



## DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

### News Release

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### **HAWAI'I'S SEASONALLY ADJUSTED UNEMPLOYMENT RATE AT 6.1 PERCENT IN JULY**

#### **National Unemployment Rate at 9.1 percent**

**HONOLULU-** The Hawai'i State Department of Labor & Industrial Relations announced today that the seasonally adjusted unemployment rate for July was 6.1 percent, a 0.1 percentage point increase from 6.0 percent in June. There were 594,000 employed and 38,400 unemployed in July, for a total seasonally adjusted labor force of 632,400. Nationally, the seasonally adjusted unemployment rate decreased to 9.1 percent in July from 9.2 percent in June.

State of Hawai'i Seasonally Adjusted Labor Force Data**			
	<u>Jul 2011</u>	<u>Jun 2011</u>	<u>Jul 2010*</u>
Labor Force	632,400	633,800	627,700
Employment	594,000	595,500	586,300
Unemployment	38,400	38,350	41,400

\* benchmarked data

\*\*totals may not add due to rounding

	JUL 2011	JUN 2011	JUL* 2010
<u>Seasonally Adjusted</u>			
STATE	6.1	6.0	6.6
U. S.	9.1	9.2	9.5
<u>Not Seasonally Adjusted</u>			
STATE	6.4	6.8	6.9
HONOLULU	5.4	5.7	5.9
HAWAI'I COUNTY	9.5	10.6	10.2
KAUA'I	8.5	9.2	8.7
MAUI COUNTY	7.5	8.2	8.4
Maui Island	7.3	8.0	8.1
Moloka'i	14.7	14.1	15.1
Lana'i	5.3	5.8	7.8
U. S.	9.3	9.3	9.7

- County & island rates are not seasonally adjusted
- \* benchmarked data

The unemployment rate figures for the State of Hawai'i and the U.S. in this release are seasonally adjusted, in accordance with the U.S. Bureau of Labor Statistics (BLS) methodology. The not seasonally adjusted rate for the State decreased to 6.4 percent in July from 6.8 percent in June.

### **Industry Payroll Employment (Establishment Survey)**

In another measure of employment, total seasonally adjusted nonagricultural jobs increased by 6,700 jobs or +1.1 percent to 595,600 jobs from June to July. Among major private industry groups, sizable job gains were experienced in Education & Health Services (+1,800), Trade, Transportation, & Utilities (+1,600), Leisure & Hospitality (+800), and Financial Activities (+700). Employment also expanded slightly in Professional & Business Services (+200) and Other Services (+100). Construction declined by 300 jobs over-the-month. Government jobs grew in

July over June by 1,900. In comparison with July 2010, total seasonally adjusted nonagricultural jobs have gone up by 9,900, or +1.7 percent, with the largest increases occurring in Education & Health Services (+4,100), Professional & Business Services (+2,800), and Leisure & Hospitality (+1,700). Over-the-year, employment in Government has contracted by 1,200 jobs.

<b>Seasonally Adjusted Non-Ag. Jobs (Statewide)</b>			
<b>SELECTED SERIES:</b>	<b>Jul-11</b>	<b>Jun-11</b>	<b>Jul-10*</b>
MINING, LOGGING AND AND CONSTRUCTION	28,700	29,000	28,300
TRADE, TRANSPORTATION & UTILITIES	109,500	107,900	109,800
Wholesale Trade	17,000	16,700	17,600
Retail Trade	66,800	66,100	65,800
FINANCIAL ACTIVITIES	27,100	26,400	26,800
Real Estate & Rental & Leasing	11,600	11,400	11,300
PROFESSIONAL & BUSINESS SERVICES	74,200	74,000	71,400
Professional, Scientific, Tech Svcs	23,300	23,500	24,100
EDUCATIONAL & HEALTH SERVICES	79,700	77,900	75,600
Educational Services	17,500	16,400	14,700
Health Care & Social Assistance	62,200	61,500	60,900
LEISURE & HOSPITALITY	101,000	100,200	99,300
Arts, Entertainment & Recreation	9,800	10,000	10,200
Accommodation & Food Services	91,200	90,200	89,100
OTHER SERVICES	26,500	26,400	26,400
GOVERNMENT	125,500	123,600	126,700
Federal Government	34,700	34,600	35,000
State Government	72,400	70,300	72,800
Local Government	18,400	18,700	18,900
<b>TOTAL: STATEWIDE</b>	<b>595,600</b>	<b>588,900</b>	<b>585,700</b>

\* benchmarked data

❖ **Education & Health Services (+1,800)**

The primary source of job gains in this industry grouping came from private elementary and secondary schools. Other sectors that also contributed to the expansion were hospitals and social assistance.

