

Labor Market Conditions in Rhode Island

Donna Murray, Assistant Director
Department of Labor and Training
Labor Market Information Division
Submitted April 29, 2025

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 the not seasonally adjusted data were revised back to January 1976. This process incorporates revised job estimates, claims data and population controls.

Also in March, unadjusted job counts for the October 2023 through September 2024 period were benchmarked using UI Tax data submitted by all employers in the state. The unadjusted job counts for October, November and December 2024 were re-estimated based on the September 2024 benchmarked level. Seasonally adjusted job counts were then revised back to 1990.

Benchmark revisions to the state's 2024 unemployment rate indicate that the state ended the year with a 4.5 percent unemployment rate, down one-tenth of a percentage point from the rate initially reported for December 2024. Unemployment rates were revised down six months of the year, from July through December, and were revised up in January, February, April and June. All downward revisions were decreased by one-tenth (-0.1) of a percentage point. The largest increase in the unemployment rate occurred in January, where the rate was revised up by three-tenths (+0.3) of a percentage point. The unemployment rates for February, April and June 2024 were all revised up by one-tenth (+0.1) of a percentage point.

Over the year, the December rate (4.5%) was up seven-tenths (+0.7) of a percentage point from the revised December 2023 rate of 3.8 percent; pre-benchmarked data indicated a 1.2 percentage point increase in the unemployment rate from December 2023 to December 2024.

The record high unemployment rate remains at 17.9 percent for April 2020, occurring during the pandemic-related shutdown, while the lowest rate on record is 2.6 percent recorded in June 2023.

The benchmark process also revealed that the number of unemployed RI residents was underestimated for the first half of the year and overestimated for the last half of the year. The largest upward revision occurred in January (+2,200) while the largest downward revision occurred in August (-900). The year ended with 26,800 unemployed RI residents, 400 less than the pre-benchmark December 2024 estimate indicated. Over the year, the number of unemployed RI residents increased 4,600 from the revised December 2023 estimate; pre-benchmarked data showed an increase of 7,600.

The seasonally adjusted employment level was understated for the entire year. The largest upward revisions occurred in February (+6,800) and January (+6,500). The year ended with 564,700 employed RI residents, 3,900 more than the pre-benchmark December 2024 estimate indicated. Over the year, the number of employed RI residents was up 1,200 from the revised December 2023 level of 563,500. Pre-benchmarked estimates indicated a gain of 4,300.

Labor force estimates were revised upward nine months of 2024, with the largest upward revisions occurring in January (+8,700) and February (+8,000). The labor force was revised downward in July (-500) and August (-400) and unchanged in September. Over the year (December 2023 to December 2024) the RI labor force increased by 5,700; pre-benchmarked data indicated an increase of 11,800.

In 2024, the RI-based seasonally adjusted total nonfarm job count was revised down by an average of 200 jobs, unchanged on a percentage basis. The published average annual job count of 512,300 now stands at 512,100 for December 2024. Total nonfarm employment was revised down in seven months of 2024 and revised up in five months. Seven industry sectors reported upward revisions, seven industry sectors reported downward revisions, while three industry sectors remained unchanged.

The Accommodation & Food Services sector was revised up by an average of 1,400 jobs in 2024, the largest average upward revision among all industry sectors. The Educational Services (+1,000) and Construction (+900) sectors also reported sizable revisions. An upward revision of 700 jobs was noted in the Other Services sector, followed by positive revisions in the Arts, Entertainment & Recreation (+400), Government (+100) and Professional & Technical Services (+100) sectors.

The Administrative & Waste Services sector was revised down by an average of 2,100 jobs in 2024, the largest downward revision reported. A sizable downward revision was also reported in the Manufacturing (-1,000) and Health Care & Social Assistance (-900) sectors. Smaller negative revisions were noted in the Management of Companies (-300), Transportation & Utilities (-200), Wholesale Trade (-200) and Financial Activities (-100) sectors. Job counts in the Information, Mining & Logging and Retail Trade sectors remained unchanged through the benchmark process in 2024.

Jobs had reached 509,100 in December 2023, marking the end of the Covid-related job crisis. In January 2024, jobs decreased by 1,400 falling below the February 2020 (508,700) threshold. However, an increase of 1,800 jobs in February 2024 once again brought the job count above the pre-pandemic level where it has since remained. Job counts have shown near steady improvement in 2024 establishing new highs several times during the year.

In March 2025, the number of establishment-based jobs in Rhode Island stood at 515,600, the highest count on record. Jobs are up 3,700 since last March as employment gains in eight sectors overshadowed losses in seven. The largest over-the-year gain occurred in Health Care & Social Assistance, RI's strongest jobs sector. Jobs were up 2,100 over the year bringing the job count to an even 87,000, the highest level on record for this sector

The Construction, Accommodation & Food Services and Transportation & Utilities sectors each reported over-the-year gains of 1,100 jobs. Construction jobs are now at their highest level since January 2007. Smaller over-the-year gains were noted in Wholesale Trade (+700), Administrative & Waste Services (+500), Professional & Technical Services (+300) and Other Services (+100). The largest over-the-year loss occurred in Private Educational Services, down 1,800 since last March. Smaller losses were noted in Retail Trade (-500), Information (-300), Management of Companies (-200), Arts, Entertainment & Recreation (-200), Government (-200) and Manufacturing (-100).

