Rhode Island Department
of Labor and Training

Rhode Island Employment Trends and Workforce Issues

2007

A publication of the
Labor Market Information Unit

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Published August 2007

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Executive Summary

This report provides an overview of the current employment situation in Rhode Island, the progress made in creating good paying jobs, the condition of our labor force and unemployment levels, our expected future job growth and the effect that population trends and demographic changes may have on Rhode Island's ability to meet the new job demands.

Rhode Island Industry Employment – 2006 Recap

The make-up of the Rhode Island employer community is dominated by a large number of small employers. Employers with less than 20 employees accounted for almost 90% of all private sector employers, but only employed one-quarter (25.5%) of our workforce. On the opposite end, our largest 170 firms – those employing 250 or more workers – employed almost one-third (31.3%) of our private workforce.

Rhode Island's private employers employed an average of 417,706 workers during 2006, who were paid an average annual wage of $38,732. The Government sector employed an average of 62,883 workers last year, who were paid an average annual wage of $51,750.

On the employment side, the Health Care & Social Assistance sector employed the largest number of private workers (74,436) in Rhode Island. Despite the continuing job losses in Manufacturing, this sector accounted for the second highest number of private sector workers (52,726) last year. Together, these two sectors employed three of every ten private sector workers in the state.

The average annual wage of Rhode Island's private sector ($38,732) was below the 2006 national average of $42,405. Within New England, Rhode Island ranked fourth in private sector average annual wages, trailing Connecticut ($56,002), Massachusetts ($52,798) and New Hampshire ($43,022).

Job Trends are Encouraging

Rhode Island's overall private sector job growth rate from December 2002 to June 2007 was almost double that of the New England region. Only New Hampshire performed better than Rhode Island during this period.

The number of private sector jobs created since December 2002 exceeded the Governor's goal of 20,000 new jobs in June 2007. The pace of Rhode Island job growth has accelerated over the last year after slowing in 2004 and 2005.

Detailed industry data show that Rhode Island employers in expanding industries have actually added over 30,600 new jobs from December 2002 to December 2006, while employers in declining industries have cut 14,300 jobs over that period. Many of the new jobs are in our higher wage industries. Of the new jobs created, almost two-thirds (20,300) have been in industries that pay an average annual wage higher than the 2006 average annual wage ($38,732) for all private sector employers in Rhode Island.

The ability to retain our current employers is as important an issue as attracting new businesses to the State. The continued loss of existing manufacturing jobs has been the main impediment to net job creation. The State's ability to continue to attract higher skilled, higher wage manufacturing jobs to replace the jobs lost in the less skilled, lower paying sectors will play an important part in continued job growth.

Moderate Job Growth is Expected

Over the ten-year projection period (2004 to 2014), it is estimated that total Rhode Island employment will increase at an average rate of 5,500 jobs per year. However, new workers will be needed to fill an average of more than 18,600 jobs per year due to the combination of new jobs (6,300 per year) created through economic growth and the need to replace existing workers who leave their jobs (12,300 per year) for retirement and other reasons.

Over half of the new jobs expected to be created over the next ten years will require skills learned on-the-job, while more than one-third will require a college degree. Even though many of the lower skilled jobs will be easy to fill, it is, and will continue to be, more difficult for employers to fill jobs that require higher level skills.

Labor Force and Unemployment are Stable

The number of employed Rhode Island residents has been steadily rising since early 2005, reflecting the same trend as seen in the job numbers. The number of unemployed Rhode Island residents had been trending downward through the first half of 2007.

Rhode Island's average annual unemployment rate has been relatively stable over the last five years, ranging from a high of 5.4% in 2003 to a low of 5.1% in 2005 and 2006. For the first six months of 2007, our unemployment rate has remained below 5.0%. Despite the recent improvement, our unemployment rate was above the US and New England averages in 2006 and 2007.

Our Unemployment Insurance claims data (Initial Claims, Weeks Claimed and Final Payments) indicate that 2007 is one of the lowest three years in the last fifteen in terms of claims filed. While the situation has been very stable over the last three years, the claims data do reveal some interesting information on the characteristics of the unemployed.

High school graduates represented a disproportionate share of those collecting Unemployment Insurance benefits in June 2007. Those with higher education levels were less likely to be unemployed.

The Manufacturing and Construction sectors represented a high percentage of the insured unemployed, indicating a general surplus of labor. The Government, Health Care & Social Assistance and Educational Services sectors had low percentages of the insured unemployed, indicating a tighter job market in these areas.

Available job vacancy data also suggest that the job market is more competitive this July when compared to July 2006. There are fewer online job openings for workers to choose from this year. Rhode Island showed the largest drop of any state in online job openings over the year.

Emerging Demographics Present Challenges

Population projections of slow growth (only 3.4%) for the 2005 to 2015 period, point to labor shortages in the entire Northeast Region over the next decade. As the baby boomer cohort ages and the numbers of younger, college-educated individuals decrease, the already existing shortage of skilled labor will likely grow.

Minorities will comprise a larger portion of new entrants to the Rhode Island workforce. Hispanics, which account for the largest share (nearly 11%) of Rhode Island's minority population, will represent a major source of our future labor supply. However, the high percentage of Hispanics with less than a high school diploma (40%) underscores the critical need for literacy education.

As the labor pool shrinks and the economy becomes more complex and sophisticated, better educated and higher skilled workers will have greater opportunities. On the other hand, these same conditions will create greater risk of displacement for the poorly educated, the unskilled and those unable to adapt to the demands of technological innovation and foreign competition.

The continued loss of low skilled manufacturing jobs and the emergence of more technical jobs requiring higher skills and educational levels, will make it more difficult for existing workers to remain competitive. Employers have become more selective and, while they do need skilled workers, are reluctant to hire workers who do not have the qualifications to fill their needs.

Employers also face challenges in finding enough skilled workers to meet their needs. They will need to find a way to utilize the emerging minority workforce, which is expected to account for most of the Region's population growth in the next decade.

The aging of the current workforce means that employers will have to find ways to keep older workers on the job and, perhaps, to entice early retirees to rejoin the labor force to address impending labor shortages. Attitudes on the value of older workers in the workforce are beginning to change. Recent trends show that fewer older workers are electing early retirement. Removing barriers and increasing incentives to retain more of these workers could ease expected labor shortages in some areas.

The current trends will create opportunities for groups who have had difficulty entering the workforce (minorities, immigrants, dislocated workers) and those who wish to remain in the workforce (older workers), provided they are equipped with the skills and training required by industry. The State must continue its efforts to strengthen its existing workforce and find ways to leverage the capital of its emerging workforce.

Rhode Island Employment by Size of Firm

The Rhode Island economy is characterized by a large number of small companies employing a small number of workers. As of March 2007, there were 33,044 private businesses in the state employing 408,124 workers. Nearly half the employers (48.2%) in the State have between one and four employees; however, they employ just 7.6% of the workforce. The largest employers, those with 1,000 or more employees, numbered 35 and employed 17.3% of Rhode Island's private sector workforce.

- Smaller employers, those with less than twenty employees, represented 89.7% of all employers in the State and employed approximately one quarter (25.5%) of the workforce.
- Mid-sized companies (20 to 99 workers) employed 27.8% of the private sector employment and accounted for 8.5% of the firms.
- There are just 575 (1.7%) firms in the State employing 100 or more workers. Together, they employee nearly half (46.7%) of the State's private sector employees.

Private Sector Employment
March 2007

Size Class	Employers Number	Employers Percent	Employment Number	Employment Percent
Total:	33,044	100.0%	408,124	100.0%
Zero	5,821	17.6%	0	0.0%
1-4	15,926	48.2%	30,994	7.6%
5-9	4,870	14.7%	32,019	7.8%
10-19	3,035	9.2%	40,976	10.0%
20-49	2,096	6.3%	63,487	15.6%
50-99	721	2.2%	50,017	12.3%
100-249	405	1.2%	62,694	15.4%
250-499	103	0.3%	34,669	8.5%
500-999	32	0.1%	22,675	5.6%
1000+	35	0.1%	70,593	17.3%

The highest concentration of small firms is found in the Agriculture, Forestry, Fishing & Hunting (98.2%) sector, followed by Other Services (95.9%), Construction (95.7%) and Professional & Technical Services (94.8).

Top Ten Rhode Island Companies

Company	Employment
Rhode Island & Hasbro Hospitals	6,332
CVS Corporation	5,683
Citizens Financial Group	5,500
Stop & Shop Co., Inc.	4,455
Brown University	3,943
Bank of America Corp.*	3,000
Women & Infants Hospital	2,880
Kent County Memorial Hospital	2,400
Shaw's Supermarkets	2,240
The Miriam Hospital	2,236

*Estimate
Source: RI Economic Development Corporation

The Manufacturing sector had the smallest percentage of small firms (75.1%), followed by Educational Services (75.8%), Utilities (79.2%), and Accommodation & Food Services (79.3%).

Of the 575 firms in the State employing 100 or more workers, more than half were concentrated in Health Care & Social Assistance (143), Manufacturing (98), and Retail Trade (67).

Among the State's ten largest companies are four hospitals, two supermarket chains, two financial institutions, a private university and a drug store chain.

The Employment Situation - 2006 Recap

Rhode Island's 33,000 businesses employed a record-high average of 480,589 workers in 2006 and paid over $19.4 billion in wages.

Private sector employment averaged 417,706 in 2006, representing 87% of the State's employment.

- Within the private sector, Health Care & Social Assistance (74,436) employed the most workers, accounting for 17.8% of the private sector employment.
- A little more than a third (35.2%) of private sector jobs were in the Manufacturing (52,726), Retail Trade (51,753) and Accommodation & Food Services (42,561) sectors.
- Finance & Insurance (26,492), Administrative & Waste Services (25,388), Construction (22,803) and Professional & Technical Services (21,449) all employed over 20,000 workers.

