

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 1976. Job counts for the October 2019 through September 2020 period were benchmarked using UI Tax data submitted by all employers in the state. The unadjusted job counts for October, November and December 2020 were re-estimated based on the September 2020 benchmarked level. Seasonally adjusted job counts were then revised for January 2010 through December 2020

Benchmark revisions to the state's 2020 unemployment rate indicate that the state ended the year with a 7.9 percent unemployment rate, down two-tenths of a percentage point from the rate initially reported for December 2020. Unemployment rates were revised downward six months of the year, from March through June and August and December and were revised upward January, February, July and September through November. The largest downward revision occurred in May when the rate was revised down by three and a half (-3.5) percentage points. The largest increase in the unemployment rate occurred in July, where the rate was revised upward by two and seven-tenths (+2.7) percentage points.

Over the year, the December rate was up four and three-tenths (+4.3) percentage points from the revised December 2019 rate of 3.6 percent; pre-benchmarked data indicated an increase of four and six-tenths (+4.6) percentage points. The April 2020 record setting high unemployment rate of 18.1 percent set during the middle of the pandemic triggered shut-down was revised down to 17.4 percent after benchmarking, still a record high for the state.

The benchmark process also revealed that the number of unemployed RI residents was overestimated for six months in 2020. The largest downward revision occurred in May, when the number of unemployed was revised down by 18,500. The year ended with 42,800 unemployed RI residents, 1,200 less than the previous December 2020 estimate indicated. Over the year, the number of unemployed RI residents rose 22,400 from the revised December 2019 estimate; pre-benchmarked data showed a December 2019 to December 2020 increase of 24,700.

The seasonally adjusted employment level was overstated for the last seven months of 2020 and understated for January, March, April and May. The largest downward revisions occurring in July (-33,100) and June (-25,200). The year ended with 495,900 employed RI residents, 2,500 fewer than the previous December 2020 estimate indicated. Over the year, the number of employed RI residents was down 45,900 from the revised December 2019 level of 541,800. Pre-benchmarked estimates indicated a loss of 39,200.

Labor force estimates were revised downward for nine months of 2020, with the largest downward revisions occurring in June (-38,800), July (-21,300) and August (-10,400). April's labor force was revised upward by 16,600. Over the year (December 2019 to December 2020) the RI labor force shrank by 23,600; pre-benchmarked data indicated a decrease of 14,500.

Benchmark revisions to the state's job numbers indicated that the year ended with 5,700 fewer RI-based jobs than previously published. There were an estimated 457,800 jobs in December 2020, down 46,800 from the revised job count of 495,500. Employment was revised down in eleven employment sectors and was revised up in four employment sectors.

Seasonally adjusted, the Manufacturing, Health Care & Social Assistance and Retail Trade sectors were all revised down by an average of 1,400 jobs in 2020. Large downward revisions were also noted in the Educational Services (-1,100), Wholesale Trade (-1,100), Government (-1,000) and Financial Activities (-800) sectors.

Smaller average annual seasonally adjusted downward job revisions were also reported in the Accommodation & Food Services (-600), Information (-100), Arts, Entertainment & Recreation (-100) and Mining & Logging (-100).

On average, the largest seasonally adjusted upward revisions in 2020 were reported in the Professional & Business Services (+1,900) and Transportation & Utilities (+900) sectors, followed by smaller upward revisions noted in the Other Services (+400) and Construction (+100) sectors.

Benchmark revisions also indicated that the state lost a total of 100,800 jobs during state-ordered shut-down that occurred between March and April and another 5,800 jobs were temporarily lost during the pause. Previously published data indicated that these two events shed 98,100 and 6,300 jobs, respectively.

Rhode Island experienced record breaking employment in February 2020, with an estimated 507,200 RI-based jobs, the highest job count on record. Several economic sectors were at all-time highs and the state's unemployment rate was at a thirty year low. But, in March, the Coronavirus crisis had come to Rhode Island. On March 13th, 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, the state lost a staggering 108,000 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 (-32,600), Health Care & Social Assistance (-17,400) and Retail Trade (-11,200) sectors. Together these three sectors lost a total of 61,200 jobs or 57 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 58 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 34 percent of the jobs lost and high-wage industries, those with average annual wages above \$65,000 accounted for nine percent of the jobs lost during the shutdown.

