

## DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

**NEIL ABERCROMBIE**  
GOVERNOR

**DWIGHT TAKAMINE**  
DIRECTOR

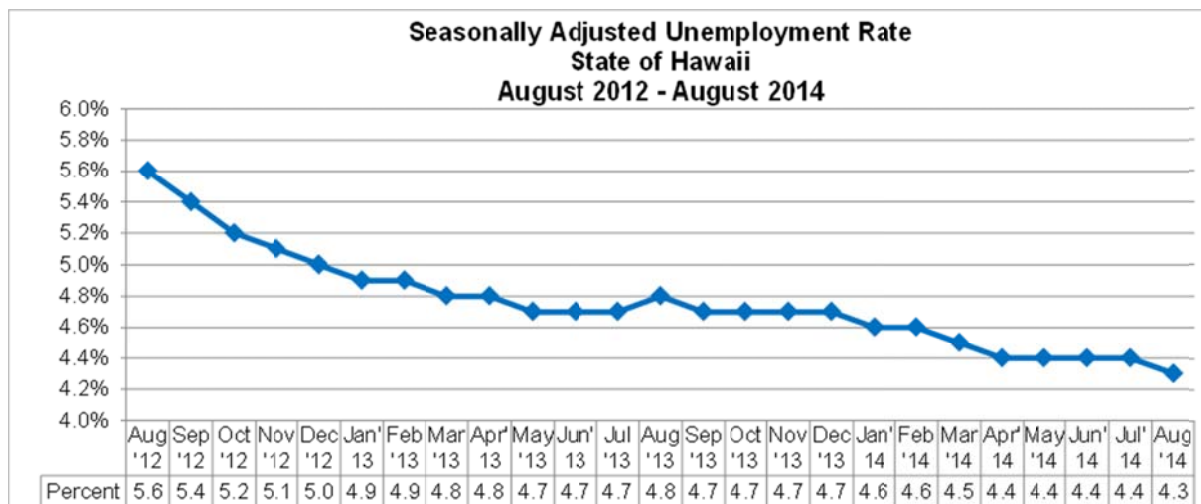
**FOR IMMEDIATE RELEASE**

Sept. 18, 2014

### HAWAII'S UNEMPLOYMENT RATE DROPS TO 4.3 PERCENT IN AUGUST

**Record Civilian Labor Force at 662,700**

HONOLULU — The Hawaii State Department of Labor & Industrial Relations (DLIR) today announced that the seasonally adjusted unemployment rate for August was 4.3 percent, down from 4.4 percent in July. Statewide, 634,150 were employed and 28,600 unemployed in August for a total seasonally adjusted labor force of 662,700. Nationally, the seasonally adjusted unemployment rate declined to 6.1 percent in August from 6.2 percent in July.



Both initial claims and weeks claims decreased by 243 or -14.3% and 2,012 or -17.2% respectively for unemployment benefits compared to one year ago. Over the month, both initial claims and weeks claims also decreased by -2.5% and -6.7% respectively from July 2014.

The unemployment rate figures for the State of Hawaii 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 was 4.1 percent in August, down from 4.6 percent in July.

State of Hawaii Seasonally Adjusted Labor Force Data**			
	<u>Aug 2014</u>	<u>Jul 2014</u>	<u>Aug 2013*</u>
Labor Force	662,700	662,050	648,450
Employment	634,150	632,900	617,650
Unemployment	28,600	29,100	30,800

\* benchmarked data

\*\*totals may not add due to rounding

	AUG 2014	JUL 2014	AUG* 2013
<u>Seasonally Adjusted</u>			
STATE	4.3	4.4	4.8
U. S.	6.1	6.2	7.2
<u>Not Seasonally Adjusted</u>			
STATE	4.1	4.6	4.7
HONOLULU	3.8	4.2	4.2
HAWAII COUNTY	5.3	6.1	6.4
KAUAI	4.7	5.1	5.4
MAUI COUNTY	4.2	4.7	5.0
Maui Island	4.0	4.5	4.8
Molokai	14.1	12.0	10.5
Lanai	2.4	2.7	3.2
U. S.	6.3	6.5	7.3

