

The Vermont Labor Market Quarterly

A newsletter of the Economic & Labor Market Information Division of the Vermont Department of Labor

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Concepts of Labor Market Underutilization

Each month the Bureau of Labor Statistics (BLS) and the Vermont Department of Labor publish an estimate of the *Unemployment Rate* – Defined as the percentage of the civilian labor force that is willing and able to work, and has looked for work in the past four weeks but has no employment. Known to the BLS as the U-3, this is the most widely reported measure of labor market underutilization. Currently, 3.7% of the civilian labor force in Vermont and 5.0% nationwide report being unemployed.

The *Civilian Labor Force* is defined as the sum of all people who are either employed or unemployed as defined above. The *Labor Force Participation Rate* is the labor force as a percentage of the civilian, noninstitutionalized population age 16 and over. As of November, 2015 the Vermont and nationwide labor force participation rates were 66.7% and 62.5% respectively.

Marginally Attached Workers are not in the labor force. These individuals want work, are available for work and have looked for work in the prior 12 months but not the past four weeks. *Discouraged Workers* are a subset of marginalized workers who fit the above criteria and are currently not looking specifically because they believe there are no jobs available for them.

Part time workers who are *Working Part Time for Economic Reasons* are also considered underutilized. These individuals want and are available for full time employment but are currently working part-time (less than 35 hours) because full time work is not available for them. People working part time for noneconomic reasons (for example those working part time by choice while attending school, raising children or being semi-retired) are not considered under-utilized.

These categories allow us to look beyond the published unemployment rate to better understand the health of the labor market. The BLS and the VT Department of Labor publish this data as *Alternative Measures of Labor Force Underutilization*:

U-4 Total unemployed persons plus discouraged workers, expressed as a percent of the civilian labor force plus discouraged workers.

U-5 Total unemployed persons plus all marginally attached workers expressed as a percent of the civilian labor force plus those marginally attached.

U-6 Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force.

July 2014 - June 2015

| Measure | VT | US |
|---------|-----|------|
| U-1 | 1.4 | 2.6 |
| U-2 | 2.1 | 1.8 |
| U-3 | 4.0 | 5.7 |
| U-4 | 4.2 | 6.1 |
| U-5 | 5.0 | 7.0 |
| U-6 | 8.7 | 11.3 |

While these are broader measures than the published U-3 rate, there are also two more restrictive definitions: U-1, a measure of all people unemployed 15 weeks or longer and U-2, a measure of job losers and all persons who completed temporary jobs. These figures are published monthly at the national level and quarterly as four-quarter averages at the state level. A comparison of the most recent four-quarter averages (July 2014 – June 2015) can be found in the table above.

Mina Healy (1948 – 2015)

The Vermont Department of Labor and the Occupational Employment Statistics program lost a beloved employee and friend on November 28th, 2015.

Mina's career at VDoL spanned 36 years. She was a tireless and dedicated presence in our office. We send our condolences to her husband, her family here and in Minnesota and her wonderful grandchild. She will be sorely missed.

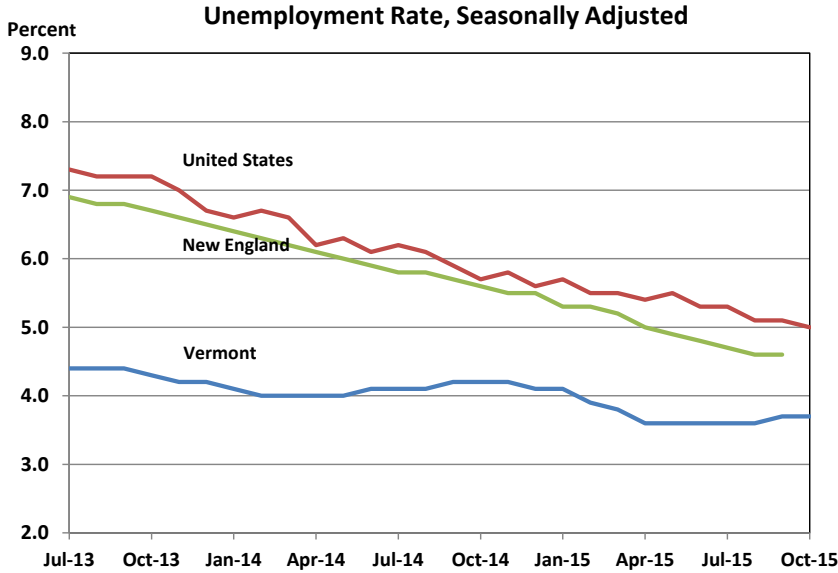


Local Area Unemployment Statistics

The Local Area Unemployment Statistics (LAUS) program produces monthly and annual employment, unemployment, and labor force data for Census regions, states, counties, metropolitan areas, and towns by place of residence. Statewide estimates are derived primarily from a survey of approximately 1,200 Vermont households each month, as

part of the nationwide Current Population Survey. Monthly Current Employment Statistics figures and weekly unemployment claims are also included in the LAUS model.