In May, 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, the state has regained 64,400 jobs, nearly 60 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 5,800 in December. The Pause was lifted and by February all 5,800 jobs lost had been recovered.

Thru March 2021, the state has regained a total of 67,700 jobs, 62.7 percent of the total lost. Not surprising, over 60 percent of those job gains occurred in the sectors that were most negatively impacted by the social distancing orders – Accommodations & Food Services (+21,300), Health Care & Social Assistance (+10,800) and Retail Trade (+9,700).

Nearly 60 percent of the jobs recovered have been in low-wage industries, one-third have been in mid-wage industries and about eight percent have been in higher wage industries.

- Low- wage industries have recovered 43,000 or 68.7 percent of the 62,600 jobs lost.

- Mid-wage industries have recovered 29,900 or 65.3 percent of the 36,600 jobs lost.

- High-wage industries have recovered 800 or 9.1 percent of the 8,800 jobs lost.

Thirteen months after the start of the pandemic, the state's job count remains 40,300 (-7.9%) below the February 2020 level

The state's unemployment rate was 7.1 percent in March, higher than the US rate of 6.0 percent. Across the country, unemployment rates ranged from a high of 9.0 percent in Hawaii to a low of 2.9 percent in four states - New Hampshire, South Dakota, Utah and Vermont. Rhode Island along with Illinois had tenth highest unemployment rate in the nation in March and the second highest rate in New England.

The number of unemployed Rhode Island residents — those residents classified as available for and actively seeking employment — was 38,200, in March 2021. In February 2020, the month prior to the shut-down there were 22,700 unemployed Rhode Island residents. In April 2020, the number of unemployed Rhode Island residents was 94,700.

The number of employed Rhode Island residents was 503,400, in March. from February. In February 2020, the month prior to the shut-down there were 539,800 employed Rhode Island residents. In April 2020, the number of employed Rhode Island residents was 451,000.

The Rhode Island labor force totaled 541,600 in March. In February 2020, the month prior to the shut-down the Rhode Island labor force was 562,000, in April 2020, the labor force had fallen to 545,700.

While total employment in Rhode Island fell by an average of 8.8 percent between 2019 and 2020, total wages paid increased by 0.8 percent. Wages totaled \$26.9 billion in 2020, up nearly 216 million from the 2019 total of \$267.7 billion.

The Coronavirus Aid, Relief and Economic Security (CARES) Act provided for additional unemployment insurance benefits beyond the standard 26 week program. Pandemic Unemployment Assistance (PUA) and the Pandemic Emergency Unemployment Compensation (PEUC) originally scheduled to end in December 2020 have been extended through September 4, 2021.

- Pandemic Unemployment Assistance (PUA) currently provides up to 79 weeks of benefits for individuals who are self-employed or ineligible for regular unemployment benefits. Thru March 2021 this program has paid nearly \$500 million in benefits. It is estimated that this program will pay additional \$175 million in benefits through August.
- Pandemic Emergency Unemployment Compensation (PEUC) provides an additional 53 weeks of benefits to individuals who have exhausted their regular unemployment insurance benefits. Thru March 2021, this program has paid nearly \$162 million in benefits. It is estimated that this program will pay additional \$95 million in benefits by through August.
- The Federal Pandemic Unemployment Compensation (FPUC) which initially provided an extra \$600 in unemployment benefits to all individuals collecting benefits now provides an extra \$300 a week to all individuals collecting benefits in addition to their regular entitlement. Thru March 2021, this program has paid nearly \$1.18 billion in benefits. It is estimated that this program will pay additional \$400 million in benefits by through August.
- RI triggered onto the High Extended Benefits (EB) program in May 2020 which provided an additional 20 weeks of benefits payable after individuals collect PEUC. The High Extended Benefits period triggered off in January, the program now provides an additional thirteen weeks of benefits. Thru March 2021, this program has paid over \$42 million in benefits. At present this program is expected to remain through the end of the year and is estimated to pay an additional \$40 million in benefits through the end of the year.