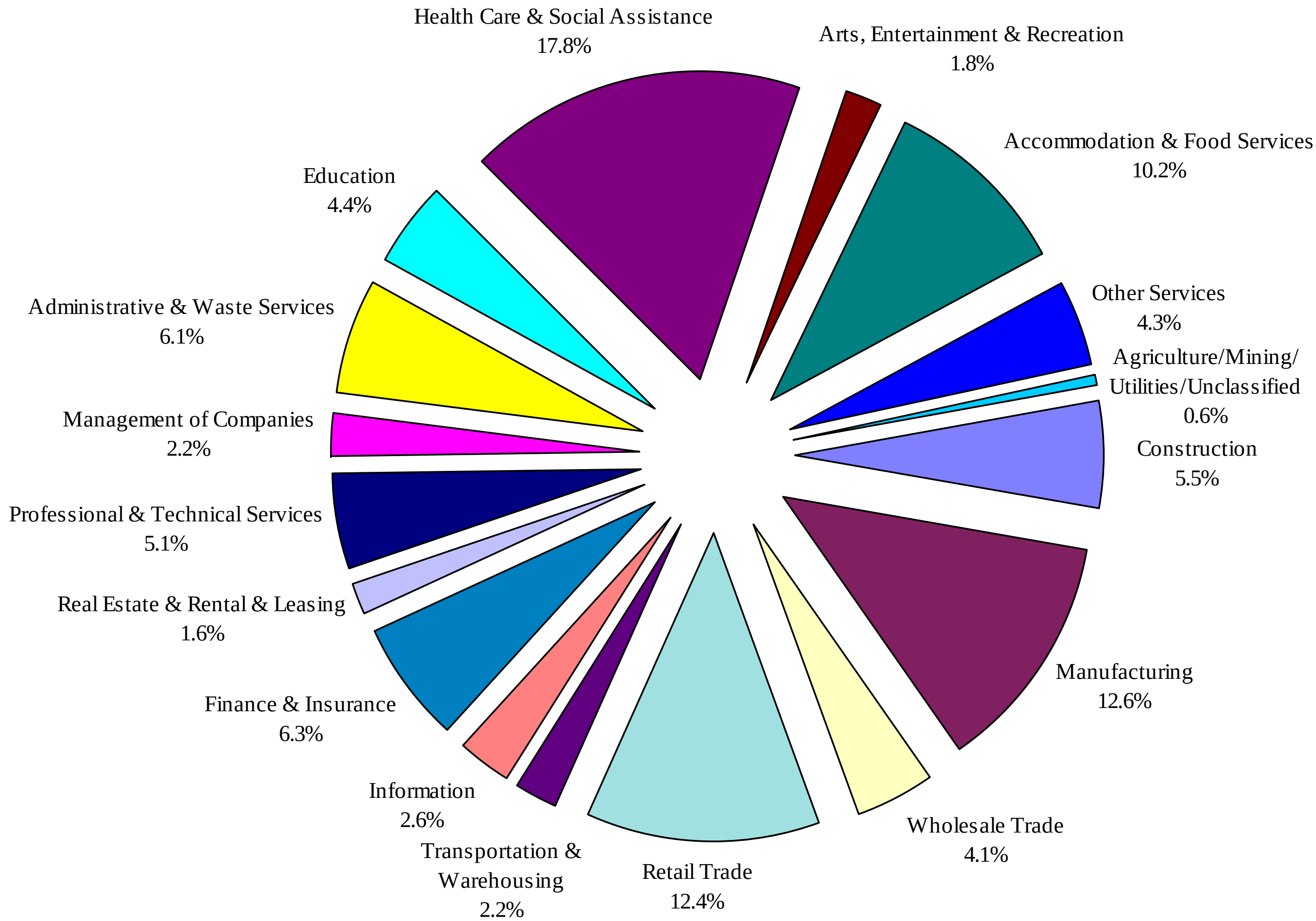
Average Annual Employment for 2006

Total Employment	**480,589**
Private Sector Employment	417,706
Health Care & Social Assistance	74,436
Manufacturing	52,726
Retail Trade	51,753
Accommodation & Food Services	42,561
Finance & Insurance	26,492
Administrative & Waste Management	25,388
Construction	22,803
Professional & Technical Services	21,449
Educational Services	18,221
Other Services	18,117
Wholesale Trade	16,969
Information	10,997
Transportation & Warehousing	9,397
Management of Companies	9,311
Arts, Entertainment, & Recreation	7,692
Real Estate & Rental & Leasing	6,877
Utilities	1,144
Agriculture, Fishing & Hunting	862
Mining	259
Government Employment	62,883

The public sector employed 62,883 workers in 2006, accounting for 13% of the State's employment. More than half (35,979) of the public sector workers were employed in local governments, followed by the state (16,947) and federal (9,957) segments. *(The pie chart on the next page provides a breakout of Rhode Island's private sector employment by major industry group.)*

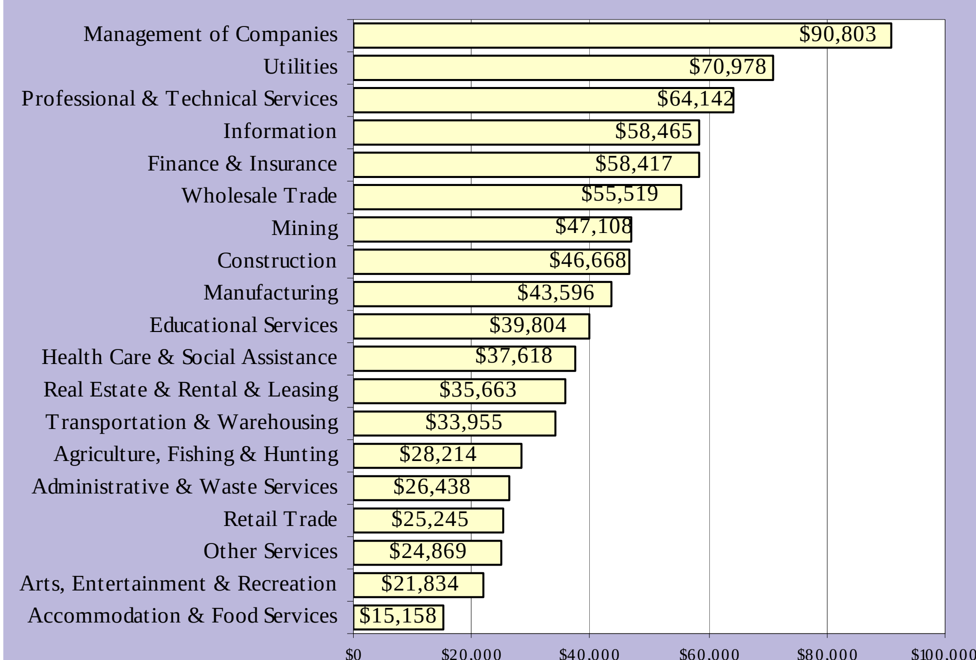
Private sector wages accounted for over 83% of the $19.4 billion dollars in wages paid in 2006. Private sector workers averaged $38,732, while pay for public sector workers averaged $51,750. The 2006 average annual wage for all workers was $40,435. In all, ten private industry sectors reported average earnings above the 2006 private sector average of $38,732.

Rhode Island Private Employment, 2006



- The highest wages were paid in Management of Companies ($90,803), Utilities ($70,978) and Professional & Technical Services ($64,142).
- Information ($58,465), Finance & Insurance ($58,417) and Wholesale Trade ($55,519) all paid over $50,000 in average wages.
- The remaining sectors to pay above the 2006 average annual private sector wage included Mining ($47,108), Construction ($46,668), Manufacturing ($43,596) and Education ($39,804).

RI Sectors by 2006 Average Annual Wage



Source: Bureau of Labor Statistics

- Nine sectors had average annual wages below the private sector average including Health Care & Social Assistance ($37,618), the State's largest sector.

- The lowest wages were paid in Accommodation & Food Services ($15,158) and Arts, Entertainment & Recreation ($21,834) due, in part, to the seasonal and part-time nature of these sectors.

- Other sectors with average annual earnings below $30,000 included Agriculture, Fishing & Hunting ($28,214), Administrative & Waste Services ($26,438), Retail Trade ($25,245) and Other Services ($24,869).

- The remaining sectors earning below the private sector average were Real Estate & Rental & Leasing ($35,663) and Transportation & Warehousing ($33,955).

The 2006 average annual wage in Rhode Island's private sector ($38,732) was 91.3 % of the national average wage of $42,405. Within New England, Rhode Island reported the fourth highest average annual wage, trailing Connecticut ($56,002), Massachusetts ($52,798) and New Hampshire ($43,022).

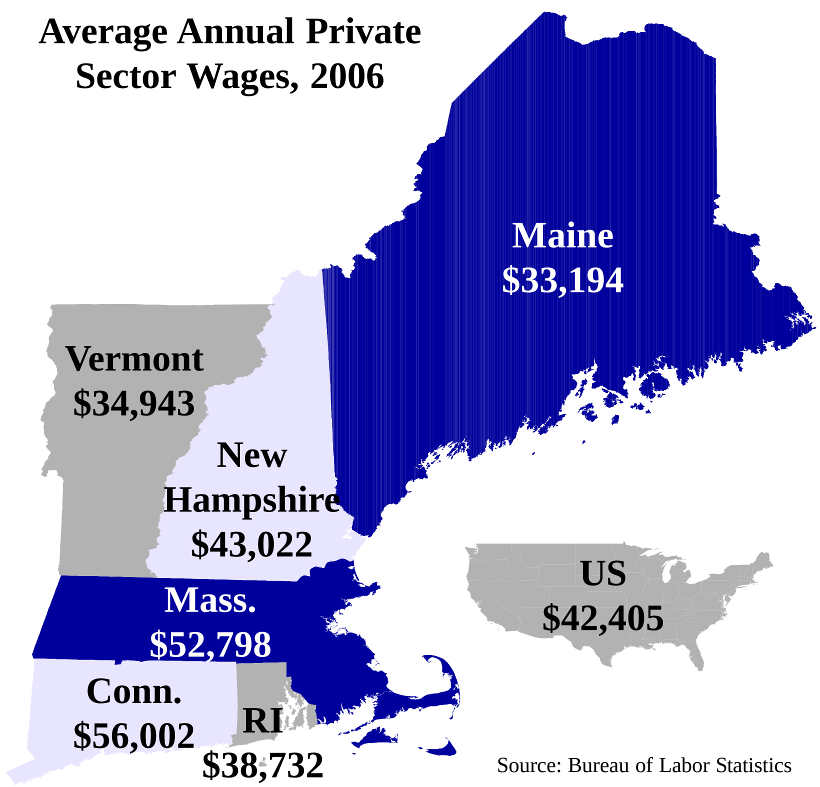
Average annual wages earned by Rhode Island workers were below the national average in nearly all economic sectors and generally ranked fourth in New England, most often trailing Connecticut, Massachusetts and New Hampshire.

Rhode Island workers were paid average annual wages above the national average in four economic sectors – Agriculture, Fishing & Hunting; Construction; Management of Companies; and Education.

Rhode Island's Management of Companies sector reported the highest annual wage in 2006, paying workers an average of $90,803, slightly more (+2.4%) than the $88,698 earned nationally. In New England, only Connecticut ($137,847) and New Hampshire ($116,399) paid higher wages to workers in this sector. This was the only sector in which Rhode Island workers' average pay exceeded their Massachusetts counterparts.

In Agriculture, Fishing & Hunting, workers earned an average wage of $28,214, exceeding the national average ($24,129) by nearly 17%. This was the only sector in which Rhode Island workers out-earned their Connecticut peers.