❖ **Trade, Transportation, & Utilities (+1,600)**

A rise in trade jobs, mostly in retail but also in the wholesale sector, accounted for the growth of this industry grouping.

❖ **Leisure & Hospitality (+800)**

Employment gains in Food Services & Drinking Places, in particular Full-Service Restaurants, fueled the expansion in this industry. Secondly, jobs in Accommodations also experienced an uptick.

❖ **Financial Activities (+700)**

Job growth was equally spread across the two major sectors of Finance & Insurance and Real Estate and Rental & Leasing.

❖ **Professional & Business Services (+200)**

This industry grouping increased slightly in July over June. Since January it has remained around the 74,000-level.

❖ **Other Services (+100)**

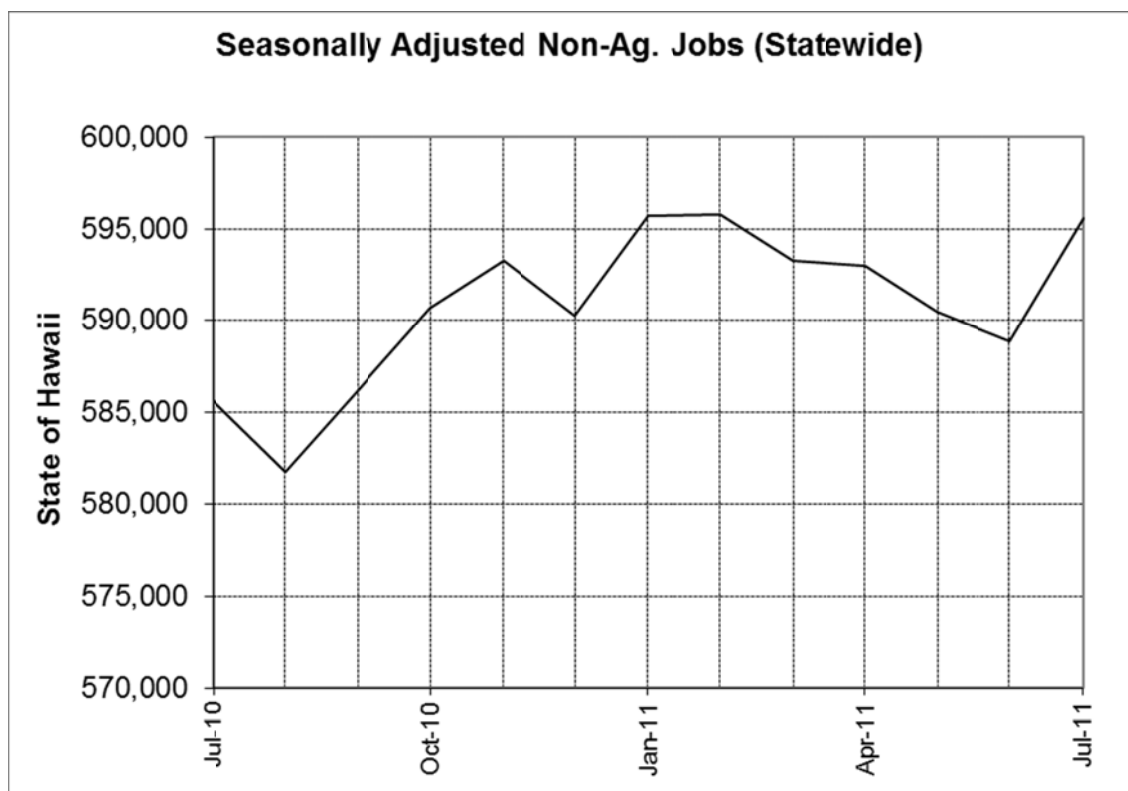
Over the past twelve months, this industry grouping composed of a wide range of miscellaneous services sectors has been very stable, showing little deviation from the 26,500-level.

❖ **Construction (-300)**

The relatively small job contraction in Construction was concentrated in Special Trade Construction, with pockets of job losses spread out over a wide spectrum of trade disciplines. After showing little change at the 28,000-level in the first quarter of 2011, by the middle of 2011, this industry has hovered around the 29,000 mark.

❖ **Government (+1,900)**

Noteworthy in this grouping was State Government, where seasonal employment drops in July over June were much less pronounced than typical for the period following steeper than normal seasonal job declines at the Department of Education in June over May.



Technical Notes

**Seasonal Adjustment**

The seasonal fluctuations in the number of employed and unemployed persons reflect hiring (and layoffs) patterns that accompany regular events such as the winter holiday season and the summer vacation season. These variations make it difficult to tell whether month-to-month changes in employment and unemployment are due to normal seasonal patterns or to changing economic conditions. To deal with such problems, a statistical technique called seasonal adjustment is used. This technique uses the past history of the series to identify the seasonal movements and to calculate the size and direction of these movements. A seasonal adjustment factor is then developed and applied to the estimates to eliminate the effects of regular seasonal fluctuations on the data. When a statistical series has been seasonally adjusted, data for any month can be more meaningfully compared with data from any other

month or with an annual average.

