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USVI Leisure and Hospitality Jobs Fall 20.9% as Overall Payroll Employment Drops 6.5%

Fresh federal estimates put USVI payroll employment at 31,800 in July, down 6.5% from a year earlier, while leisure and hospitality fell 20.9%. The decline comes as WICO reports a 23.4% revenue gain tied to strong cruise activity and its passenger fees.

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Royal Caribbean's Icon of the Seas and the Celebrity Apex docked at Crown Bay, St. Thomas on Jan. 31, 2024. By. ERNICE GILBERT, V.I. CONSORTIUM.

Preliminary federal estimates show the U.S. Virgin Islands' payroll employment continuing to contract in July, with an especially steep decline in leisure and hospitality even as other indicators point to strong activity within important parts of the territory's tourism economy.

The Bureau of Labor Statistics estimates that total nonfarm wage and salary employment in the Virgin Islands stood at approximately 31,800 jobs in July 2026, 6.5 percent below the level recorded a year earlier. Leisure and hospitality employment was estimated at 5,300 jobs, down 20.9 percent year over year, extending a decline that has grown considerably steeper during 2026.

The seasonally adjusted BLS series shows leisure and hospitality employment falling 13.8 percent year over year in February, 14.1 percent in March, 17.1 percent in April, 20.6 percent in May, and 20.9 percent in both June and July. Overall nonfarm employment was down 6.5 percent in July, while government employment stood at approximately 10,300 jobs, down 2.8 percent from a year earlier.

Yet those figures arrive alongside tourism indicators that, at first glance, appear to be moving sharply in the opposite direction.

The West Indian Company reported Friday week that its third-quarter revenue jumped 23.4 percent from the same period last year, driven in part by strong cruise activity. Passenger fees alone generated $1.8 million more revenue than during the comparable period a year earlier, while WICO officials said expenses grew more slowly than revenue. The company also reported more than $4 million in cash available to service less than $3 million in annual debt obligations.

Hotel activity also does not immediately suggest a tourism sector experiencing a one-fifth collapse in demand. The Virgin Islands Bureau of Economic Research currently lists the territory's June 2026 hotel occupancy rate at 73.8 percent. BER reported a territorywide occupancy rate of 59.1 percent in June 2025, meaning the latest figure is roughly 14.7 percentage points higher than a year earlier.

The apparently conflicting numbers illustrate an important distinction: tourism activity, tourism revenue and leisure-and-hospitality payroll employment are not measurements of the same thing.

BLS defines the leisure and hospitality supersector as businesses within arts, entertainment and recreation, along with accommodation and food services. Hotels, restaurants, bars and recreational establishments fall within that group.

Cruise activity reaches well beyond it.

Under the federal North American Industry Classification System, port and harbor operations are classified under NAICS 488310, Support Activities for Water Transportation, rather than leisure and hospitality. Retail purchases by cruise passengers similarly fall under retail trade, while many transportation activities fall under transportation and warehousing.

WICO's financial performance therefore cannot be treated as a direct proxy for the number of hotel, restaurant or recreational payroll jobs in the territory. More cruise passengers can produce substantially more passenger-fee revenue at a port without requiring payroll employment throughout the broader leisure and hospitality sector to rise by the same proportion.

The latest BLS figures illustrate that distinction. Trade, transportation and utilities employment in the Virgin Islands stood at approximately 6,900 jobs in July, unchanged from a year earlier, even as WICO reported sharply stronger cruise-related revenue.

There is another important limitation in the payroll data. BLS's Current Employment Statistics program does not count sole proprietors or the self-employed. That matters in a tourism economy where taxi operators, independent tour guides, charter operators and other small-business owners can participate directly in increased visitor activity without appearing as additional payroll employees in the federal establishment survey.

Cruise passengers also generate a different economic footprint from overnight visitors. Passenger activity can increase WICO fees and benefit transportation providers, retailers, tours, restaurants and other businesses without generating hotel-room demand on the same basis as stayover visitors. At the same time, BER's latest occupancy figure suggests that the current divergence cannot be explained solely by strong cruise activity alongside weak hotels: the territory's reported hotel occupancy has strengthened as well.