Average Annual Private Sector Wages, 2006



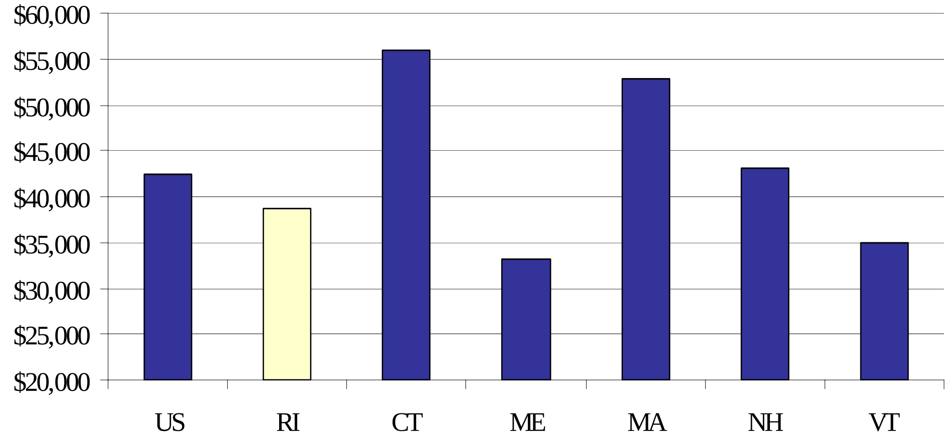
Source: Bureau of Labor Statistics

Rhode Island workers in Health Care & Social Assistance, the State's largest economic sector, earned an average annual wage of $37,618, nearly $1,700 (4.3%) less than the national average ($39,294). Regionally, Massachusetts ($45,264) paid the highest wage to workers in this sector, followed by Connecticut ($43,005) and New Hampshire ($40,821).

The $26,438 average wage paid to Administrative & Waste Services workers in Rhode Island, which includes temporary help services, was $2,881 (9.8%) less than the national average and the lowest in New England.

Rhode Island workers earned less than their New Hampshire counterparts in all sectors with the exception of Agricultural, Fishing & Hunting and Arts, Entertainment & Recreation.

Average Annual Private Sector Wages in the New England States, 2006



Source: Bureau of Labor Statistics

Nationally, employees of Management of Companies earned the highest average wage, as was the case in five New England states. In Massachusetts, the highest annual wage was paid in the Finance & Insurance sector.

Accommodation & Food Services workers earned the lowest average annual wage, both in New England and nationally.

Average Annual Private Sector Wages by Industry Sector, 2006

	US	RI	CT	ME	MA	NH	VT
Total Private	**$42,405**	**$38,732**	**$56,002**	**$33,194**	**$52,798**	**$43,022**	**$34,943**
Agriculture, Forestry, Fishing & Hunting	$24,129	$28,214	$26,824	$30,606	$43,073	$27,852	$23,976
Mining	$78,220	$47,108	$61,428	$32,770	$53,676	$49,930	$46,778
Utilities	$78,324	$70,978	$97,083	$58,751	$89,048	$78,141	$80,476
Construction	$44,488	$46,668	$52,887	$36,863	$55,602	$46,884	$38,013
Manufacturing	$51,425	$43,596	$65,939	$43,505	$65,333	$55,453	$47,707
Wholesale Trade	$58,038	$55,519	$77,268	$47,301	$72,812	$68,595	$47,280
Retail Trade	$25,565	$25,245	$29,499	$22,507	$27,306	$26,221	$24,293
Transportation & Warehousing	$40,854	$33,955	$42,442	$33,470	$39,587	$34,722	$33,828
Information	$65,930	$58,465	$65,724	$41,193	$81,054	$64,333	$41,056
Finance & Insurance	$78,551	$58,417	$135,364	$50,308	$103,848	$70,060	$55,807
Real Estate & Rental & Leasing	$41,946	$35,663	$49,743	$30,884	$54,457	$39,676	$29,800
Professional & Technical Services	$68,455	$64,142	$78,047	$48,869	$87,989	$67,393	$57,335
Management of Companies	$88,698	$90,803	$137,847	$63,452	$88,469	$116,399	$64,387
Administrative & Waste Services	$29,319	$26,438	$33,770	$26,892	$35,680	$34,681	$26,468
Educational Services	$37,874	$39,804	$46,479	$34,174	$47,739	$40,413	$35,674
Health Care & Social Assistance	$39,294	$37,618	$43,005	$34,894	$45,264	$40,821	$34,146
Arts, Entertainment, & Recreation	$29,925	$21,834	$27,034	$19,589	$30,803	$19,742	$19,371
Accommodation & Food Services	$15,700	$15,158	$17,247	$14,501	$18,217	$15,787	$16,326
Other Services	$26,924	$24,869	$28,303	$24,470	$26,729	$29,219	$25,678

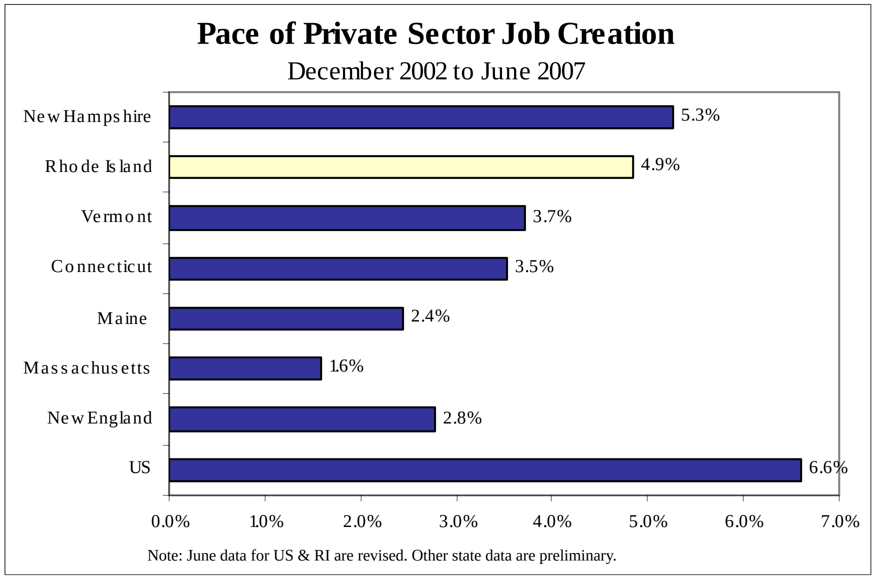
Source: Bureau of Labor Statistics for US and other New England states. Wages are preliminary and subject to change.

Job Growth Has Picked Up

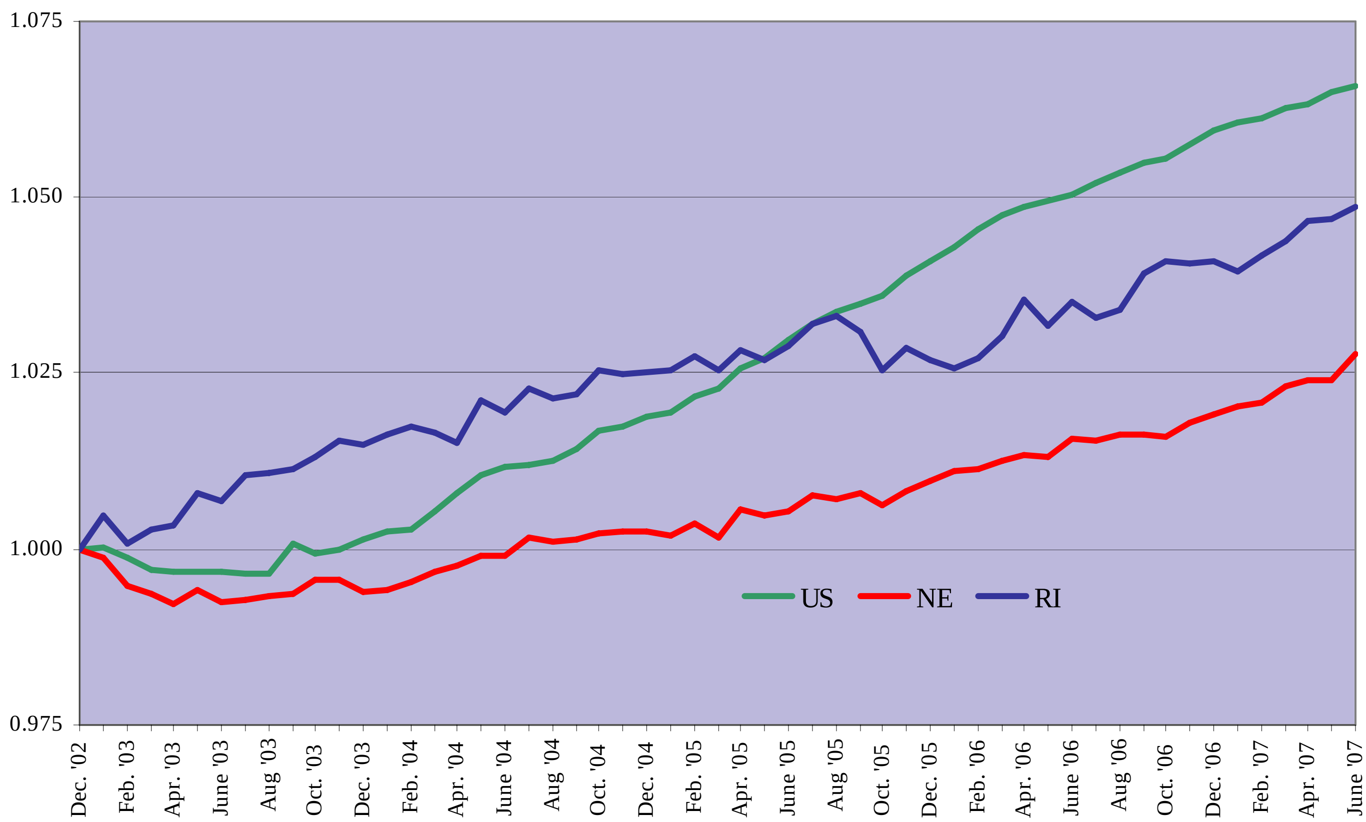
As of June 2007, private sector job gains had surpassed the goal of 20,000 new jobs that the Governor had set for his first term. While slightly behind schedule, the pace of private sector job creation in Rhode Island since December 2002 was second behind only New Hampshire in New England.

- Rhode Island's 4.9% rate of private sector job growth lagged behind the US pace of 6.6% since December 2002 but was almost double the rate of private sector job growth in New England (2.8%) over that period.

- Rhode Island consistently outperformed the New England region in job growth since December 2002 and was the only New England state not to dip below its December 2002 employment level.

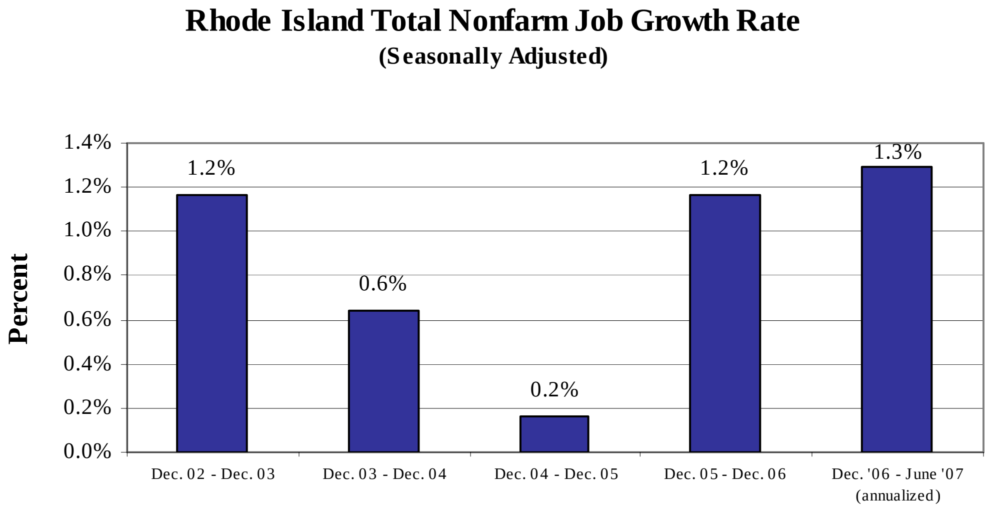


Total Private Employment Growth (Seasonally Adjusted)
Indexed to December 2002



Source: Bureau of Labor Statistics, Current Employment Statistics

- After experiencing a sluggish period of job growth in 2005, the pace of Rhode Island's job growth has picked up over the last 18 months.

