

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

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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 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 108,000 jobs: 21.3 percent of its total employment, fourth largest percentage loss in the nation and the largest in New England. Nationally jobs fell by 14.6 percent between February and April 2021.

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.

Lower wage industries were much more impacted by the pandemic than those with higher average wages:

Low wage industries, industries with average annual wages less than \$40,000 accounted for 26 percent of the total jobs and 52.1 percent of the jobs lost during the shut down

Mid wage industries, industries with average annual wages between \$40,000 and \$65,000 accounted for 38 percent of the total jobs and 34.4 percent of the jobs lost during the shut down

High wage industries with average annual wages above \$65,000 accounted for 36 percent of the total jobs and 13.5 percent of the jobs lost during the shut down

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 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 September 2021, the state has regained a total of 81,100 jobs, 75.1 percent of the total lost. Not surprising, nearly 57 percent of those job gains occurred in the sectors that were most negatively impacted by the social distancing orders – Accommodations & Food Services (+25,100), Health Care & Social Assistance (+11,700) and Retail Trade (+9,300).

Nearly 52 percent of the jobs recovered have been in low-wage industries, one-third have been in mid-wage industries and about 15 percent have been in higher wage industries.

Low- wage industries have recovered 42,000 or 74.6 percent of the 56,300 jobs lost.

Mid-wage industries have recovered 26,800 or 72.2 percent of the 37,100 jobs lost.

High-wage industries have recovered 12,300 or 84.2 percent of the 14,600 jobs lost.

Nineteen months after the start of the pandemic, the state's job count remains 26,900 (-5.3%) below the February 2020 level

The state's unemployment rate was 5.2 percent in September, higher than the US rate of 4.8 percent. The September 2021 unemployment rate is significantly lower than the pandemic high of 17.4 percent occurring in April 2020, but still higher than the pre-pandemic rate of 4.0 percent occurring in February 2020.

Across the country, September 2021 unemployment rates ranged from a high of 7.5 percent in California and Nevada to a low of 2.0 percent in Nebraska. Rhode Island along with Massachusetts had nineteenth highest unemployment rate in the nation in September 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 30,100, in September 2021. In February 2020, the month prior to the shut-down there were 22,200 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 503,800 in August 2021. 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 534,700 in August 2021. 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.

Between April 2020 and September 2021, the state has regained a total of 81,100 jobs, 75.1 percent of the total jobs lost. Rhode Island's 75.1 percent recovery rate is the 21<sup>st</sup> highest in the nation and second highest in New England. New Hampshire has recovered 76.5 percent of their lost jobs. Vermont (70.6%), Connecticut (70.4%), Maine (70.3%) and Massachusetts (68.6%) are all lagging behind Rhode Island's recovery on a percentage basis.

Nearly 57 percent of these job gains occurred in the sectors that were most negatively impacted by the social distancing orders – Accommodations & Food Services (25,100), Health Care & Social Assistance (+11,700) and Retail Trade (+9,300).

Employment in the state is still down 26,900 or 5.3 percent since February 2020's all-time employment high of 507,200. Around New England, Vermont jobs are down 5.9 percent, Massachusetts jobs are down 5.8 percent, Connecticut jobs are down 5.1 percent, Maine jobs are down 4.4 percent and New Hampshire jobs are down 4.0 percent from February 2020. Nationally, jobs are down 4.0 percent since February 2020. Only two states, Idaho and Utah had more jobs in September 2021 than they did in February 2020.

The September unemployment rate was 5.2 percent, along with Massachusetts the nineteenth highest in the nation. Across the country, unemployment rates ranged from a high of 7.5 percent in California and Nevada to a low of 2.0 percent in Nebraska.

Connecticut (6.8%) had the highest rate in New England followed by Rhode Island and Massachusetts both at 5.2%, Maine (4.8%), and New Hampshire and Vermont both at 2.9%. Nationally, the unemployment rate was 4.8 percent in September.

In terms of Occupations, workers employed in lower wage occupations had been more impacted by the social distancing guidelines than those whose jobs pay average and higher wages. Nearly two-thirds (66.0%) of the initial claims filed during the shut-down had been by workers employed in occupations paying less than \$20 an hour.

During the pandemic additional benefits were provided beyond the standard 26 week program.

- Pandemic Unemployment Assistance (PUA) provided up to 79 weeks of benefits for individuals who were self-employed or ineligible for regular unemployment benefits. This program ended on September 6, 2021 and paid over \$660 million to unemployed Rhode Island workers.
- Pandemic Emergency Unemployment Compensation (PEUC) provided an additional 53 weeks of benefits to individuals who had exhausted their regular unemployment insurance benefits. This program ended on September 6, 2021 and paid over \$286 million to unemployed Rhode Island workers.
- The Federal Pandemic Unemployment Compensation (FPUC) program provided all individuals collecting benefits an additional \$600 a week between April 4, 2020 and July 25, 2020 in addition to their regular entitlement. This program was reinstated January 2, 2021 with a reduced payment of \$300 a week and was in effect until September 6, 2021. This program provided nearly \$2 billion in bonus payments to unemployed Rhode Island workers.
- The Lost Wage Assistance program which was in effect between August 1, 2020 and September 5, 2020 provided a \$300 bonus payment to claimants who indicated they were out of work due to COVID. This program paid a total of \$172.4 million.
- State Supplemental Pause Payments of \$200 a week were provided to unemployed Rhode Island workers between December 5, 2020 and December 19, 2020. This program paid a total of \$47.5 million.
- 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. Benefits were reduced to 13 weeks in February 2021 as a result of the three-month average unemployment rate falling below 8.0 percent. Benefits ended in July 2021 as a result of the three-month average unemployment rate falling below 6.5 percent. The program paid nearly \$44 million.

In addition to the pandemic related programs listed above, the regular Unemployment Insurance programs paid over \$711 million dollars since the start of the Covid-19 pandemic in March 2020. In total, unemployed RI workers received over \$3.9 billion in state and federal unemployment insurance benefits, 2.4 billion in 2020 and 1.5 billion in 2021.

While total employment in Rhode Island fell by an average of 8.4 percent between 2019 and 2020, total wages paid increased by 0.8 percent. Wages totaled \$26.9 billion in 2020, up over 220 million from the 2019 total of \$26.7 billion.

Through the first six months of 2021, employment is up an average of 3.3 percent while total wages are up 5.1 percent from January to June 2020.

Employment estimates are based on a sample of Rhode Island employers randomly selected to participate in the Current Employment Statistics (CES) survey which is conducted each month by the US Bureau of Labor Statistics (BLS) in partnership with the states' Labor Market Information (LMI) Divisions. Each year BLS revises these estimates using data from the Quarterly Census of Employment and Wages (QCEW) program which is derived from data collected from all employers for the use in the Unemployment Insurance (UI) program through a process known as "benchmarking."

Below is a comparison of over-the-year changes generated by the BLS estimates and the QCEW program for the first six months of 2021:

	BLS	QCEW	Difference
Jan	-42,600	-36,000	-6,600
Feb	-42,600	-34,600	-8,000
March	-34,800	-26,000	-8,800
April	+68,700	+76,700	- 8,000
May	+55,000	+63,800	- 8,800
June	+35,500	+42,200	- 6,700

This data indicates that BLS estimates under-stated employment by an average of 7,800 jobs for the first six months of 2021.

Based on current data and anticipated benchmark revisions we estimate the number of jobs in 2021 will average approximately 482,000 and total wages will be approximately \$29 billion. The year will end with approximately 492,000 jobs, 3 percent fewer than the pre-pandemic high. We do not expect jobs to return to their pre-pandemic level until mid-2023.