

## **Labor Market Conditions in Rhode Island**

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In March, the Rhode Island Department of Labor and Training's Labor Market Information Division in conjunction with the US Bureau of Labor Statistics (BLS) completed the annual benchmark revision of labor force statistics and job count estimates. This year labor force statistics for both the seasonally adjusted data and not seasonally adjusted data were revised back to January 2017. Job counts for the October 2020 through September 2021 period were benchmarked using UI Tax data submitted by all employers in the state. The unadjusted job counts for October, November and December 2021 were re-estimated based on the September 2021 benchmarked level. Seasonally adjusted job counts were then revised for January 2017 through December 2021.

Benchmark revisions to the state's 2021 unemployment rate indicate that the state ended the year with a 4.5 percent unemployment rate, down three-tenths of a percentage point from the rate initially reported for December 2021. Unemployment rates were revised downward seven months of the year, from January through April and October through December and were revised upward June, July and September. The unemployment rate was unchanged for May and August. The largest downward revision occurred in February when the rate was revised down by one and two-tenths (-1.2) percentage points, while the March rate was revised down by one (-1.0) percentage point. The largest increase in the unemployment rate occurred in June and July, where the rate was revised upward by three-tenths (+0.3) of a percentage point.

Over the year, the December rate was down two and two-tenths (-2.2) percentage points from the revised December 2020 rate of 6.7 percent; pre-benchmarked data indicated a decrease of three and one-tenth (-3.1) percentage points. Also of note, the April 2020 unemployment rate was revised up to 18.4 percent, the highest unemployment rate during the pandemic related shut-down and the highest rate on record.

The benchmark process also revealed that the number of unemployed RI residents was overestimated for six months in 2021. The largest downward revision occurred in February, when the number of unemployed was revised down by 4,500. The year ended with 25,700 unemployed RI residents, 1,000 less than the previous December 2021 estimate indicated. Over the year, the number of unemployed RI residents declined 12,300 from the revised December 2020 estimate which was revised down 4,800; pre-benchmarked data showed a decrease of 16,100.

The seasonally adjusted employment level was understated for eleven months of 2021 and overstated for September. The largest upward revisions occurred in August (+37,000), July (+34,700) and June (+34,200). September's employment level was revised downward by 6,000. The year ended with 543,900 employed RI residents, 18,400 more than the previous December 2021 estimate indicated. Over the year, the number of employed RI residents was up 16,400 from the revised December 2020 level of 527,500. Pre-benchmarked estimates indicated a gain of 29,600.

Labor force estimates were revised upward for eleven months of 2021, with the largest upward revisions occurring in August (+39,500), July (+38,700) and June (+37,800). September's labor force was revised downward by 5,300. Over the year (December 2020 to December 2021) the RI labor force grew by 4,100; pre-benchmarked data indicated an increase of 13,600.

In 2021, the RI-based seasonally adjusted job count was revised up by an average of 5,700 jobs or 1.2 percent. The pre-benchmarked 2021 average annual job count of 474,100 was revised to 479,800 after benchmark. Employment was revised up in eleven employment sectors, revised down in three employment sectors and remained unchanged in one sector.

The Professional & Business Services sector was revised up by an average of 3,600 jobs, the largest upward revision for 2021. A large revision also occurred in the Accommodation & Food Services sector (+1,200) followed by smaller upward revisions reported in the Educational Services (+500), Retail Trade (+500), Arts, Entertainment & Recreation (+400) and Information (+400) sectors.

Finally, average upward revisions of 200 jobs were reported in both the Health Care & Social Assistance and Financial Activities sectors, and average upward revisions of 100 jobs were reported in each of the Government, Other Services and Transportation & Utilities sectors.

Jobs were revised down in three sectors 2021, the largest occurring in the Construction (-800) sector followed by the Manufacturing (-500) and Wholesale Trade (-200) sectors.

Benchmark revisions also indicated that the state lost a total of 108,100 jobs during state-ordered shut-down that occurred between March and April 2020 and another 5,500 jobs were temporarily lost during the pause.

Rhode Island experienced record-breaking employment in February 2020, with an estimated 507,800 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. But, in March, the Coronavirus crisis had come to Rhode Island. On March 13<sup>th</sup>, RI casinos closed; a few days later, day care centers were ordered closed, restaurants were closed to take-out orders only, and social gatherings were limited to no more than ten people. As the month continued, fitness centers, hair & nail salons, recreation & entertainment facilities, and all non-essential retail were all ordered to close. Elective surgeries were cancelled, and medical appointments were limited to telephone and video interviews.

