnings	\$3,158	\$2,599	\$7,070	\$6,768	\$4,897	\$3,167	\$3,945	\$2,416	\$3,167	\$4,037	\$4,641	\$3,465	\$4,852	\$4,182	\$2,519	\$2,920	\$3,418	\$2,146	\$2,262	\$2,390
Avg. New Hire Earnings	\$2,330	\$1,855	\$4,502	\$4,973	\$3,880	\$2,322	\$3,043	\$1,692	\$2,224	\$2,830	\$3,964	\$2,757	\$3,742	\$2,996	\$2,089	\$1,948	\$2,666	\$1,451	\$1,622	\$1,758

- Males outnumbered females in total employment, net job flows, job creation, new hires, and separations and had higher turnover as well (11.5 percent compared to 11.1 percent) (Table 2).

Table 2. Quarterly Workforce Indicators - Gender

2nd Quarter 2007		Gender		
Quarterly Workforce Indicator	Both	Male	Female	
Total Employment	502,288	255,169	247,119	
Net Job Flows	208	424	-216	
Job Creation	24,915	15,078	12,596	
New Hires	83,104	44,022	39,082	
Separations	95,237	50,244	44,993	
Turnover	11.3%	11.5%	11.1%	
Avg. Monthly Earnings	\$3,158	\$3,712	\$2,593	
Avg. New Hire Earnings	\$2,330	\$2,659	\$1,983	

- Female earnings comprised about 70 percent of male earnings (\$2,593 for women compared to \$3,712 for men). Among the new hires, women fared better, earning \$1,983 or 75 percent of male earnings \$2,659.
- The largest age groups, in terms of total private industry employment, were the 35-44 years olds and the 45-54 year olds, representing 22.3 percent each 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 (30.9 percent of the total), new hires (25.5 percent), and separations (25.8 percent).
- Turnover was greatest in the 14-18 year old group at 27.0 percent.

Table 3. Quarterly Workforce Indicators – Age Group

2nd Qtr. 2007		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	502,288	14,629	29,262	34,680	110,372	112,038	112,026	68,978	20,303
Net Job Flows	208	3,392	1,978	310	-847	-939	-1,278	-1,551	-853
Job Creation	24,915	5,057	5,256	4,172	7,706	6,108	4,897	2,708	815
New Hires	83,104	9,694	11,730	10,176	21,172	13,992	10,077	4,876	1,387
Separations	95,237	7,172	11,193	10,861	24,578	17,228	13,492	7,903	2,811
Turnover	11.3%	27.0%	21.9%	18.7%	13.6%	9.6%	7.9%	7.4%	7.8%
Avg. Monthly Earnings	\$3,158	\$818	\$1,375	\$1,890	\$2,758	\$3,527	\$3,844	\$3,746	\$2,632
Avg. New Hire Earnings	\$2,330	\$842	\$1,345	\$1,738	\$2,335	\$2,796	\$3,081	\$2,872	\$2,069

- Workers aged 45-54, took home the biggest paycheck whether they were new hires or not at \$3,081 and \$3,844 per month, respectively.

Hawaii's Workforce is Aging

- According to LED data, like the nation, Hawaii's 55 years and older workforce is increasing. In 2006, this segment's share was about 17 percent, up from 12.5 percent a decade earlier, representing a growth of 60 percent versus 17 percent for all employment (Table 4).
- Hawaii County had the oldest workforce, followed by Kauai, Honolulu, and Maui counties.

Table 4.

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%

- Industries employing the most older workers were also the largest state industries: accommodation and food services (15 percent), retail trade (12 percent), health care and social assistance (11 percent), and administrative, support, waste management, and remediation services (10 percent).
- Compared to other age groups, those 55 years and older had lower turnover rates than most in 2006. The 55 and 64 years of age group had the lowest rate at 6.4 percent, while the 65+ years group registered 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. (Table 5)

Table 5.