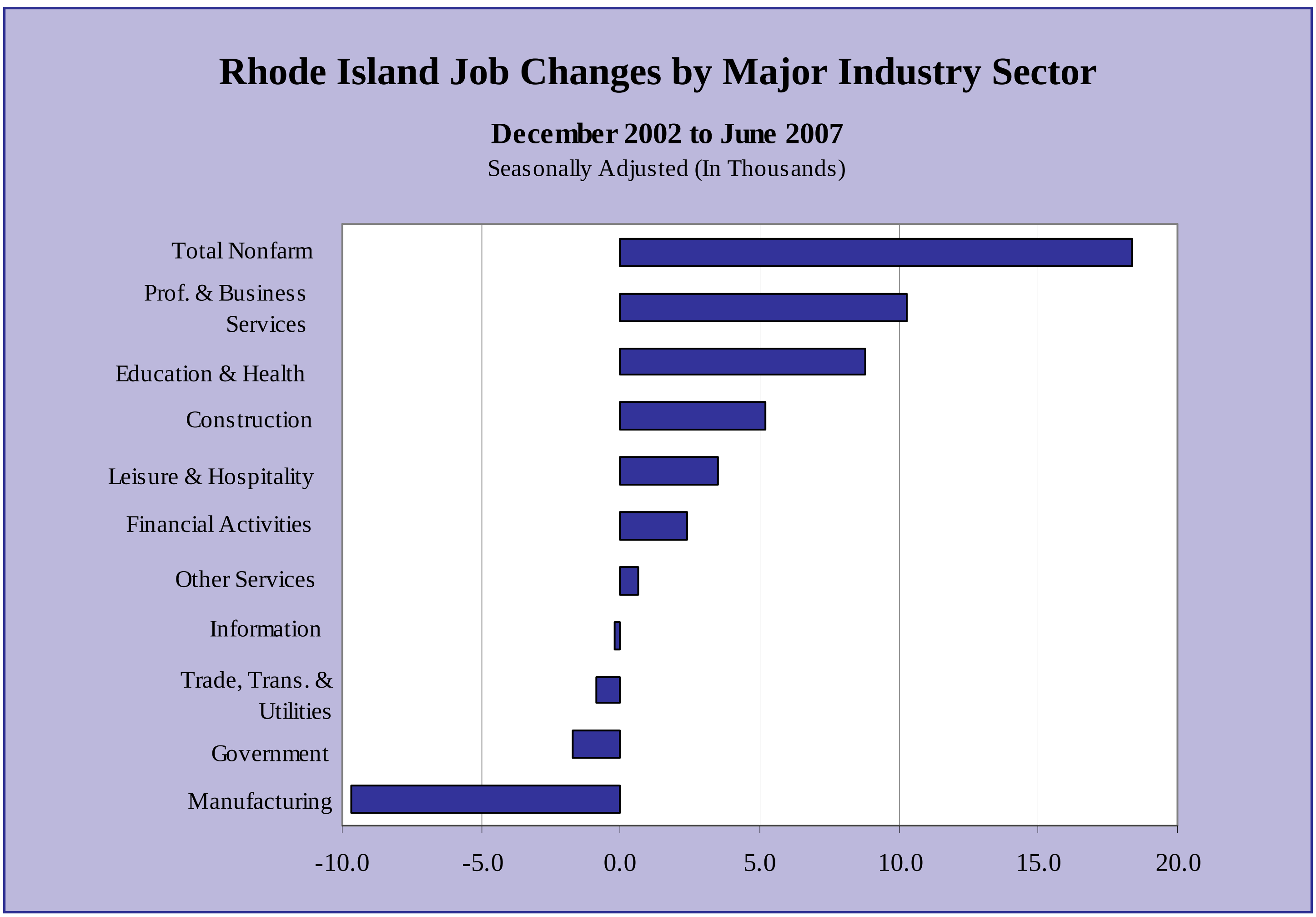


- Rhode Island's total nonfarm employment has grown in each of the last four years.

- After experiencing strong job growth (1.2%) from December 2002 to December 2003, our job growth rate declined in 2004 and 2005 before rebounding to 1.2% from December 2005 to December 2006.

- So far in 2007, Rhode Island's job growth is on pace to match last year's growth rate.

Overall, total nonfarm jobs (including government) showed a net gain of 18,400 since December 2002. Six of the major sectors added a total of 30,800 jobs while the four remaining sectors lost a total of 12,500 jobs.



These sectors added a total of 30,800 jobs from December 2002 to June 2007:

- The Professional & Business Services sector, which includes Professional & Technical Services, Management of Companies, Administrative & Support jobs and Waste Management & Remediation, added the most jobs of any major sector with an increase of 10,300 jobs – up 21.3% since December 2002.

- The Educational & Health Services sector also added a significant number of jobs (+8,800 or 9.8%) since December 2002. Most of these jobs (6,000) were added in Health Care & Social Assistance and the rest (2,800) in Educational Services.

- The Construction sector expanded by 26.9% over the last four and a half years, adding 5,200 jobs, as the building boom continued in all areas.

- The Leisure & Hospitality sector grew by 3,500 jobs, or by 7.3% since December 2002. Within this category, Accommodation & Food Services accounted for 2,200 of these jobs while Arts, Entertainment & Recreation added 1,300 jobs.

- Job gains were also realized in the Financial Activities sector, which expanded by 2,400 jobs for a 7.2% increase. Most of the gains were in the Finance & Insurance segment with smaller increases in the Real Estate & Rental & Leasing portion.

- Other Services, which includes Repair & Maintenance Services, Personal & Laundry Services and Membership Organizations, showed only a small gain of 600 jobs, a 2.7% increase since December 2002.

These sectors lost a total of 12,500 jobs from December 2002 to June 2007:

- The loss of 9,700 Manufacturing jobs (a drop of 16.0%) since December 2002 was the major factor in restraining net job growth during that period. This trend is expected to continue to hamper net job creation in the future.

- Jobs in the Government sector shrunk by 1,700 or 2.6% with declines in both the State Government (-700) and Local Government (-1,000) areas. Federal Government employment showed no change.

- The Trade, Transportation & Utilities sector lost 900 jobs for a 1.1% decline. Within this sector the loss of 1,600 Retail Trade jobs since December 2002 was offset somewhat by gains in Wholesale Trade (+500) and Transportation, Warehousing & Utilities (+200).

- The Information sector was relatively stable, showing only a small loss of 200 jobs since December 2002. This sector includes Publishing, Broadcasting, Motion Pictures, Internet and other Telecommunication Services.

What Kind of Job Growth Have We Seen?

There has been much speculation about the type of job growth Rhode Island has experienced over the last four years. Have we added high wage jobs or low wage jobs? What are the wages of the industries that have added jobs since December 2002?

To answer these questions, we analyzed the actual employment and wage data reported by employers to our Department and compared job levels from December 2002 and December 2006. We looked at detailed industry level data to get a sense of total jobs created and jobs lost. The industry gains/losses were then sorted by the average annual wage and compared to the 2006 State average annual wage for the private sector.

The table below shows that over the December 2002 to December 2006 period:

- Private sector employment expanded by over 16,000 net new jobs when we examine the data at the three-digit industry level.

- There were gains of over 30,600 jobs in 46 three-digit sectors and losses of almost 14,300 jobs in 40 three-digit sectors.

Change in Private Sector RI jobs by 3-Digit Industry Sector
December 2002 - December 2006

	# of Sectors	Change in Jobs
3-Digit Sectors Adding Jobs	**46**	**30,627**
2006 Wage > Private Sector Average	26	20,314
2006 Wage < Private Sector Average	20	10,313
3-Digit Sectors Losing Jobs	**40**	**-14,293**
2006 Wage > Private Sector Average	17	-6,091
2006 Wage < Private Sector Average	23	-8,202
Net Change in Private Sector Jobs		**16,334**

- Of the job gains, almost two-thirds (66.3%) were in sectors in which the 2006 average annual wage was higher than the 2006 average annual wage for private sector employers ($38,732).

- Of the job losses, only 42.6% were in sectors with an average annual wage higher than the private sector annual wage.

- Taken together, Rhode Island's private sector added 14,200 more high wage jobs than it lost (20,314 vs. 6,091) over the four-year period.

- The private sector also added 2,111 more low wage jobs than it lost (10,313 vs. 8,202) from December 2002 to December 2006.

The table on the next page provides a detailed breakdown of job increases from December 2002 to December 2006 in sectors that had wages above the average annual wage in the State's private sector ($38,732) in 2006.

RI Job Growth in High Wage Sectors*

December 2002 to December 2006

	December Employment 2002	December Employment 2006	Total Change Net	Total Change Percent	Avg. Ann. Wage 2006
Agriculture, Forestry & Fishing					
Fishing, Hunting & Trapping	53	89	36	67.9%	$57,881
Mining	207	261	54	26.1%	$47,108
Construction					
Construction of Buildings	5,003	5,773	770	15.4%	$47,505
Heavy & Civil Engineering	2,027	2,198	171	8.4%	$60,418
Specialty Trade Contractors	12,274	15,325	3,051	24.9%	$44,410
Manufacturing					
Petroleum & Coal Products	27	49	22	81.5%	$65,386
Chemical Manufacturing	3,767	4,549	782	20.8%	$61,544
Wholesale Trade					
Wholesalers, Nondurable Goods	5,108	5,243	135	2.6%	$50,075
Electronic Markets & Agents	2,242	3,015	773	34.5%	$75,215
Transportation & Warehousing					
Pipeline Transportation	32	50	18	56.3%	$55,928
Information					
Motion Picture & Recording	690	1,017	327	47.4%	$41,657
Broadcasting (Not Internet)	745	799	54	7.2%	$52,610
Internet Publish. & Broadcasting	26	58	32	123.1%	$48,368
Telecommunications	2,938	2,996	58	2.0%	$61,655
Finance & Insurance					
Credit Intermediation & Related	12,487	14,437	1,950	15.6%	$49,914
Securities, Comm. & Investments	3,707	4,072	365	9.8%	$92,752
Insurance Carriers & Related	8,420	8,872	452	5.4%	$56,942
Funds, Trusts & Other Invest.	69	122	53	76.8%	$58,132
Real Estate & Rental & Leasing					
Real Estate	4,108	4,849	741	18.0%	$38,913
Lessors of Nonfinancial Assets	35	66	31	88.6%	$85,967
Professional & Technical Services	18,982	22,122	3,140	16.5%	$64,142
Management of Companies	6,398	9,266	2,868	44.8%	$90,803
Administrative & Waste Services					
Waste Mgmnt. & Redemption	1,142	1,595	453	39.7%	$43,692
Educational Services	16,392	18,740	2,348	14.3%	$39,804
Health Care & Social Assistance					
Ambulatory Health Care	20,141	22,710	2,569	12.8%	$46,186
Hospitals	22,143	23,847	1,704	7.7%	$45,645

* High Wage sectors as used here are those with a 2006 Average Annual Wage higher than the Average Annual Wage in the Private Sector.

