

Image not found or type unknown

At Just 49.5 Percent, USVI Labor Participation Rate Raises Concerns Over Unemployment Reality

Labor Commissioner Gary Molloy highlights discrepancy between reported unemployment and actual workforce engagement

Economy / **Published On November 17, 2023 05:51 AM /**

Janeka Simon **November 17, 2023**

Image not found or type unknown



On Thursday Labor Commissioner Gary Molloy revisited the discussion on identifying the true state of unemployment in the territory, after being asked by Senator Marise James on Thursday whether “that 3 percent unemployment rate” is “really reflecting on what’s happening on the ground in the Virgin Islands.”

Mr. Molloy was testifying before the Senate Committee on Education and Workforce Development when the question came from the committee’s chair. Ms. James noted that there are different methods of calculating unemployment, specifically referencing the U-3 and U-6 rates. According to the U.S. Bureau of Labor Statistics, U-3 counts the total number of unemployed

people as a percentage of the civilian labor force, that is those people employed or actively seeking work. U-6, however, counts the unemployed, “marginally attached” workers, and part-time workers who would prefer full-time employment. This number is expressed as a percentage of the civilian labor force plus all marginally attached workers.

Nationally, the U-3 unemployment rate from Q4 2022 to Q3 2023 was 3.6%, while the U-6 figure for the same period was 6.8%.

While Mr. Molloy confirmed that the U-3 unemployment rate in the territory was 3.5%, near the national average, he was unable to provide current U-6 numbers. Of the oft-quoted unemployment figure, he noted that “a lot of [not-employed] individuals are not included in this number because they’re not showing up in our system and our data.”

When Ms. James queried why the U-6 numbers are available nationally but not in the Virgin Islands, Mr. Molloy volunteered that the last [labor force participation rate](#), calculated in 2022, was 49.5 percent, based on the total number of people of working age and the number of people in the labor force.

"Forty-nine percent isn't good at all!" Senator James asserted, noting that it was “easier” to quote the 3.5% unemployment figure. “We need to figure out how do we get that number [labor participation rate] to increase,” she added.

As he did in March, Mr. Molloy suggested that overly generous unemployment benefits could be the reason for a depressed participation rate. He claimed that “the hard numbers were skewed a lot” because many people were accessing government-provided support services for as long as they could. “Our data showed that 100 percent of our residents were exhausting the 26 weeks of unemployment, but that was skewed by the fact that all the federal and the pandemic money was in there.”

Sen. James observed that meager wages might be an issue. “Sometimes it’s difficult when you weigh the benefits that you can receive, and the cost of living in the territory,” she mused.