The November seasonally adjusted statewide unemployment rate stood at 3.7%, unchanged from the previous month. The state's seasonally adjusted unemployment rate steadily decreased from 4.1% in January to 3.6% by April, where it remained until October. This relative stability in the rate comes after an uneven decline from its recessionary peak of 7.0% in May of 2009. Between January and November, seasonally adjusted LAUS employment decreased by 3,150 while seasonally adjusted LAUS unemployment decreased by 1,500.

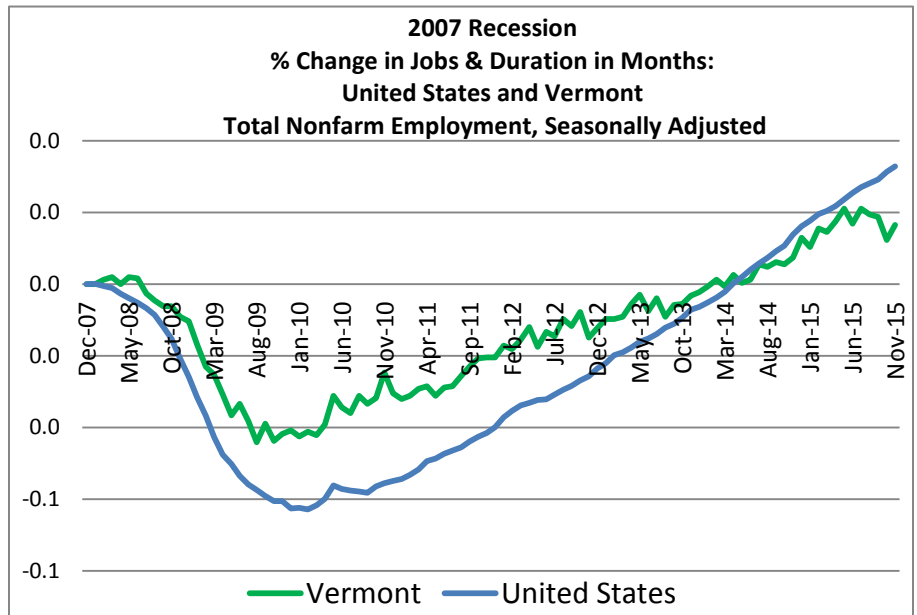


Current Employment Statistics

The Current Employment Statistics (CES) program provides detailed industry data on employment, hours and earnings of workers on nonfarm payrolls. It is designed to take a monthly 'pulse' of the economy based on historical data and a survey of approximately 144,000 businesses and government agencies nationwide. The sample includes approximately 2,000 Vermont firms each month.

Total seasonally adjusted nonfarm payroll employment stood at 316,500 as of November. Over the course of the past year total nonfarm has added 4,000 jobs, an increase of 1.3%. Over the year, the largest number of jobs were added in Education and Health Services (+2,000). The fastest growth rate was in Arts, Entertainment & Recreation where the number of jobs increased 8.9%. Manufacturing declined by 1.9% (600 jobs) over the year, Retail Trade by 0.8% (300 jobs) and Professional and Business Services declined by 0.4% (100 jobs).

Total Private Employment increased by 1.1% or 2,800 jobs. Federal Government grew by 200 jobs or 3.0% while State Government increased by 700 jobs or 3.6%. Local Government employment increased by 300 jobs or 1.0%.



Quarterly Census of Employment and Wages

The Quarterly Census of Employment and Wages (QCEW) is a census of all firms covered by unemployment insurance in the state of Vermont. Data collected includes industry type, monthly employment level and wages at each worksite. The most recent published data is the second quarter of 2015. QCEW is not seasonally adjusted.

Between second quarter 2014 and second quarter 2015, total covered employment increased by 3,182 or one percent. Total wages increased by 3.3% and average wages by 2.2%. Private sector employment increased by 3,177 or 1.2%. Federal and State government added 108 and 58 jobs respectively while local government declined by 162.

On a percentage basis the largest private sector increases were in Educational Support Services which increased 36% (112 jobs) over the year. Apparel Manufacturing increased 16.7% (44 jobs) while Forestry & Logging increased 15.3% (23 jobs). Measured by total number of jobs added, the largest increases were in Traveler Accommodation (599 jobs), Heavy & Civil Engineering Construction (539 jobs) and Professional & Technical Services (355 jobs).