The state's unemployment rate has increased steadily since the June 2023 record low of 2.6 percent. Now at 4.8 percent it is at its highest level since September 2021. While increases in the state's

unemployment rate were initially attributed to more residents entering and re-entering the labor market than to those losing jobs, this seems to no longer be the case. Between July 2023 and June 2024, growth in the number of unemployed residents (+10,300) had outpaced growth in the number of employed residents (+4,400) by more than two to one, indicating that residents were entering and returning to the labor market at that time. However, beginning in June the number of employed residents has decreased by 5,600 while the number of unemployed residents has increased by 2,700, an indication that half of our residents are becoming unemployed, and the other half are leaving the labor market.

Across the country, unemployment rates ranged from a high of 5.7 percent in Nevada to a low of 1.8 percent in South Dakota. Rhode Island, along with Colorado, Illinois, and Ohio had the fifth highest unemployment rate among all states in March.

Around New England, unemployment rates ranged from a high of 4.8 percent in Rhode Island to a low of 2.6 percent in Vermont. Massachusetts at 4.4 percent was the only other New England state to have an unemployment rate above 4 percent, and Vermont was the only New England state to have an unemployment rate below three percent. Connecticut at 3.6 had the third highest rate in New England followed by Maine and New Hampshire with rates of 3.5 and 3.1, respectively. Rhode Island's unemployment rate has been above the US rate for 15 consecutive months

In March, there were 28,500 unemployed RI residents. The number of unemployed residents has been rising since July 2023 and is at its highest level since September 2021. There were 560,400 employed RI residents in March, resident employment has been declining since June 2023 and is down 5,000 over the year. Resident employment is at its lowest level since May 2023. The state's Labor Force (588,900) is down 900 over the year, the first over-the-year decline in the labor force since September 2022. After reaching an all-time high of 591,700 in June 2024, the number of residents participating in the labor force has fallen by 2,800.

The labor force participation rate was 63.9 percent for RI residents, down six-tenths of a percentage point over the year. The US labor force participation rate was 62.5 percent in March, also down over the year.

Unemployment averaged 4.7 percent for the twelve-month period ending March 2025, up a full percentage point from the 3.7 percent average for the twelve-month period ending March 2024. During this period unemployment rates have increased for both men and women. The unemployment rate for men increased from 4.5 percent to 5.4 percent, while the unemployment rate for women increased from 2.7 percent to 4.0 percent.

Unemployment rates have also increased for both the White and Hispanic populations during the period. The unemployment rate for the White population increased from 3.4 percent in 2024 to 4.5 percent in 2025 and the unemployment rate for the Hispanic population increased from 4.6 percent in 2024 to 5.9 percent in 2025. Only the Black population experienced a drop in unemployment during this period. Falling from 3.5 percent in 2024 to 2.1 percent in 2025.

Over the year, labor force participation rate averages fell from 64.8 percent for the twelve-month period ending March 2024 to 63.8 percent for the twelve-month period ending March 2025. Decreases

occurred among the 16-19 (falling from 42.6% to 39.1%) and the 25 to 54 (falling from 86.2% to 84.6%) age groups, while participation increased for the 20 to 24 (69.9% to 74.6%) and the 55+ (40.8% to 41.7%) age groups.

During the twelve -month period ending March 2025, younger women ages 16 to 19 and 20 to 20 were more likely to participate in the labor force than their male counterparts. Approximately 42 percent of women 16 to 19 participated in the labor force compared to 35.2 percent of men in the same age bracket. Of women 20 to 24 years of age, 78.4 percent participated in the labor force compared to 70.8 percent of men in the same age bracket.

Approximately 88 percent of men between the ages of 25 and 54 participated in the labor force compared to 81.0 percent of women. For men 55 and older, 46.4 percent participated in the labor force compared to 38.5 percent of women of the same age.

Claims filings have been increasing over the last few years, initial claims, benefit weeks and final claims are all running above the previous years' levels. The number of weeks claimed are also up compared to prior years indicating increases in duration and the increase in final payment are reflective of more people collecting their full entitlement.

Total Wages continued to climb in 2024 as RI employers paid nearly \$34 billion in wages, an increase of \$1.5 billion or 4.6 percent from the 2023 wages. The annual average wage was \$68,303 in 2024, an increase of \$2,086 (+3.2%) from the 2023 average of \$66,217.

At present, labor market conditions in Rhode Island are showing mixed signals. RI-based jobs are continuing to grow, up 1.1 percent in 2024, slightly less than the 1.4 percent growth experienced in 2023. Since the start of the year jobs are up 1,100. Total wages are continuing to climb, and the average annual wage is increasing as well.

The state's unemployment rate now at 4.8 percent has been on the rise for nearly two years, and while early increases were attributed to folks entering or reentering the labor market, it appears that recent gains are due to residents becoming unemployed. Initial claims filings, benefit payments and final payments have been increasing since the record lows recorded in 2022 but are still at low levels.