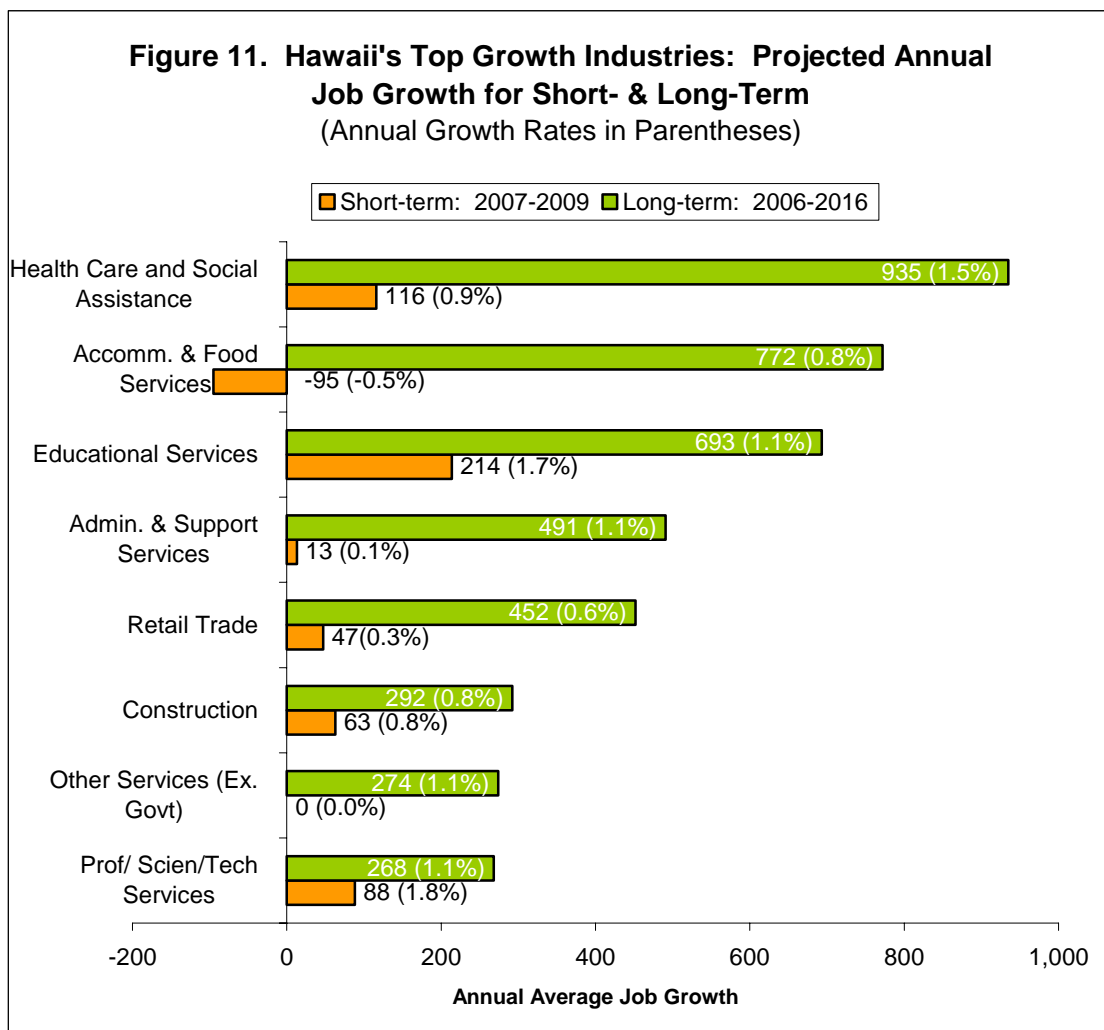
Turnover Rates of Workers Aged 55+ State and Counties, Private Sector, 1996 and 2006										
Age Group	State of Hawaii		Hawaii County		Honolulu County		Kauai County		Maui County	
	1996	2006	1996	2006	1996	2006	1996	2006	1996	2006
55-64	4.5%	6.4%	5.2%	7.3%	4.3%	6.2%	5.3%	6.8%	5.2%	6.6%
65-99	5.2%	7.2%	5.7%	7.2%	5.0%	7.0%	5.6%	8.0%	6.4%	7.7%

- Turnover rates did not increase as much over the 1996 to 2006 period for older workers.



