Labor Market Conditions in Rhode Island

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Note: Due to the Federal Government shutdown, labor force and job count statistics are only available through August 2025.

Rhode Island experienced record-breaking employment in February 2020, with an estimated 508,700 RI-based jobs, the highest job count on record at the time. 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 state lost 109,200 jobs (-21.5%) as all sectors reported job losses during the Covid-related shutdowns.

In December 2023, Rhode Island finally recouped all the jobs lost during the pandemic, with a job count of 509,100. Since the end of 2023, the state has reached a new all-time high job count in April 2025, topping out at 515,800 RI-based jobs. Since reaching this high point in April, the state experienced two months of consecutive job declines as jobs fell 200 in May and 2,400 in June, while July remained unchanged, resulting in the loss of 2,600 jobs during these three months. Jobs rebounded in August with the addition of 500 jobs. The RI-based job count now stands 2,100 less than the all-time high job level in April.

Since the all-time high job count in April, the Accommodation & Food Services industry sector has shed 2,000 jobs, more than any other sector in the past four months, followed by Health Care & Social Assistance down 1,700 and Arts, Entertainment & Recreation down 700. Some of the Health Care & Social Assistance job losses may be attributed to a hospital strike, but there is evidence that Ambulatory Services has also been shedding jobs.

Industries posting gains since April include Professional, Scientific & Technical Services (+1,300), Other Services (+1,100), Transportation & Utilities (+600), Administrative & Waste Services (+200) and Construction (+200). Overall, total jobs are down 2,100 since April.

Comparing the job count to last August, the Retail Trade and Arts, Entertainment & Recreation sectors have posted the largest job losses, with both sectors dropping 1,200 jobs since August 2024. Accommodation & Food Services (-800), Health Care & Social Assistance (-700), Government (-600) and Financial Activities (-500) have all posted a job loss of at least 500 jobs over the year.

Industries posting gains since August 2024 include Administrative & Waste Services and Professional, Scientific & Technical Services both posting a gain of 1,800 jobs. Transportation & Utilities (+1,500), Other Services (+900) and Manufacturing (+500) all posted gains of at least 500 jobs over the year. Jobs are up a total of 1,700 from August 2024.

For twenty months, since January 2024, the RI unemployment rate has been greater than the US rate. While the RI rate has gradually increased over the past year, it remains below 5.0 percent, the level most economists consider full employment, the level of unemployment is enough to minimize inflation and allow workers to move between jobs, but those wanting full-time work should be able to find a full-time job even if it is not in their preferred occupation.

The labor force and employment levels are below last year's levels, while the number of unemployed are up 700 and the unemployment rate is up just one-tenth of a percentage point from August 2024. The data appears to show that the decrease in the number of employed is due to workers leaving the RI labor force, either retiring or not wanting a job anymore or moving out of RI and not from those who were previously employed becoming unemployed, as unemployment has only increased by 700 over the year while the number of employed decreased by 3,300.

Across the country, unemployment rates ranged from a high of 6.0 percent in the District of Columbia to a low of 1.9 percent in South Dakota for August 2025. Rhode Island (4.6%) had the eleventh highest unemployment rate in the country in August and the fifth highest in New England. Massachusetts at 4.8 had the highest rate in New England.

Around New England, Vermont (2.5%), New Hampshire (3.0%), Maine (3.2%) and Connecticut (3.8%) all had unemployment rates below 4.0 percent and therefore all had rates below the US rate of 4.3%.

The most recent twelve-month average unemployment rate for the September 2024 to August 2025 period was 4.5 percent, up slightly from 4.4 percent during the same period last year. The rate was also up from the average of 3.3 percent for the same time period two years ago and up from 3.8 percent three years ago. Unlike past years, unemployment was slightly higher for women than for men. Unemployment averaged 4.4 percent for men compared to 4.6 percent for women during the September 2024 to August 2025 period. While the rate for men was down from 5.4 percent experienced during the September 2023 to August 2024 period, the rate for women was up from 3.2 percent.