During March and April 2020, the state lost a staggering 108,100 jobs; 21.3 percent of its total employment. All economic sectors reported job losses during the shutdown with the largest losses reported in the Accommodation & Food Services (-32,400), Health Care & Social Assistance (-17,400) and Retail Trade (-11,100) sectors. Together these three sectors lost a total of 60,900 jobs or 56.3 percent of the total jobs lost.

Workers employed in lower wage industries were more impacted by the social distancing guidelines than industries that paid average and above average wages. Low-wage industries, industries with average annual wages below \$40,000 accounted for 52.2 percent of the jobs lost during the shutdown, while mid-wage industries, those with average annual wages between \$40,000 and \$65,000 accounted for a little more than a third (34.8%) of the jobs lost and high-wage industries, those with average annual wages above \$65,000 accounted for 13 percent of the jobs lost during the shutdown.

In May 2020, Rhode Island began the process of reopening the state's economy. Reopening occurred in Phases with the state moving from one phase to the next based on pre-established criteria which monitored the spread of the virus.

Between April and November 2020, the state had regained 69,700 jobs, nearly 65 percent of the jobs lost. However, as Covid Cases began to rise, the state instituted a "pause" which once again restricted activities for some businesses. Jobs fell by 5,500 in December. The Pause was lifted and by February 2021 all 5,500 jobs lost had been recovered.

Thru March 2022, the state has regained a total of 92,000 jobs, 85.1 percent of the total lost. Not surprising, over 56 percent of those job gains occurred in the sectors that were most negatively impacted by the social distancing orders – Accommodations & Food Services (+28,500), Health Care & Social Assistance (+12,800) and Retail Trade (+10,400). Five industry sectors are at or above their February 2020 level: Construction, Manufacturing, Professional & Technical Services, Wholesale Trade and Transportation & Utilities. The Educational Services, Finance & Insurance and Management of Companies sectors are the only sectors that have not recouped any of the jobs lost during the pandemic.

Fifty-three percent of the jobs recovered have been in low-wage industries, 30.9 percent have been in mid-wage industries and 16.1 percent have been in higher wage industries.

Low- wage industries have recovered 48,800 or 86.5 percent of the 56,400 jobs lost.

Mid-wage industries have recovered 28,400 or 75.5 percent of the 37,600 jobs lost.

High-wage industries have recovered all the 14,100 jobs lost and are 700 jobs above the February 2020 level.

Nationally, 92.5 percent of the jobs lost between March and April 2020 (pandemic shutdown) have been recovered. Through March 2022, thirteen states have fully recovered all jobs lost during the pandemic-related shutdown. Rhode Island's 85.1 percent recovery rate is the 29th highest in the nation and the 4th highest in New England. Regionally, Maine has recovered 98.5 percent of their lost jobs followed by, New Hampshire (91.9%), Massachusetts (87.1%), Rhode Island (85.1%), Connecticut (81.8%) and Vermont (75.5%).

Twenty-five months after the start of the pandemic, the state's job count remains 16,100 (-3.2%) below the February 2020 level. Based on current trends, we expect jobs to return to their pre-pandemic level in early 2023.

The state's unemployment rate was 3.4 percent in March, lower than the US rate of 3.6 percent. Across the country, unemployment rates ranged from a high of 5.3 percent in New Mexico to a low of 2.0 percent in Nebraska and Utah. Rhode Island along with South Carolina and Wyoming had twenty-second lowest unemployment rate among all states in March. The unemployment rate was 6.0 percent in the District of Columbia. Around New England, RI had the third lowest rate, Connecticut (4.6%), Massachusetts (4.3%) and Maine (3.6%) all had higher unemployment rates than Rhode Island.

The number of unemployed Rhode Island residents — those residents classified as available for and actively seeking employment — was 19,600, in March 2022. In February 2020, the month prior to the shut-down there were 21,000 unemployed Rhode Island residents. In April 2020, the number of unemployed Rhode Island residents was 100,300. The number of unemployed Rhode Islanders is now at its lowest level since May 2019.

The number of employed Rhode Island residents was 549,300 in March 2022. In February 2020, the month prior to the shut-down there were 550,800 employed Rhode Island residents. In April 2020, the number of employed

Rhode Island residents was 446,100. The number of employed Rhode Islanders is currently 1,500 below the pre-pandemic level.

The Rhode Island labor force totaled 568,900 in March 2022. In February 2020, the month prior to the shut-down the Rhode Island labor force was 571,800. In April 2020, the labor force had fallen to 546,400. The labor force level is currently 2,900 below the February 2020 level.

Between 2020 and 2021 employment increased by an average of 4.3 percent and total wages paid increased by 7.4 percent. Wages totaled \$28.9 billion in 2021, up approximately two billion from the 2020 total of \$26.9 billion. Rhode Island workers earned an average wage of \$62,275 up 3 percent from the 2020 average of \$60,471.\*

\*2021 Wage data is preliminary.