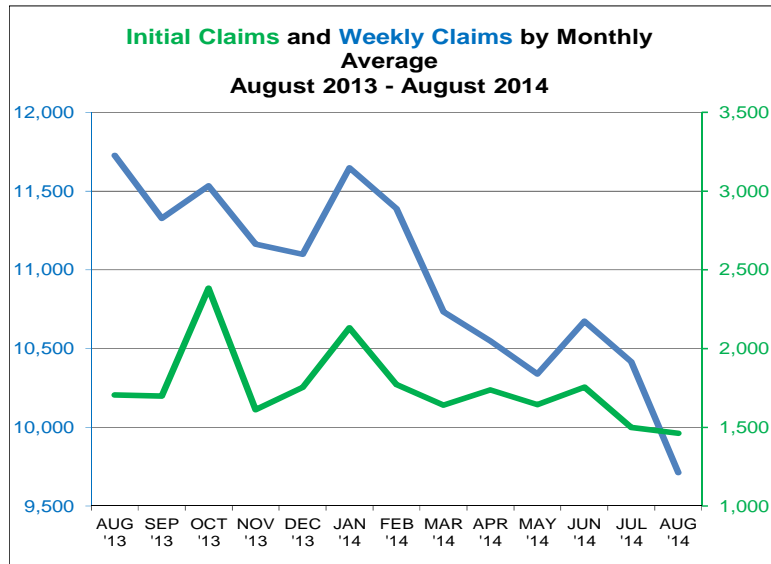
county & island rates are not seasonally adjusted

\* benchmarked data

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

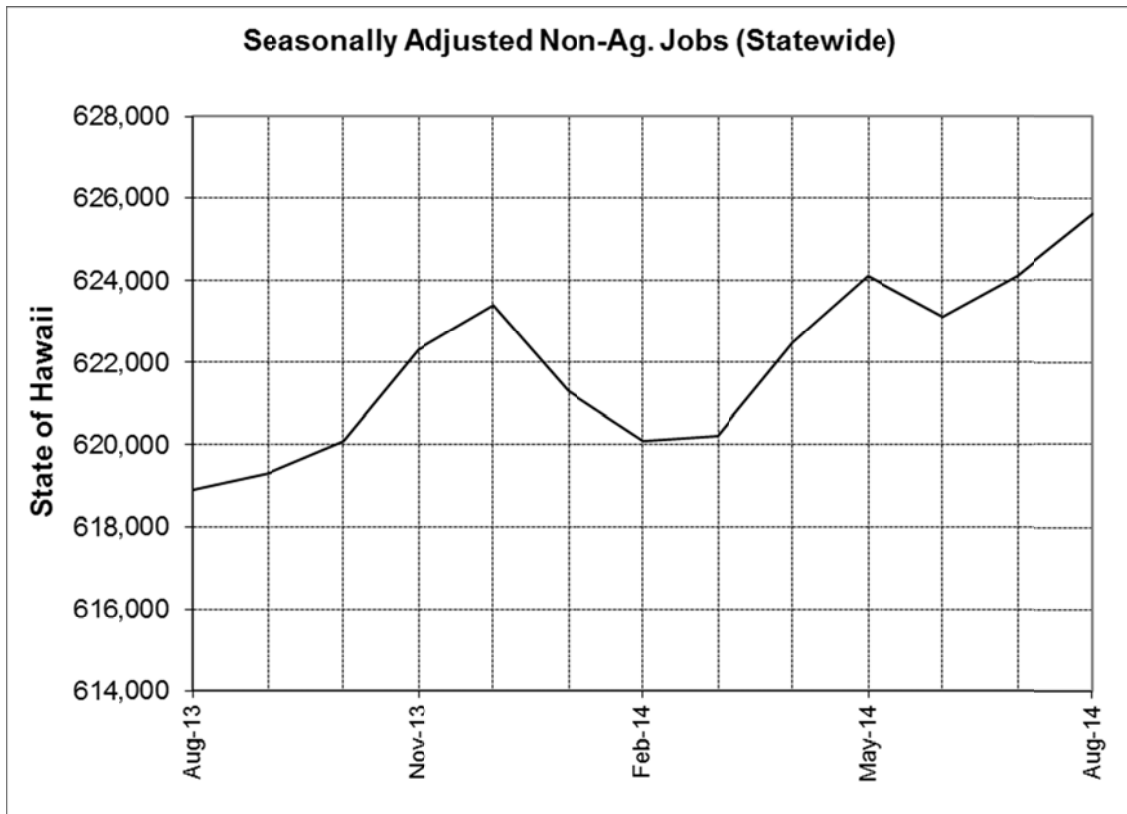
In a separate measure of employment, total nonfarm jobs increased by 1,500 in August over July. Among major industry groups, job gains were experienced in Other Services (+600), Construction (+500), Trade, Transportation, & Utilities (+300), Professional & Business Services (+100), and Manufacturing (+100). Job losses occurred in Financial Activities (-200), Leisure & Hospitality (-300), and Educational & Health Services (-800). The bulk of employment contraction in Educational & Health Services was in Ambulatory Care Services and Hospitals. In Government, hiring of temporary workers for the primary election was the principal reason for an

over-the-month rise of 1,100 jobs. Compared with August 2013, total nonfarm jobs have grown by 6,700.