Short- and Long-Term Job Outlook

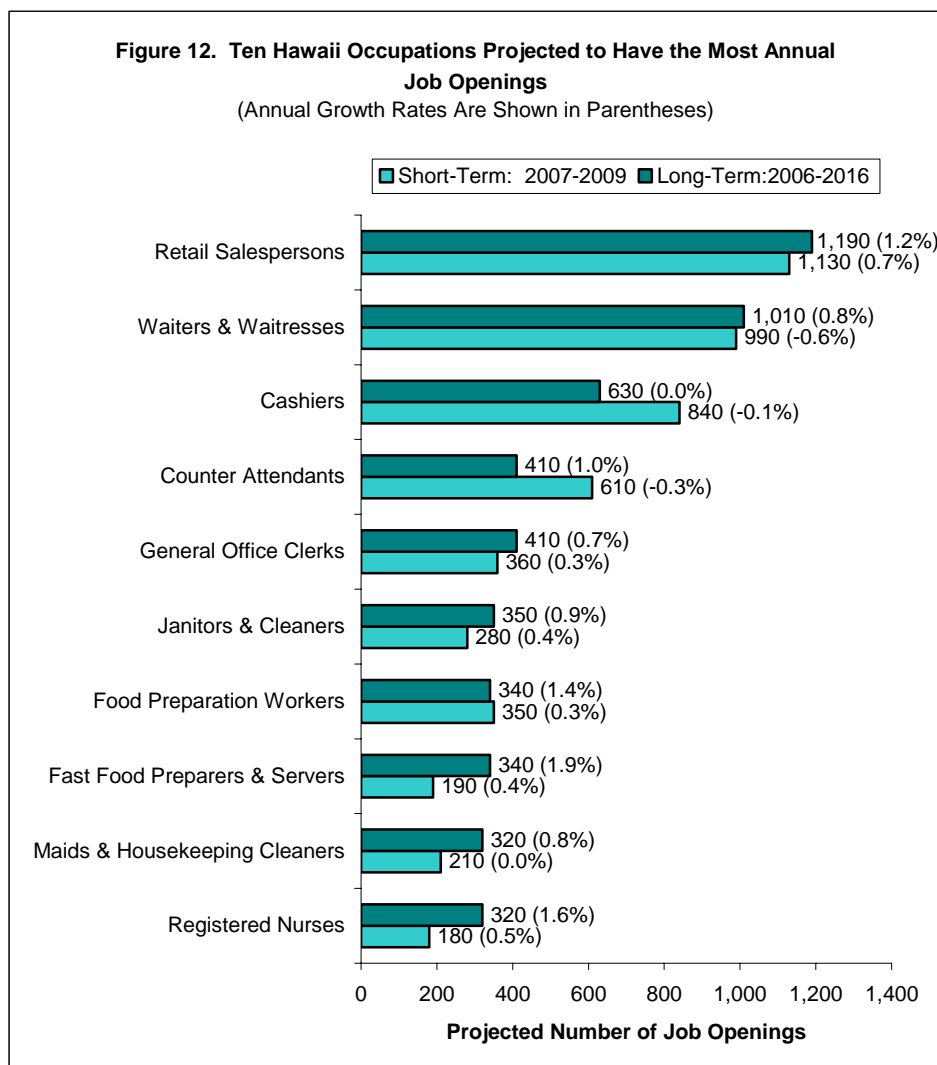
- Reflecting the current state of the local economy, Hawaii's non-farm employment is expected to inch upwards at a rate of 0.07 percent in 2009, adding only 930 new jobs since 2007. This will be slower than the long-term outlook, which projects non-farm payrolls to grow at an annual average rate of 0.7 percent, or 4,860 new jobs per year through 2016. (*Sources For More Labor Market Information* section (page 17) provides links to detailed reports on the short-and long-term job outlooks.)
- Job growth among the industries will vary depending on the length of time forecasted. In the short-term, education and health services; professional and business services; government; and construction will exhibit modest gains. Long-term forecasts appear bright for education and health services; leisure and hospitality; professional and business services; and trade, transportation, and utilities. Within these major sectors are industries such as health care and social assistance, accommodations and food services, educational services, administrative and support services, and retail trade, all of which are expected to add over 400 jobs annually over the long-term (Figure 11).