That leaves another important consideration — the employment figures themselves remain preliminary.

The July payroll figures come from BLS's Current Employment Statistics program. BLS expressly notes that the Virgin Islands estimates are currently based on 2025 benchmark levels and that subsequent monthly estimates are preliminary and will be revised as new information becomes available.

A separate BLS dataset released Friday provides an important reason for caution before treating the July estimates as final job counts.

The Quarterly Census of Employment and Wages, which relies primarily on unemployment-insurance records filed by employers rather than the monthly payroll survey alone, showed 34,900 covered jobs in the Virgin Islands in March 2026 — 1.2 percent more than in March 2025. Average weekly wages were $1,054, up 1.5 percent from a year earlier.

That does not establish that the July payroll estimate is wrong. The QCEW and monthly employment series use different methodologies and coverage, and March preceded the April-through-July period in which the monthly estimates show the territory's employment contraction becoming considerably steeper.

But the difference is significant because BLS ultimately uses the much broader QCEW employer records to benchmark and replace portions of its earlier monthly payroll estimates. The agency describes the QCEW counts as being derived principally from unemployment-insurance tax reports filed by employers and uses them to reset the monthly employment series during its annual benchmarking process.

The appropriate conclusion, therefore, is that the latest monthly BLS figures signal a potentially serious employment decline — particularly in leisure and hospitality — but the precise size of that contraction remains subject to revision.

The latest estimates nevertheless extend a broader trend documented earlier this month by the Federal Reserve Bank of New York.

As the Consortium reported on Aug. 18, the New York Fed's latest Virgin Islands economic profile showed employment in the territory declining 5.7 percent over the five years through 2024, while Puerto Rico recorded 8.4 percent growth and the United States grew 4.7 percent. The Fed has described the divergent performance of Puerto Rico and the Virgin Islands as a “Tale of Two Island Economies.”

July's preliminary BLS figures continue that divergence.

Puerto Rico had approximately 957,900 payroll jobs in July, 0.9 percent more than a year earlier, according to BLS's seasonally adjusted series. Its leisure and hospitality sector employed approximately 104,300 workers, up 4.9 percent year over year. The comparable Virgin Islands estimates show total employment down 6.5 percent and leisure and hospitality down 20.9 percent.

The figures add another layer to the debate over the territory's historically low unemployment rate, which Gov. Albert Bryan Jr. has repeatedly highlighted as evidence of a strong economy and an unusually tight labor market.

As previously reported by the Consortium, Mr. Bryan said earlier this year that the territory's low unemployment had helped the government repay roughly $100 million in federal unemployment debt. He has also argued that the Virgin Islands has largely exhausted its readily available workforce and will need thousands of additional workers to execute its massive federally funded disaster-recovery program.

Low unemployment and declining payroll employment can occur simultaneously. The unemployment rate measures people who are actively participating in the labor force but cannot find work. It does not count people who have left the labor force entirely. A shrinking population and labor force can therefore produce both a shortage of available workers and fewer jobs overall.

The newest information makes the Virgin Islands economy more complicated still.

On one side are strong cruise traffic, rapidly rising WICO revenue and considerably higher reported hotel occupancy. On the other are preliminary federal payroll estimates showing the territory employing fewer workers overall and leisure and hospitality payrolls roughly one-fifth below their level a year ago.

Those outcomes are not inherently contradictory. Revenue can rise faster than employment; cruise spending crosses several industry classifications; self-employed tourism workers are excluded from the payroll survey; and businesses can serve more visitors without increasing staffing proportionally.

But a 20.9 percent estimated decline in leisure and hospitality employment is large enough that it cannot simply be dismissed because cruise ships are busy or hotel occupancy is strong.

For now, the federal data point to an uneven and still unsettled economic picture: visitor activity and tourism-related revenue can be strong while payroll employment remains weak, even as forthcoming employer-record benchmarks may ultimately alter the exact size of the employment decline now being reported.