### Seasonally Adjusted Non-Ag. Jobs (Statewide)

SELECTED SERIES:	Aug-14	Jul-14	Aug-13*
MINING, LOGGING & CONSTRUCTION	30,800	30,300	30,900
MANUFACTURING	14,000	13,900	13,600
Non-Durable Goods	10,200	10,200	9,900
TRADE, TRANSPORTATION & UTILITIES	117,800	117,500	117,000
Wholesale Trade	17,800	17,900	17,700
Retail Trade	69,400	69,300	69,700
FINANCIAL ACTIVITIES	27,400	27,600	27,100
Real Estate & Rental & Leasing	12,000	12,200	11,700
PROFESSIONAL & BUSINESS SERVICES	80,600	80,500	79,900
Professional, Scientific, Tech Svcs	24,500	24,500	24,200
Mgmt of Companies & Enterprises	8,400	8,500	8,200
Administrative & Support & Waste Mgmt	47,700	47,500	47,500
EDUCATIONAL & HEALTH SERVICES	79,700	80,500	79,500
Educational Services	15,600	15,400	15,400
Health Care & Social Assistance	64,100	65,100	64,100
LEISURE & HOSPITALITY	113,300	113,600	111,200
Arts, Entertainment & Recreation	11,800	11,900	12,000
Accommodation & Food Services	101,500	101,700	99,200
OTHER SERVICES	26,700	26,100	26,500
GOVERNMENT	127,100	126,000	124,900
Federal Government	33,100	33,300	33,800
State Government	75,600	74,000	72,600
Local Government	18,400	18,700	18,500
<b>TOTAL: STATEWIDE</b>	<b>625,600</b>	<b>624,100</b>	<b>618,900</b>



#### Technical Notes

##### **Seasonal Adjustment**

The seasonal fluctuations in the number of employed and unemployed persons reflect hiring and layoff 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. Therefore, the BLS uses a statistical technique called seasonal adjustment to address these issues. This technique uses the history of the labor force data and the job count data 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. Seasonally adjusted statistical series enable more meaningful data comparisons between months or with an annual average.

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

A survey conducted for employment status in the week that includes the 12<sup>th</sup> day of each month generates the unemployment rate statistics, which is a separate survey from the Establishment Survey that yields the industry job counts. The CPS survey contacts approximately 1,000 households in Hawaii to determine an individual's 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 their household, and 3) all persons who were temporarily absent from their regular jobs, whether they were paid or not. Persons considered unemployed are ones that do not have a job, have actively looked for work in the prior four weeks and are available for work. Temporarily laid off workers are counted as unemployed, whether 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.

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

Revisions to the 2013 labor force estimates included incorporating 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**

This release incorporates revised job count figures from 1990 through 2013 for the seasonally adjusted series. The reconstructed data reflects data from historical corrections applied to unadjusted supersector or sector level series. For years, analysts with the State DLIR's Research and Statistics Office have developed monthly employment estimates for Hawaii and our metropolitan areas. These estimates were based on a monthly survey of Hawaii 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 Hawaii, 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 Current Employment Statistics (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 Hawaii'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 BLS is publishing smoothed seasonally adjusted civilian labor force and unemployment estimates for all metropolitan areas, which includes the City and County of Honolulu. BLS releases this data each month in the *Metropolitan Area Employment and Unemployment* news release. The schedule 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 2013 through Second Quarter of 2014 Averages.*

**Alternative Measures of Labor Underutilization for US and Hawaii,  
Third Quarter of 2013 through Second Quarter of 2014 Averages**  
(percent)

State	Measure					
	U-1	U-2	U-3	U-4	U-5	U-6
United States	3.5	3.5	6.8	7.2	8.1	12.9
Hawaii	2.2	2.0	4.8	5.3	6.2	11.1

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

- 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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**Media Contact:**

Bill Kunstman  
Department of Labor and Industrial Relations  
(808) 586-8845  
[William.G.Kunstman@Hawaii.gov](mailto:William.G.Kunstman@Hawaii.gov)