

Labor Market Conditions in Rhode Island

Donna Murray, Assistant Director
Department of Labor and Training
Labor Market Information Division
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Rhode Island experienced record-breaking employment in February 2020, with an estimated 507,300 RI-based jobs, the highest job count on record. Several economic sectors were at all-time highs and the state's unemployment rate was hovering at a thirty-year low. During March and April 2020, the Coronavirus crisis was in Rhode Island resulting in the temporary closing of many businesses and the loss of 108,300 jobs. The state lost 21.3 percent of its jobs, the highest percentage lost in New England and the fourth highest in the nation, as all sectors reported job losses during the Covid-related shutdowns.

The state began its recovery in May 2020 and by February 2023, jobs in the state surpassed 500,000 for the first time in three years with 94.5 percent of the lost jobs having been recovered. However, in March, job gains stalled. Monthly job estimates fell four times in the following seven months, totaling 8,600 jobs, more than overshadowing the three months of gains totaling 2,900.

The state lost 1,900 jobs in March followed by a loss of 3,900 in April and 1,000 in May. A rebound of 800 jobs in June was followed by another large loss of 1,800 jobs in July. The April job loss was the largest over-the-month job loss and the first over-the-year job loss since the since the Covid-related "pause" of December 2020.

The state began to rebound in August with the addition of 700 jobs which was followed by a gain of 1,400 in September. However, jobs have been below their prior year level since April 2023.

Between February and September 2023, RI-based jobs have fallen by 5,700. Nearly all sectors reported job losses during this period with the largest losses occurring in the Administrative & Waste Services, Wholesale Trade and Construction sectors.

The Administrative & Waste Services sector has been struggling since last summer, employment is down 2,300 over the year with 2,000 of the job losses coming since February. Employment in this sector is 2,500 below its pre-pandemic level.

After recording a record-high 23,500 jobs in February, the Construction sector reported job losses in four of the following seven months for a total loss of 1,200 jobs. Despite these losses, the September job count was up 1,300 over the year and up 2,000 from pre-pandemic levels.

The Wholesale Trade sector lost 1,300 jobs since February with job losses reported in six of the last seven months. While the sector has recovered all the jobs lost during the shutdown, employment is down 700 over the year.

The Health Care & Social Assistance sector is the major bright spot adding a total of 3,200 jobs over the last five months. This sector has recouped over 97 percent of the jobs lost during the shutdown.

Through September 2023, the state has regained a total of 96,600 jobs or 89.2 percent of the total lost during the Covid-related shutdown. At present just four sectors – Construction, Manufacturing, Wholesale Trade and Professional & Technical Services have recouped all the jobs lost during the shutdown.

Nationally, all of the 22.3 million jobs lost between March and April 2020 (pandemic shutdown) have been recovered with thirty-eight states having fully recovered all of the jobs they lost during the pandemic-related shutdown.

Rhode Island's 89.2 percent recovery rate as of September 2023 is the third lowest in the nation and the second lowest in New England.

Regionally, Maine, Massachusetts and New Hampshire have recovered all jobs lost during the shutdown. Connecticut has recovered 99 percent and Vermont has recovered 87.5 percent of their lost jobs.

Workers employed in lower wage industries were more impacted by the shutdown and the social distancing concerns that followed than were those employed in industries with above average wages.

Low wage industries, industries with average annual wages below \$50,000 accounted for nearly 30 percent (28.9%) of the total jobs in the state but over half of the (52.5%) of the jobs lost during the shutdown. To date, these industries have recovered 87 percent of the jobs lost.

Mid-wage industries, those with wages averaging between \$50,000 and \$75,000 accounted for half the jobs in the state and about 39 percent of the jobs lost. To date, these industries have recovered 91 percent of the jobs lost.

High wage industries, those with average annual wages above \$75,000 accounted for about one-fifth (21%) of the total jobs in the state and about 9 percent of the jobs lost during the shutdown. To date, these industries have recovered 96 percent of the jobs lost.

The September unemployment rate was 2.6 percent, the lowest rate on record. Nationally, unemployment averaged 3.8 percent in September. Rhode Island's rate has been below the national rate for twenty-two consecutive months.

There are currently 14,900 unemployed Rhode Island residents, down 300 over the month and 4,400 over the year. Unemployment has fallen in ten of the last twelve months. There are 6,100 fewer unemployed Rhode Island residents now than there were prior to the pandemic (Feb 2020-21,000)

Currently, there are 557,000 employed Rhode Islanders, up 1,200 over the month and 7,500 over the year. Resident employment has grown for six consecutive months and is now 3,700 above the pre-pandemic level (February 2020 - 553,300.)