The largest private sector declines on a percentage basis were in Scenic & Sightseeing Transportation (-58.9%), Postal Service (-35.3%) and Lessors of Nonfinancial Intangible Assets (-16.7%). These three sectors are all quite small with total employment less than 100. Measured by total number of jobs lost, the largest declines were in Computer & Electronic Product Manufacturing (-311), Fabricated Metal Product Manufacturing (-238) and Utilities (-172).

2014 Location Quotients and Industry Concentration in Vermont

Location Quotients (LQ's) allow us to quantify the relative concentration of an industry in a state or region verses the nationwide concentration. Location Quotients are created by calculating the ratio of an industry's employment relative to all employment in the analysis area to that of the nation. If a fictional state had 120 Construction jobs and 1,000 jobs total while the nation had 10,000 Construction Jobs and 100,000 jobs total, the state's location quotient would be 1.2 (or 12% divided by 10%).

As of 2014, Vermont's highest location quotients are in Utilities with an LQ of 1.45; Health Care and Social Assistance with 1.26; and Manufacturing with 1.18. This tells us that Vermont has a higher concentration of jobs in these industries than the national average.

Vermont's lowest location quotients can be found in Mining, Quarrying and Oil and Gas Extraction at .33; Management of Companies and Enterprises at .44 and Administrative and Waste Services at .57. Vermont has a lower concentration of jobs in these industries.

| NAICS | Sector | LQ |
|-------|--|------|
| 11 | Agriculture, forestry, fishing & hunting | 1.13 |
| 21 | Mining, quarrying, & oil & gas extraction | 0.33 |
| 22 | Utilities | 1.45 |
| 23 | Construction | 1.11 |
| 31-33 | Manufacturing | 1.18 |
| 42 | Wholesale trade | 0.73 |
| 44-45 | Retail Trade | 1.13 |
| 48-49 | Transportation & warehousing | 0.7 |
| 51 | Information | 0.8 |
| 52 | Finance & insurance | 0.71 |
| 53 | Real estate & rental & leasing | 0.69 |
| 54 | Professional & technical services | 0.76 |
| 55 | Management of companies & enterprises | 0.44 |
| 56 | Administrative & waste services | 0.57 |
| 61 | Educational services | 1.7 |
| 62 | Health care & social assistance | 1.26 |
| 71 | Arts, entertainment, & recreation | 0.92 |
| 72 | Accommodation & food services | 1.13 |
| 81 | Other services, except public administration | 0.96 |

Career Planning and Employment Data Resources

The Department of Labor has a wide range of employment resources available to Vermonters seeking to find work, change careers or just explore opportunities. Our staff work to connect Vermont businesses with qualified employees and offer innovative programs to help train motivated individuals. The Economic & Labor Market Information Division also houses data related to occupations, industries, wages, income and labor force utilization for the state and various sub-state geographies.

Career Exploration Resources

American Job Centers: The Vermont Department of Labor has 13 Career Resource Centers throughout the state. These centers can assist with job searches and provide access to online resources.

www.labor.vermont.gov/workforce-development

Start Where You Are explores the variety of occupations available to Vermonters and offers guidance on where to receive the requisite education and training.

www.startwhereyouarevt.org

My Skills My Future is a place to manage your career and create a pathway to success. Tools are available to help students, businesses and career professionals.

www.careeronestop.org

My Next Move helps young people and those changing careers make informed decisions about career choices, including a unique exploration tool that allows the user to search by interests and training. www.mynextmove.org

Vermont Job Link is a free, self-service job matching system for jobseekers and employers. Job seekers can post a resume and apply for positions directly from the site. Job Link is hosted by the VT Department of Labor.

www.vermontjoblink.com

For questions about this newsletter or for more information about the Economic & Labor Market Information Division of the Vermont Department of Labor, please reach us at:

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Resources for Employers

Vermont Small Business Development Center is a source for no-cost business advising and low-cost training for Vermont entrepreneurs. www.vtsbdc.org

The Agency of Commerce and Community Development is a source for information about starting, expanding and relocating a business in VT.

www.accd.vermont.gov/business

Economic & Labor Market Data

From our homepage at www.vtlni.info, Vermonters can access a wide range of labor market data. This includes all of the background data for sections of this newsletter as well as occupational and industrial projections, wage ranges and quintiles by occupation, fringe benefits comparisons, per capita incomes, an employer database, quarterly workforce indicators and assorted related data. Other sources for labor market data include:

The United States Bureau of Labor Statistics www.bls.gov.

The Employment and Training Administration
www.doleta.gov

Vermont Department of Labor
labor.vermont.gov