- All three of the Construction segments had 2006 average wages that exceeded the State's average annual wage ($38,732) in 2006. The Specialty Trade Contractors, with an average wage of $44,410, added 3,051 jobs from December 2002 to December 2006. The Construction of Buildings segment, with an average wage of $47,505 grew by 770 jobs. Heavy & Civil Engineering, with an average wage of $60,418, increased by 171 jobs.

- While total Manufacturing jobs have declined, the Chemical Manufacturing segment, which paid an average wage of $61,544 in 2006, expanded by 782 jobs. The growth of Amgen over the last few years and the recent addition of Alexion have helped job gains in this sector.

- Within the Wholesale Trade sector, the Electronic Markets & Agents & Brokers segment had an average wage of $75,215 in 2006 and grew by 773 jobs since December 2002. Wholesalers of Nondurable Goods, with an average wage of $50,075, was up 135 jobs.

- Within the Information sector, the Motion Picture & Sound Recording segment had an average wage of $41,657 in 2006 and grew by 327 jobs over December 2002.

- Three segments within the Finance & Insurance sector also showed significant growth in High Wage jobs. The Credit Intermediation & Related industries (banks and credit unions, etc.) had an average wage of $49,914 in 2006 and expanded by 1,950 jobs over the last four years. Employment in Insurance Carriers & Related Activities, with an average wage of 56,942, grew by 452 jobs. The Securities, Commodity Contracts & Investments segment with an average annual wage of $92,752 in 2006 added 365 jobs since December 2002. Employment in this sector should get a boost over the next year as Fidelity moves up to 1,000 employees to its new building in Smithfield.

- Within Real Estate & Rental & Leasing, the Real Estate segment paid an average of $38,913 in 2006 and increased employment by 741 since December 2002.

- The Professional & Technical Services sector paid an average wage of $64,142 in 2006 and expanded by 3,140 jobs over the last four years.

- The Management of Companies & Enterprises segment had an average wage of $90,803 in 2006. While the jobs reported in this sector were 2,868 higher in 2006 than 2002, some of these reflect the movement of jobs from one sector to another due to changes in the coding of company management operations.

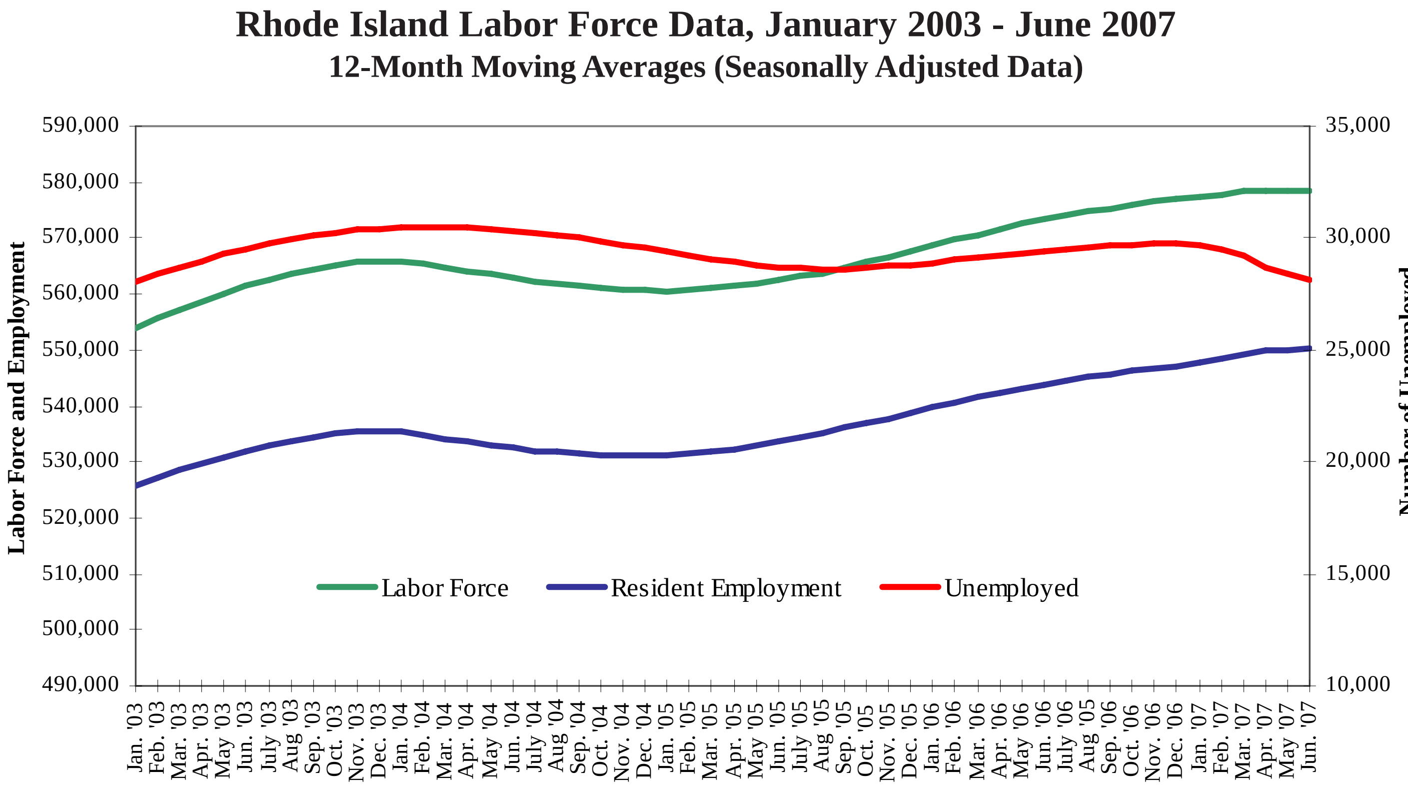
- Within the Administrative & Waste Services sector, the Waste Management & Remediation segment had a 2006 average wage of $43,692 and added 453 jobs since December 2002.

- The Educational Services sector with a 2006 average wage of $39,804 expanded by 2,348 jobs over the last four years.

- Within the Health Care & Social Assistance sector, the Ambulatory Health Care segment had a 2006 average wage of $46,186 and added 2,569 jobs since December 2002. Hospitals, which paid an average wage of $45,645 in 2006, increased employment levels by 1,704 over the last four years.

Labor Force and Unemployment are Stable

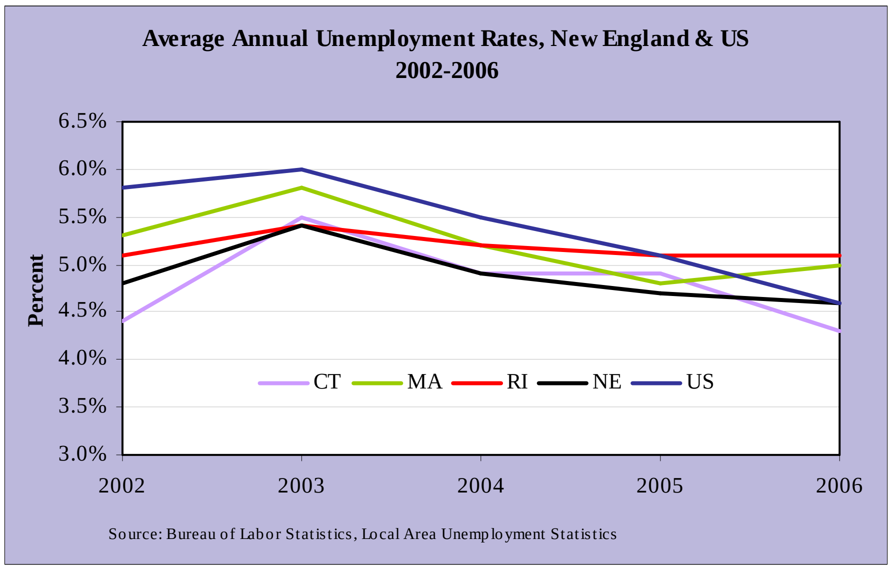
Rhode Island's labor force and resident employment have both been trending upward since early 2004. However, the growth rate for both has slowed over the last year.



The total number of unemployed in Rhode Island has been relatively stable, but it has been trending downward so far in 2007.

Over the last five years, Rhode Island's average annual unemployment rate has been at or above the New England rate. For the last two years, both Massachusetts and Connecticut rates were below Rhode Island's rate.

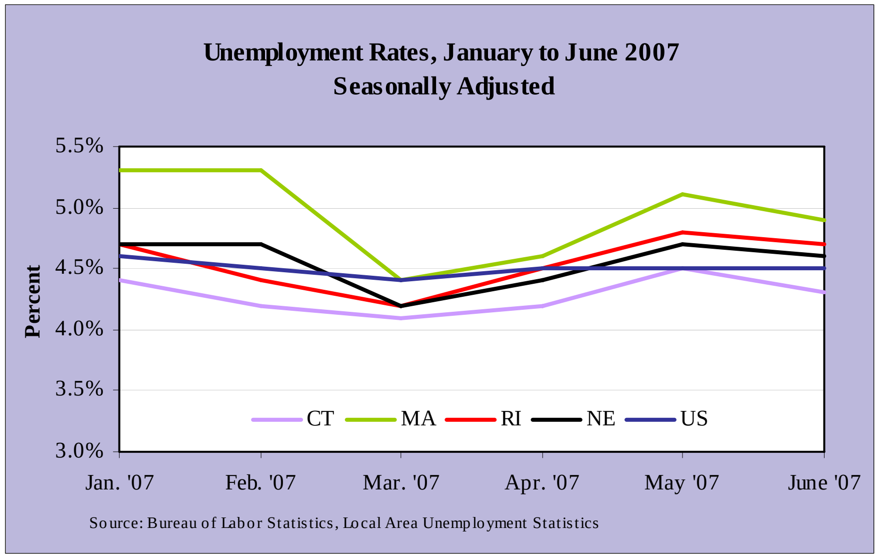
Rhode Island's average annual unemployment rate has been relatively stable over the last five years, ranging from a high of 5.4% to a low of 5.1%. The US average annual unemployment rate fell below the Rhode Island rate in 2006 for the first time in the last five years.



- For the first six months of 2007, Rhode Island's unemployment rate has remained below 5.0%.