The Rhode Island labor force totaled 571,900 in September 2023, up 900 over the month and 3,100 over the year. The labor force has also increased for six consecutive months. There are currently 2,400 fewer Rhode Islanders participating in the labor force than there were prior to the pandemic. (February 2020 level-574,300.)

Across the country, unemployment rates ranged from a high of 5.4 percent in Nevada to a low of 1.6 percent in Maryland. Rhode Island along with Massachusetts had the ninth lowest unemployment rate among all states in September.

Around New England, Vermont, and New Hampshire at 1.9 and 2.0 percent, respectively had the lowest rates while Connecticut at 3.5 percent and Maine at 2.7 percent had the highest rates.

Rhode Island's unemployment rate has been below Connecticut's since October 2020

Six states, including Rhode Island recorded all-time low unemployment rates in September. The others were Louisiana (3.3%), Maryland (1.6%), North Dakota (1.9%), Pennsylvania (3.4%) and Washington (3.6%).

In the year prior to the Covid outbreak, unemployment rates for both the male and female populations were very low, averaging 3 and 4 percent respectively in 2019. Unemployment skyrocketed for both groups in 2020 due to Covid related shutdowns and concerns.

Overall unemployment has improved since the highs of 2020, falling below the 2019 level due mainly to a decrease in unemployment among women. The unemployment rate for women has fallen from 9.6 percent in 2020 to 2.8 percent in 2023; 1.2 percentage points below its 2019 level. While male unemployment has also fallen since 2020, it is still above its 2019 level.

Minority populations had higher unemployment rates prior to and during the shutdown than the white population. Unemployment rates for all groups have fallen significantly since 2020, but while unemployment for the white population has fallen below the 2019 level, unemployment rates for the Black and Hispanic populations have increased over the year and remain above their respective 2019 levels.

Labor Force Participation among the working age population (16 and older) has increased steadily since 2020, and at 64.4 percent it is up slightly from its pre-pandemic level of 64.2 percent in 2019 but remains significantly below our record high average of 68.8 percent recorded in 2007 with most of that decline occurring among younger workers.

Through the first nine months of 2023, 86 percent of the prime working age population those between 25 and 54 years of age participated in the labor force, up from 84.7 percent in 2019 and up from 84.6 percent in 2007.

However, while labor force participation for the prime working age population has shown some improvement, labor force participation among young people has seen near steady decline over the last 25 years. Nearly 58 percent of teenagers and 83 percent of 20- to 24-year-olds participated in the labor force in 1999. Participation for both groups has trended downward falling to 44 percent for teenagers and 69.6 percent for 20- to 24-year-olds in 2023.

Labor force participation for individuals 55 and older has been trending downward since peaking at 43.6 percent in 2014 but has remained above 40 percent.

Currently, men are more likely to be participating in the labor force than women. Through the first nine months of 2023, 68.7 percent of men were labor force participants compared to 59.1 percent of women. At present, female teenagers and young adults are participating in the labor force at higher rates than their male counterparts. However, while participation increases for both groups as they enter their prime working age, the increase for males is much greater than that of females.

Through the first 40 weeks of 2023, data shows that the number of initial claims processed are running 8 percent above last year but are about 5 percent below the two years prior to the pandemic. The number of benefit weeks claimed are running 16 percent above last year, and

slightly above pre-pandemic levels. To date, the number of final payments is running 18 percent above last year.

Overall, while initial claims are up compared to the record lows recorded in 2022, fewer people are filing for unemployment insurance benefits in comparison to the years before the pandemic and fewer are collecting their full entitlement.

Wages have continued to climb in 2023. Last year, Rhode Island employers paid \$31.0 billion in wages up 7.3 percent from the \$28.9 billion paid in 2021. This year wages are on track to exceed \$32 billion.

Through the first six months of 2023, Rhode Island based jobs averaged 492,400 up four-tenths of a percent from the 490,300 average recorded during the first six months of 2022. UI Tax data, the data that is used to benchmark job estimates, available for the first six months of 2023 indicates that jobs increased by 1.6 percent compared to the first six months of 2022. Based on this information we expect that jobs will be revised upward during the annual benchmark averaging 497,300 for the January to June 2023 period compared to the estimated average of 492,400.

If this trend continues, RI-based jobs will average 503,000 in 2023.