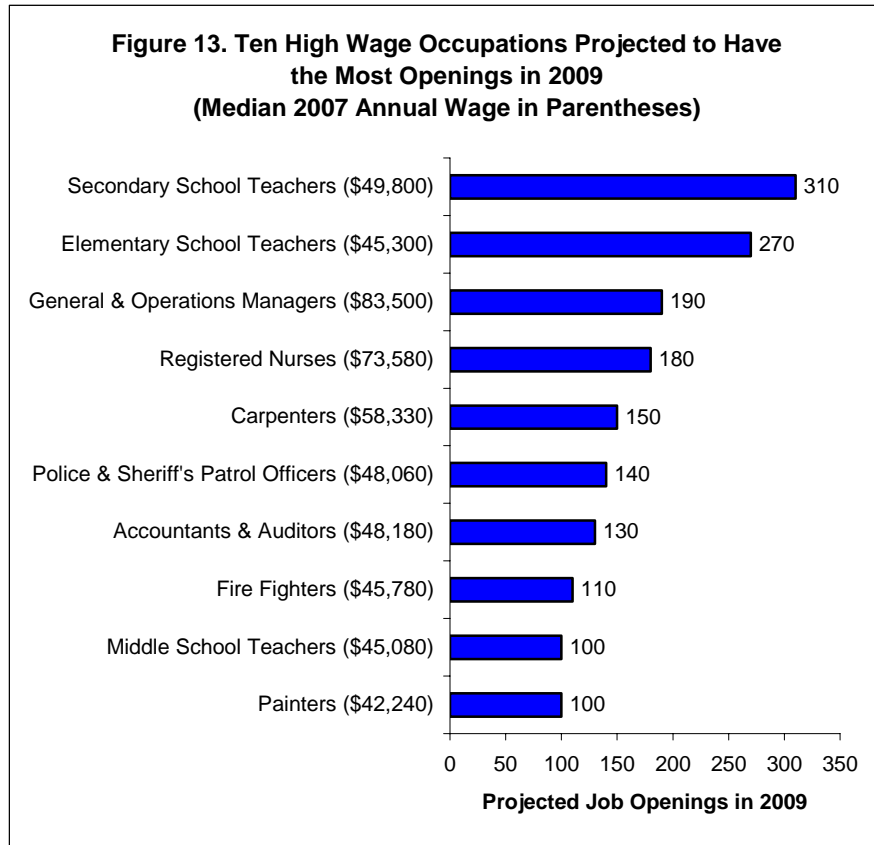
- Overall non-farm job growth is expected to improve over the long-term than the short-term. While the accommodation and food services sector is currently exhibiting losses due to a slower stream of visitors, over the long haul this segment should experience some benefit from

the prospects of more travelers from China now that their visa restrictions have eased. Construction remains positive, as government projects, including military contracts offset slower activities in the private sector. The Building Industry publication listed approximately \$524 million worth of projects for the Army, Navy, Air Force, and Defense-wide in FY2008.

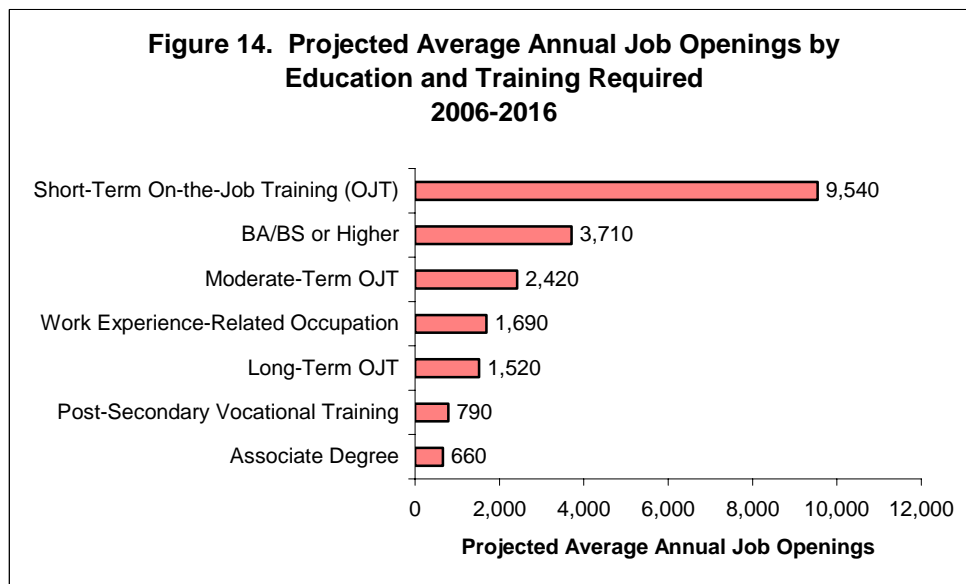
- Job openings are created when an industry grows or a worker creates a vacant position by leaving the labor force or changing occupations. Many of the job openings (growth plus replacements) for the short- and long-term will occur in entry level, transitional jobs in which there is a constant need for new workers (Figure 12). Nine of the ten occupations with the most projected job openings require short-term on-the-job training and pay a median annual wage between \$17,200 and \$27,800 or less than \$13.50 an hour. Retail salespersons, waiters and waitresses, and cashiers are expected to be in the highest demand.
- Registered nurses are the only occupation among the top ten occupations with the highest projected job openings that require a degree beyond high school and training.