### **Current Population (Household) Survey (CPS)**

The labor force statistics are derived from a survey based on the week including the 12<sup>th</sup> of each month of Hawai'i residents with a sample size of about 1,000 households. A series of questions are asked to assess whether a person is currently part of the labor force, and if so, what is their current employment status. Employed persons consist of: 1) all persons who did any work for pay or profit during the survey reference week, 2) all persons who did at least 15 hours of unpaid work in a family-owned enterprise operated by someone in his or her household, and 3) all persons who were temporarily absent from their regular jobs, whether they were paid or not. Persons are classified as unemployed if they do not have a job, have actively looked for work in the prior four weeks, and are currently available for work. Workers expecting to be recalled from layoff are counted as unemployed, whether or not they have engaged in a specific job seeking activity. Persons not in the labor force are those who are not classified as employed or unemployed during the survey reference week.

### **Changes to Local Area Unemployment Statistics Data**

The 2010 labor force estimates have been revised to incorporate updated inputs, updated population controls, re-estimation of models, and adjustment to new division and national control totals. The updated population controls reflect the annual updating of population estimates by the U.S. Census Bureau.

### **Change to Monthly Employment Estimates**

For years, monthly employment estimates for Hawai'i and our metropolitan areas have been developed by analysts with the State Department of Labor - Research and Statistics Office. These estimates were based on a monthly survey of Hawai'i businesses and analysts'

knowledge about our local economies. Beginning with the production of preliminary estimates for March 2011, responsibility for the production of State and metropolitan area (MSA) estimates was transitioned from individual state agencies to the U.S Bureau of Labor Statistics (BLS). For Hawai'i, this means the transition of statewide and Honolulu MSA areas. State agencies will continue to provide the BLS with information on local events that may affect the estimates, such as strikes or large layoffs/hiring at businesses not covered by the survey and to disseminate and analyze the CES estimates for local data users. BLS feels this change is designed to improve the cost efficiency of the CES program and to reduce the potential bias in state and area estimates. A portion of the cost savings generated by this change is slated to be directed towards raising survey response rates in future years, which will decrease the level of statistical error in the CES estimates. Until then, state analysts feel this change could result in increased month-to-month variability for the industry employment numbers particularly for Hawai'i's counties and islands.

### **Seasonally Adjusted Labor Force and Unemployment Estimates for Honolulu**

Effective with the release of metropolitan area data for May 2011, the Bureau of Labor Statistics is publishing smoothed seasonally adjusted civilian labor force and unemployment estimates for all metropolitan areas. This includes estimates for Honolulu County. The data will be available on the day of each Metropolitan Area Employment and Unemployment news release. The schedule for 2011 is available at <http://www.bls.gov/lau/lausched.htm>.

### **Alternative Measures of Labor Underutilization**

*Alternative Measures of Labor Underutilization for States, Third Quarter of 2010 through Second Quarter of 2011 Averages.*

## Alternative measures of labor underutilization by state, Third Quarter of 2010 through Second Quarter of 2011 Averages (percent)

State	Measure					
	U-1	U-2	U-3	U-4	U-5	U-6
United States	5.4	5.6	9.3	9.9	10.7	16.3
Hawaii	4.0	4.0	6.9	7.8	8.8	15.8

The six alternative labor underutilization state measures based on the Current Population Survey (CPS) and compiled on a 4-quarter moving average basis defined as follows:

- U-1, persons unemployed 15 weeks or longer, as a percent of the civilian labor force;
- U-2, job losers and persons who completed temporary jobs, as a percent of the civilian labor force;
- U-3, total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate);
- U-4, total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers;
- U-5, total unemployed, plus discouraged workers, plus all other marginally attached workers\*, as a percent of the civilian labor force plus all marginally attached workers; and
- U-6, total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

\* Individuals who want, and are available for work, and who have looked for a job sometime in the prior 12 months (or since the end of their last job if they held one within the past 12 months), but were not counted as unemployed because they had not searched for work in the four weeks preceding the survey, for such reasons as child care or transportation problems, for example. Discouraged workers are a subset of the marginally attached.

Note that, the state unemployment rates (U-3) that are shown are derived directly from the CPS.

As a result, these U-3 measures may differ from the official state unemployment rates for the latest 4-quarter period. The latter are estimates developed from statistical models that incorporate CPS estimates, as well as input data from other sources, such as state unemployment claims data.

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