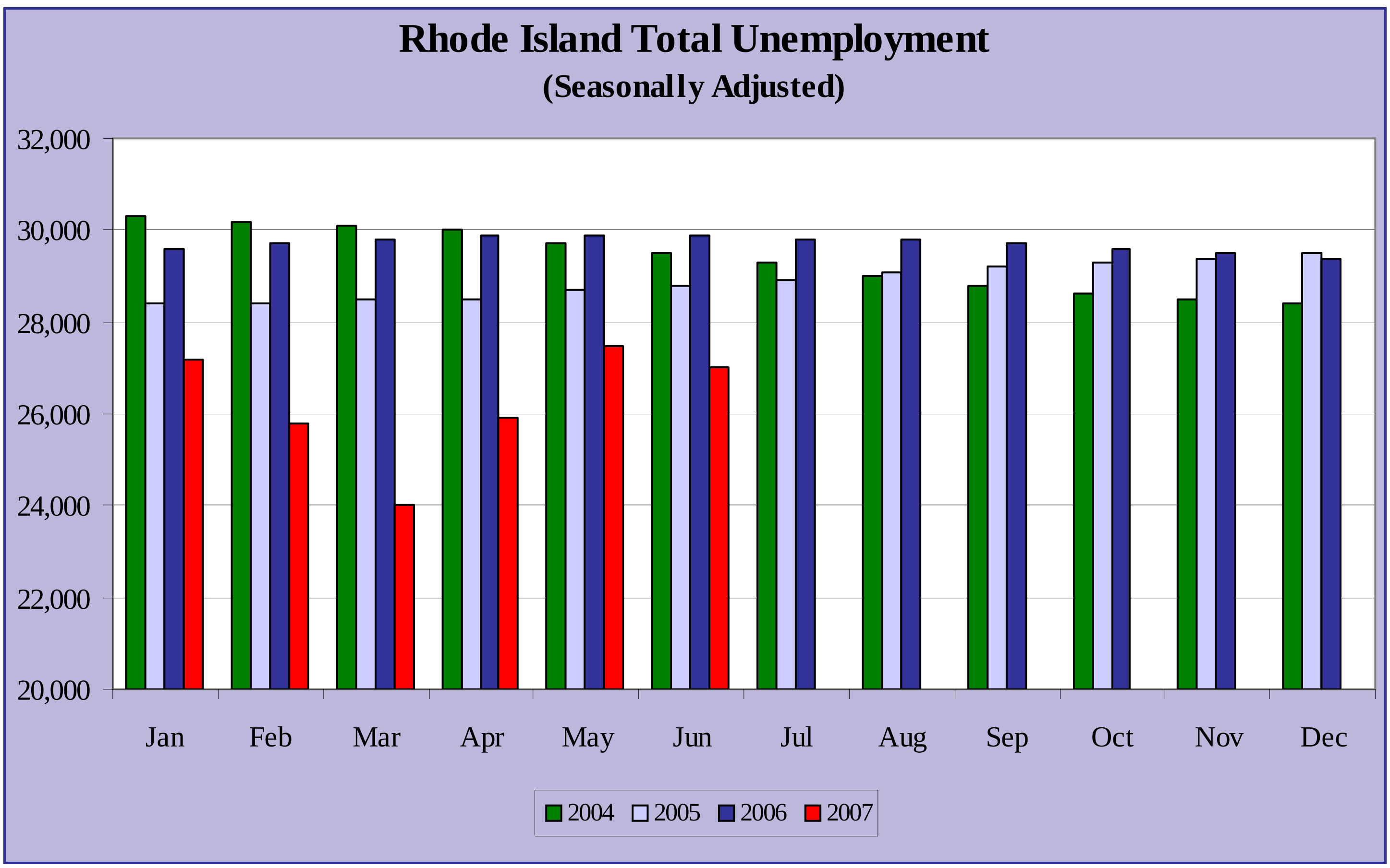
- If this trend continues, Rhode Island's average annual unemployment rate could fall below 5.0% for the first time since 2001.

- Rhode Island's rate has remained below Massachusetts' unemployment rate but above Connecticut's rate throughout the first half of 2007.



- While unemployment in Rhode Island has been relatively stable, there were still some 27,000 of our residents unemployed in June 2007.

- So far in 2007, the total number of unemployed has remained below the levels of the same month over last three years.



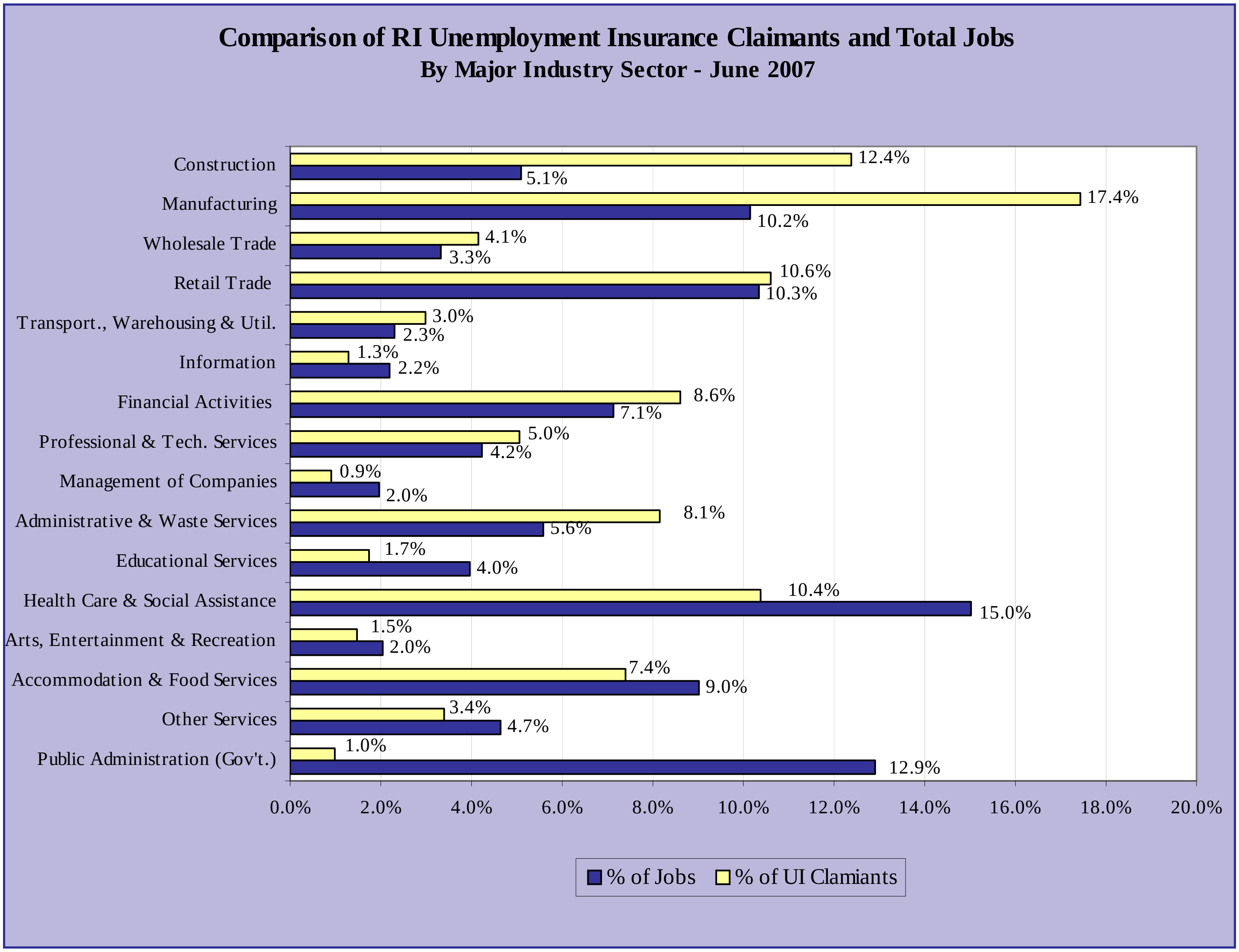
While we do not have characteristics data on the total unemployed, we do have information on those who are collecting unemployment benefits. For the month of June 2007, some 10,678 individuals were collecting unemployment benefits.

According to the data below, the typical unemployed individual who was collecting Unemployment Insurance (UI) benefits in Rhode Island in June 2007 was more likely to be a male, to be between the ages of 25 & 54 and to have just a high school education.

Characteristics of the Insured Unemployed
June 2007

	Total	*Percent*
Total	**10,678**	**100.0%**
Male	5,621	52.6%
Female	5,057	47.4%
Age (15 & over)	**10,678**	**100.0%**
15 - 24	884	8.3%
25 - 34	2,291	21.5%
35 - 44	2,634	24.7%
45 - 54	2,685	25.1%
55 - 59	982	9.2%
60 - 64	695	6.5%
65 or over	507	4.7%
Education	**10,678**	**100.0%**
Less than 9th Grade	459	4.3%
9th to 12th, no diploma	1,138	10.7%
High School Graduate	4,734	44.3%
Some College	2,082	19.5%
Bachelor's Degree	1,084	10.2%
Beyond Bachelor's	752	7.0%
Unknown	429	4.0%

- More of the unemployed were male than female.
- The unemployed were concentrated in the prime working age years – 25 to 54.
- High school graduates made up the largest proportion of the unemployed (44.3%).
- According to the 2005 American Community Survey, high school graduates made up only 29.2% of the 25 and over population.
- Higher education levels lessened the chance of being unemployed.



- The proportion of Unemployment Insurance claimants from the Manufacturing and Construction sectors was almost double their respective proportion of total jobs in June 2007. Combined, they represented 29.8% of the UI claimants in June, but they accounted for only 15.3% of the total jobs. In general, this is an indication that there was a surplus of workers for jobs in these sectors.

- The Administrative & Waste Services and Financial Activities sectors also had a higher proportion of claimants than jobs.

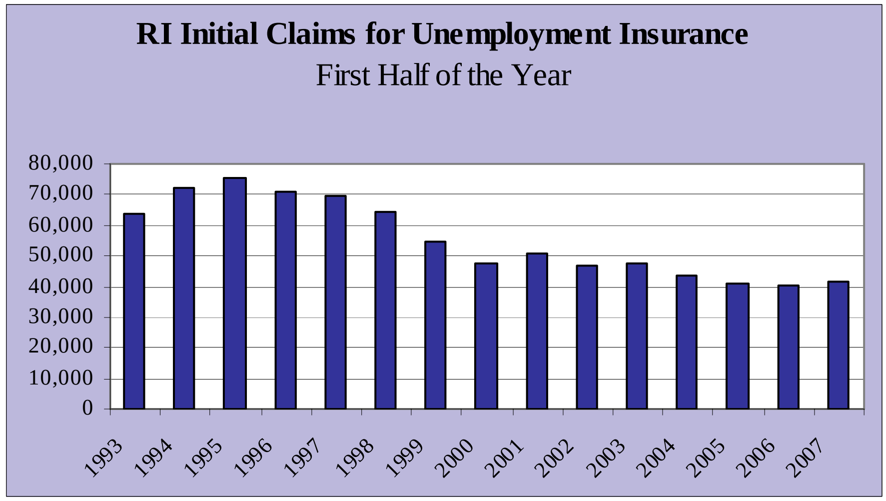
- Conversely, three sectors – Government, Health Care & Social Assistance and Educational Services – represented a significantly smaller proportion of UI Claimants in June 2007 than their respective proportion of total jobs.