- Over the next couple of years, jobs that pay median annual wages of more than \$40,000 such as elementary, middle, and secondary school teachers; general and operations managers; registered nurses; carpenters and painters; police, sheriffs, and fire fighters; and accountants and auditors will provide a substantial number of job openings in 2009 (Figure 13).



- 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. More than 18 percent of all job openings forecasted through 2016 will require a bachelor's degree or higher (Figure 14).



Sources For More Labor Market Information

For more information, visit the Research and Statistics Office's website at www.hiwi.org or www.hawaii.gov/labor. There you will find the many publications that the Labor Market Research Section produces about the state of the local labor market as well as employment projections by industry and occupations and analyses. In addition to the **Hawaii Labor Market Trends** report, other recent published material include:

- **Employment Forecasts for the Short-Term Future** provides short-term industry and occupational projections for Hawaii, using 2nd quarter employment data in 2007 to forecast employment for the equivalent quarter in 2009.
- **Long-Term Industry and Occupational Projections 2006-2016** tables contain state employment for industries and occupations and expected growth amounts for the designated time period as well as occupational openings based on growth and replacement needs.
- **Local Employment Dynamics** reports can be generated for Hawaii private industries based on eight quarterly workforce indicators such as employment, job creation and flow via new hires and separations, worker turnover, and wages by industry, age, and gender.
- **The Graying of Hawaii's Workforce 2006** focuses on the 55 years and older group, showing employment, industry distribution, turnover rates, and earnings from the U.S. Census Bureau's Local Employment Dynamics program.
- **Affirmative Action Programs – Labor Information** tables for state and counties updated *Table 1- Labor Force Information by Sex and Race* with 2007 Annual Local Area Unemployment Statistics (LAUS) data and based on 2000 Census.
- **Best Job Opportunities in 2014** brochures are actually two separate ones each involving the top 10 occupations statewide between 2004 and 2014 requiring four levels of education or training – one is sorted by the most annual openings and the other is sorted by the fastest annual growth rates.
- **Hawaii's Hot 50** poster displays the top 50 occupations in the state by three skill levels – high, moderate, and basic and within each level, ranks them by 2004 annual openings, providing job descriptions, skills, knowledge, abilities, education or training required, and May 2006 wages.
- **Occupational Employment and Wages in Hawaii 2007** is an annual report compiling the results of the Occupational Employment Statistics survey, collecting employment and wage data by occupation over a three-year period from 5,600 establishments.





Notes

- ¹ U.S. Department of Labor, Bureau of Labor Statistics, [http://www.bls.gov/news.release/archives/laus_01182008.htm].
- ² U.S. Census Bureau, 2006 American Community Survey, "Selected Economic Characteristics: 2006," [http://factfinder.census.gov/servlet/ADPTable?_bm=y&-geo_id=04000US15&-qr_name=ACS_2006_EST_G00_DP3&-ds_name=ACS_2006_EST_G00_&-_lang=en&-_sse=on].
- ³ Ibid.
- ⁴ U.S. Department of Labor, Bureau of Labor Statistics, [http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?request_action=wh&graph_name=CE_ce_sbrief1]