Labor force participation for the Sept 2024-August 2025 period is down compared to the same period for the three previous years. The most recent twelve-month average labor force participation rates are 36.1 percent for teenagers (16-19), 71.7 percent for young adults (20-24), 85.0 percent for the prime working age (25-54) and 40.9 percent for older workers (55+). All four of these age groups experienced a decline in labor force participation rates from the Sept 2023-August 2024 period.

Over the past three years, only the 55+ age group experienced an increase in labor force participation, increasing by four-tenths of a percentage point. Since the Sept 2021-Aug 2022 12-month period, total labor force participation is down one percentage point, while the 16-19 age group is down 3.6 percentage points, the 20-24 age group is down 5.1 percentage points and the labor force participation rate of the prime working age group of 25-54 is down seven-tenths of a percentage point.

The labor force participation rate is greatest for the 25-54 age group, averaging 85.0 percent for the Sept 2024-August 2025 12-month period. Men aged 25-54 had a labor force participation rate of 88.2 percent, while the women's rate for the same age group was 81.7 percent. For the younger age groups, the 16-19 and 20-24 age ranges, women had a higher labor force participation rate than men, while men had higher participation rates in the 25-54 and 55+ age groups.

The labor force participation rate has been declining not just for Rhode Island but for the United States as a whole. In RI, labor force participation peaked at 68.5 percent from Oct 2006-Jan 2007. Our labor force participation now stands 4.8 percentage points below that all-time high level at 63.7 percent for

August 2025. While it has been declining, the labor force participation is still above the US labor force participation and has been above the US rate since August 2002. With the exception of Massachusetts, the labor force participation for most of the New England states has been declining over the past 20 years.

One of the possible reasons that labor force participation has been decreasing is the aging of the population. In 2010, 27 percent of the RI population was aged 55+, compared to 24.9 percent of the US, a difference of 2.1 percentage points. By 2024, the percent of RI residents aged 55+ had reached 33.1 percent, an increase of 6.1 percentage points. The US population aged 55+ had grown to 30.4 percent of total population, an increase of 5.5 percentage points. In 2024, the percentage of RI residents aged 55+ had grown to 2.7 percentage points above the US rate.

Through the first 40 weeks of 2025, unemployment claims data shows that the number of initial claims processed are running 10.4 percent above last year and are 9.6 percent above the year prior to the pandemic. The number of benefit weeks claimed are running 11.7 percent above last year, and 30.8 percent above pre-pandemic levels. To date, the number of final payments is running 16.1 percent above last year.

Overall, initial claims have been steadily increasing since the post-pandemic lows recorded in 2022, while more people are filing for unemployment insurance benefits in comparison to the years before the pandemic, and they also tend to be collecting longer and are more likely to exhaust their benefits.

Wages have continued to climb. Last year, Rhode Island employers paid $33.8 billion in wages, up 1.5 billion or 4.7 percent from the $32.3 billion paid in 2023. Wages increased $11.0 billion, or 48.1 percent during the 2014-2024 period. The annual average wage increased by $2,067, or 3.1 percent, over the year. Since 2014, the annual average wage has increased $18,998 or 38.5 percent.

Finally, since we are in the midst of a Federal Government shutdown, a few points on the role of the Federal Government in the Rhode Island workforce. Civilian Federal Government employment represents 2.3 percent of total employment in RI. Civilian Federal Government employment in RI has decreased 500 since January 2025, dropping from 12,100 to 11,600 workers in August. The largest Federal Government agencies in Rhode Island are the Civilian Dept of Defense, the Post Office, and the Veterans Administration. These three agencies combined account for roughly 85 percent of all civilian Federal Government employment in RI. As of June 2025, RI serves as home base to 3,776 active-duty military and also has 4,334 members of the National Guard and Reserve*. Aside from employees of the Post Office, which is a self-funded agency and not funded through congressional appropriations, RI has approximately 17,500 Federal Government positions, both civilian and military, that are directly affected by the shutdown.

* Defense Manpower Data Center (DMDC), June 2025, www.dmdc.osd.mil