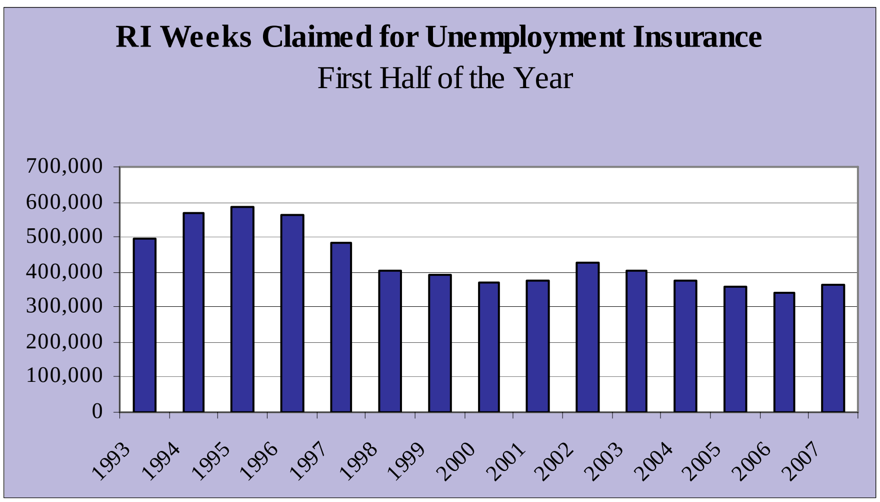
- Only 13.1% of the UI claimants in June 2007 were from the Government, Health Care & Social Assistance and Educational Services sectors, but they accounted for almost one-third (31.9%) of the total jobs. In general, this indicates that there was a tighter labor supply for job openings in these sectors.

- Other sectors with lower proportions of claimants than jobs included Information, Management of Companies, Accommodation & Food Services and Other Services.

Data from our Unemployment Insurance (UI) program show a stable unemployment situation over the last few years.

- Initial Claims for UI benefits for the first half of 2007, while slightly higher than the last two years, are still lower than any other year in the last fifteen years.

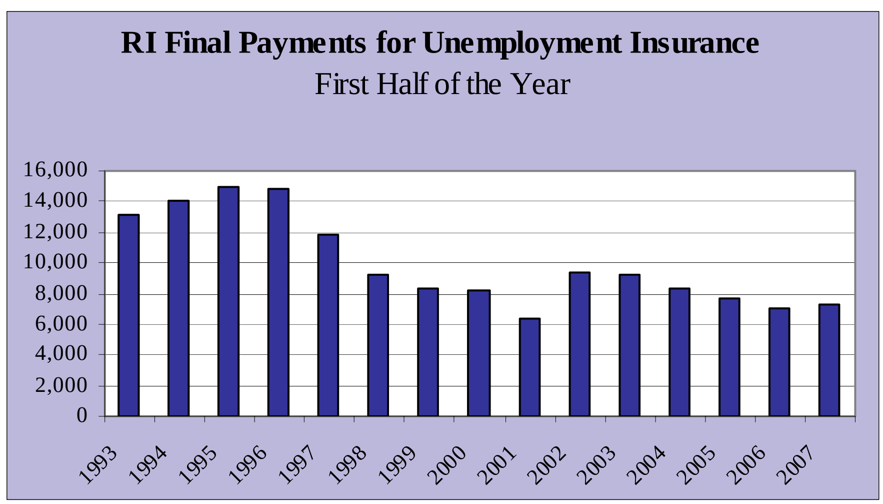




- The number of individuals collecting UI benefits each week (Weeks Claimed) through the first half of 2007, while slightly higher than in 2005 and 2006, is also lower than any other year in the last fifteen years.

- Final Payments – a count of those exhausting their UI benefits – are slightly higher in 2007 than in 2006, but lower than 2005 levels.

- They are also lower than all other years since 1993 with the exception of 2001.



Job Vacancies are Down Over the Year

In October 2006, **The Conference Board** began publishing a new series called the **Help-Wanted OnLine Data Series (HWOL).** This new economic indicator, when combined with unemployment data, can provide detailed monthly data on labor demand (vacancies) for the US and the 50 states.

In its July report, **The Conference Board** reported that online advertised vacancies were up substantially (20%) over the year on a national basis. There were 2.65 advertised vacancies online for every 100 persons in the labor force in July. The New England region did not follow the national trend, dipping 0.2% over the year July '06-July '07. When compared to last July, Rhode Island's online total job vacancies dropped more (-13.5%) than any other state. Massachusetts was the only other state to show a decline (-9.0%). The July figures reflect the sum of the number of unduplicated online job ads for each day from mid-June to mid-July.

State Levels of Total Ads and New Ads
Seasonally Adjusted

	Total Ads (Thousands)[1]			New Ads (Thousands)[2]		
	July '06	July '07	Change	July '06	July '07	Change
Connecticut	69.2	76.2	10.2%	39.9	43.9	10.1%
Maine	15.7	21.3	35.6%	9.5	12.1	28.0%
Massachusetts	161.3	146.7	-9.0%	96.7	88.2	-8.8%
New Hampshire	17.6	25.8	47.1%	9.5	14.9	56.1%
Rhode Island	25.2	21.8	-13.5%	18.0	13.0	-27.6%
Vermont	9.3	11.5	23.6%	5.2	6.2	18.5%
United States	3,405.2	4,084.2	19.9%	2,220.3	2,609.3	17.5%

Source: The Conference Board

1 Total ads are unduplicated ads appearing during the reference period. This figure includes ads from previous months that have been reposted as well as new ads. Total ads appear only once per defined geographic area.

2 New ads are unduplicated ads which did not appear during the previous reference period. An online help wanted ad is counted as "New" only in the month it first appears and only once per defined geographic area.

While Rhode Island's total online job vacancies declined over the year, indicating a tighter job market, the lower level was still enough to rank Rhode Island 13th on the list of states when comparing job vacancies with the state's civilian labor force. For July 2007, Rhode Island had 3.74 online job vacancies per 100 persons in the labor force. Our neighboring states of Massachusetts (4.22) and Connecticut (4.01) also fared well in the number of online job vacancies per 100 persons in the labor force. The US average was only 2.65 online job vacancies per 100 persons in the labor force.

A comparison of the number of unemployed persons in relation to the number of online job vacancies provides a measure of supply/demand ratio. A ratio greater than one (less favorable for workers) indicates that there are more unemployed workers than online job ads. A ratio less than one (more favorable for workers) would mean that there are fewer unemployed workers than online job vacancies.

The table below shows that Rhode Island had a ratio of 1.18 unemployed persons to the number of online job ads in June. This indicates that the demand for jobs in Rhode Island was slightly higher than the supply of jobs in July.

State Labor Supply/Labor Demand Indicators

Not Seasonally Adjusted

	Total Ad Rates (%)[1] July 2006	Total Ad Rates (%)[1] July 2007	Unemp. Rate[2]	Unemployed June 2007 (Thousands)	Total Ads June 2007 (Thousands)	June 2007 Supply/ Demand Rate[3]
Connecticut	3.68	4.01	4.6%	86.5	78.2	1.11
Maine	2.15	2.94	4.2%	30.7	21.1	1.45
Massachusetts	4.67	4.22	5.0%	175.0	150.0	1.17
New Hampshire	2.34	3.43	4.0%	29.9	26.0	1.15
Rhode Island	4.31	3.74	4.7%	27.1	23.0	1.18
Vermont	2.54	3.14	3.8%	13.9	11.2	1.24
United States	2.22	2.65	4.7%	7,295.0	4,280.4	1.70

Source: The Conference Board

1 Total ad rate is calculated as a percent of the most currently available Bureau of Labor Statistics civilian labor force data. Ad rates represent the number of ads per 100 persons in the civilian labor force.

2 Unemployment data are from the Bureau of Labor Statistics Current Population Statistics and Local Area Unemployment Statistics programs, June 2007.

3 Supply/Demand rate is the number of unemployed divided by the number of total ads for the designated month.

The Supply/Demand ratios were slightly lower than Rhode Island in Connecticut (1.11), New Hampshire (1.15) and Massachusetts (1.17). All of the New England states fared better than the national average of 1.70 unemployed persons per online job ad.

So while Rhode Island compares favorably with the national average and our neighboring states, the fact that there are more workers looking for jobs than there are jobs available would support the general belief that there is a mismatch between the needs of workers and the types of jobs employers have available. There are likely many reasons for the mismatch, such as: worker occupational backgrounds not matching job openings, worker skill levels not matching employer needs, the level of pay may not meet worker needs, the working conditions (hours, benefits, etc.) may not be acceptable to the worker or work location may not be desirable.

The Future of Industry and Occupational Employment in Rhode Island

Industry Outlook

Rhode Island employment is expected to increase by over 55,000 jobs during the 2004-2014 projection period. Total employment including self-employed and unpaid family workers is projected to average 573,437 in 2014, an increase of 55,292 (10.7%) from the 2004 employment level of 518,145. Much of this growth is attributed to the increased demand for the products and services provided by the Health Care & Social Assistance; Accommodation & Food Services; Retail Trade; Educational Services; Professional, Scientific & Technical Services; Construction; and Finance & Insurance sectors.

Rhode Island Industry Projections by Economic Sector
2004 - 2014

Industry Title	2004 Estimated Employment	2014 Projected Employment	Numeric Change	Percent Change
Total All Industries	**518,145**	**573,437**	**55,292**	**10.7%**
Health Care & Social Assistance	73,151	88,220	15,069	20.6%
Accommodation & Food Services	42,402	50,000	7,598	17.9%
Retail Trade	52,961	58,185	5,224	9.9%
Educational Services	45,818	51,000	5,182	11.3%
Professional, Scientific, & Technical Services	20,006	25,000	4,994	25.0%
Finance & Insurance	25,604	29,895	4,291	16.8%
Construction	21,007	25,280	4,273	20.3%
Administrative & Waste Services	25,040	27,780	2,740	10.9%
Self-Employed & Unpaid Family	41,933	43,947	2,014	4.8%
Other Services (Except Government)	18,241	20,055	1,814	9.9%
Information	10,857	12,615	1,758	16.2%
Arts, Entertainment, & Recreation	7,372	9,035	1,663	22.6%
Management of Companies & Enterprises	8,393	9,750	1,357	16.2%
Transportation & Warehousing	9,814	10,950	1,136	11.6%
Wholesale Trade	16,340	17,410	1,070	6.6%
Real Estate & Rental & Leasing	6,673	7,160	487	7.3%
Government	33,602	33,955	353	1.1%
Mining	188	280	92	48.9%
Utilities	1,090	1,155	65	6.0%
Agriculture, Fishing & Hunting	800	830	30	3.8%
Manufacturing	56,853	50,935	-5,918	-10.4%

- The largest concentration of new jobs expected during the projection period will be in the Health Care & Social Assistance sector. A number of factors, including a growing and aging population, along with medical advances and new technologies, will result in an employment increase of some 15,000 (+20.6%) jobs. Within the Health Care & Social Assistance sector, Ambulatory Health Care Services (+4,817), Nursing & Residential Care Facilities (+4,939), Hospitals (+3,152), and Social Assistance Services (+2,161) are all expected to grow at above-average rates. This sector is expected to account for 27% of all new jobs during the 2004-2014 projection period.

- The Accommodation & Food Services sector, which includes Food Services & Drinking Places (+6,397) and Accommodations (+1,201), is expected to grow by 17.9% during the projection period. Dining sophistication along with increases in population and dual-income families will contribute to job growth. Also, the increasing diversity of our population will result in job growth in food places that offer a wider variety of ethnic foods and drinks. This sector is expected to account for 14% of all new jobs during the 2004 -2014 projection period.

- Retail Trade is projected to add some 5,200 (+9.9%) new jobs. Specialty stores that carry lines of sporting goods; garden supplies and building supplies; and gasoline stations/convenience stores will experience faster-than-average growth while the sector as a whole will increase at a somewhat slower pace. Within the sector, General Merchandise Stores (+1,035) are expected to add the most jobs during the projection period.

- Population changes will also contribute to the employment gains projected for Educational Services (public and private). Increases in the school-age population as well as heightened emphasis on the improvement and importance of education will combine to add over 5,000 (+11.3%) new jobs to the State's economy.

Industries Adding the Most Jobs

Industry Title	Projected Growth
Food Services & Drinking Places	6,397
Educational Services	5,182
Professional, Scientific, & Technical Services	4,994
Nursing & Residential Care Facilities	4,939
Ambulatory Health Care Services	4,817
Specialty Trade Contractors	3,187
Hospitals	3,152
Administrative & Support Services	2,364
Credit Intermediation & Related Activities	2,225
Social Assistance	2,161

- The Professional, Scientific & Technical Services sector is expected to grow at more than twice the average rate adding nearly 5,000 (+25.0%) jobs to the State's economy. Included in this sector are establishments engaged in performing services that require a high degree of expertise and training. In Rhode Island, this sector is dominated by businesses offering legal services; accounting and payroll services; computer services; and architectural and engineering services to both businesses and individuals.

- The Finance & Insurance sector is projected to grow at a faster-than-average rate, resulting in approximately 4,300 new jobs. Most of the expected job growth will be in Credit Intermediation & Related Activities (+2,225) and Securities, Commodities & Investments (+1,813).

- Strong growth in the State's Construction sector (+20.3%) is attributed to anticipated infrastructure improvements to roads and bridges, new building construction, and renovations to existing structures, resulting in an employment gain of nearly 4,300 jobs. Most of the job growth will occur among Specialty Trade Contractors (+3,187).

- Following the national trend, continued employment declines are projected for the Manufacturing sector. Job losses of nearly 6,000 (-10.4%) are expected with the largest losses occurring in Miscellaneous Manufacturing (-1,921), Textile Mills (-1,304) and Fabricated Metal Products (-788). A few industries within the sector are expected to add jobs with the largest gain projected for Chemical Manufacturing (+1,043).

Occupational Outlook

Job openings result from the need to replace workers who leave an occupation and to fill vacancies created by business expansion. During the 2004 to 2014 projection period, it is estimated that employers will need to find workers to fill over 186,000 job openings. Nearly one-third of the projected job openings are attributed to the economic growth that is expected to occur during the projection period. The remaining openings are due to replacement needs resulting from employee turnover.

- Among the major occupational groups the largest number of job openings will occur in Food Preparation & Serving Occupations (+26,106), Office & Administrative Support Occupations (+24,226), Sales & Related Occupations (+20,803) and Healthcare Practitioners & Technical Occupations (+11,733).

- Occupational declines result from decreasing industry employment and from technological modifications. The only occupational group with a projected job loss is Production Occupations (-8.3%). However, while the number of production jobs is expected to decline, there will still be a substantial demand for workers in this occupational group resulting from the need to replace workers who leave their jobs. In addition, some occupations within the group are projected to grow during the period resulting in 777 new job openings.

Employment by Major Occupational Group

	Employment		Net	Percent	Openings Due to	
	2004	2014	Change	Change	Growth	Replacement
Total, All Occupations	**518,145**	**573,437**	**55,292**	**10.7%**	**63,178**	**123,123**
Food Preparation & Serving Related Occupations	44,913	52,460	7,547	16.8%	7,547	18,559
Healthcare Practitioners & Technical Occupations	31,592	37,411	5,819	18.4%	5,826	5,907
Construction & Extraction Occupations	26,404	31,057	4,653	17.6%	4,676	4,994
Education, Training, & Library Occupations	33,215	37,757	4,542	13.7%	4,542	6,938
Sales & Related Occupations	49,564	53,889	4,325	8.7%	4,617	16,186
Healthcare Support Occupations	16,592	20,807	4,215	25.4%	4,215	2,534
Business & Financial Operations Occupations	21,431	25,556	4,125	19.2%	4,138	3,755
Management Occupations	26,340	29,725	3,385	12.9%	3,427	4,985
Personal Care & Service Occupations	16,739	19,886	3,147	18.8%	3,147	3,869
Computer & Mathematical Occupations	10,782	13,502	2,720	25.2%	2,730	1,455
Office & Administrative Support Occupations	83,219	85,683	2,464	3.0%	5,298	18,928
Transportation & Material Moving Occupations	29,609	31,996	2,387	8.1%	2,571	6,580
Building & Grounds Cleaning & Maintenance Occupations	17,620	19,588	1,968	11.2%	1,969	3,486
Community & Social Services Occupations	10,762	12,695	1,933	18.0%	1,934	1,999
Installation, Maintenance, & Repair Occupations	17,397	19,200	1,803	10.4%	1,873	3,961
Arts, Design, Entertainment, Sports, & Media Occupations	9,430	10,331	901	9.6%	921	1,696
Architecture & Engineering Occupations	8,469	9,211	742	8.8%	743	1,889
Life, Physical, & Social Science Occupations	4,851	5,589	738	15.2%	744	1,134
Protective Service Occupations	11,314	11,883	569	5.0%	716	3,383
Legal Occupations	4,518	5,040	522	11.6%	535	529
Farming, Fishing, & Forestry Occupations	1,875	2,107	232	12.4%	232	530
Production Occupations	41,509	38,064	-3,445	-8.3%	777	9,826

High Demand Occupations

The Top fifty occupations with the greatest number of annual openings represent numerous opportunities for finding employment in the years ahead. They are considered "High Demand" occupations. It is estimated that during the projection period employers will need to fill over 186,000 jobs each year resulting from employee turnover and economic growth. These "High Demand" occupations will account for nearly half of all projected job openings.

Rhode Island High Demand Occupations 2004 - 2014

Occupational Title	Annual Openings	Occupational Title	Annual Openings
Retail Salespersons	793	Elementary School Teachers, Except Special Education	141
Waiters & Waitresses	787	Truck Drivers, Heavy & Tractor-Trailer	133
Cashiers	581	Team Assemblers	132
Registered Nurses	565	First-Line Supervisors/Managers of Food Preparation & Serving Workers	128
Combined Food Preparation & Serving Workers, Including Fast Food	433	Cooks, Restaurant	124
Laborers & Freight, Stock & Material Movers, Hand	290	First-Line Supervisors of Office & Administrative Support Workers	124
Office Clerks, General	287	Cooks, Fast Food	123
Counter Attendants, Cafeteria, Food Concession & Coffee Shop	270	Maids & Housekeeping Cleaners	122
Nursing Aides, Orderlies & Attendants	258	Tellers	122
Customer Service Representatives	249	Automotive Service Technicians & Mechanics	122
Stock Clerks & Order Fillers	229	Secretaries, Except Legal, Medical & Executive	121
Janitors & Cleaners	227	Executive Secretaries & Administrative Assistants	117
Carpenters	208	Maintenance & Repair Workers, General	117
Food Preparation Workers	200	Hairdressers, Hairstylists & Cosmetologists	116
Accountants & Auditors	196	First-Line Supervisors of Retail Sales Workers	109
Home Health Aides	196	Dishwashers	107
Secondary School Teachers, Except Special & Vocational Education	188	Personal & Home Care Aides	104
Child Care Workers	187	Plumbers, Pipefitters & Steamfitters	103
Teacher Assistants	172	First-Line Supervisors of Construction Trades & Extraction Workers	97
Bookkeeping, Accounting & Auditing Clerks	172	Construction Laborers	95
Bartenders	165	Computer Systems Analysts	90
Receptionists & Information Clerks	162	Truck Drivers, Light or Delivery Services	90
Sales Representatives, Wholesale & Manufacturing	160	Medical Assistants	87
Landscaping & Groundskeeping Workers	155	Counter & Rental Clerks	86
Social & Human Service Assistants	152	Electricians	82

Projected Outlook & Training Requirements

Employment in Rhode Island is projected to grow at all education and skill levels, from jobs requiring on-the-job training to those requiring advanced degrees. During the 2004 to 2014 projection period, it is estimated that employers will need to find workers to fill an average of more than 6,300 new jobs per year due to economic growth. A greater percentage of these new jobs will require a somewhat higher educational/training level than that needed for our current jobs.

- Jobs where necessary skills are learned on-the-job make up the largest portion of the Rhode Island labor market. They account for 60% of the 2004 employment and dominate the occupational structure in many of the State's economic sectors. Over half (53%) of the job growth projected for the 2004 to 2014 period is expected to occur among jobs requiring on-the-job training.

- Jobs where the minimum educational requirement is a College degree (associate degree or higher) accounted for 26.2% of the 2004 employment. Over one-third (34.9%) of the new job growth projected for the 2004 to 2014 period is expected to occur among jobs requiring an associate degree or higher.

- The remaining jobs in the State's economy require work experience in a related occupation or vocational training. Together, they accounted for 13.3% of the 2004 employment. Jobs requiring vocational training are expected to grow (13.5%) slightly faster-than-average, while slower-than-average growth is expected for jobs requiring work experience in a related occupation (8.8%).

Employment by Education and Training Requirements

	Employment Estimate 2004 Estimate	Employment Estimate 2014 Projection	Annual Openings Due to Growth	Annual Openings Due to Replacements	Total Annual Openings
Total, All Occupations	**518,145**	**573,437**	**6,318**	**12,312**	**18,630**
Jobs Requiring On-The-Job Training	**313,320**	**340,314**	**3,351**	**8,386**	**11,740**
Short-term on-the-job training	181,037	198,364	2,005	5,605	7,611
Moderate-term on-the-job training	96,900	102,614	904	2,003	2,906
Long-term on-the-job training	35,383	39,336	442	778	1,223
Jobs Requiring Vocational Training or Related Job Experience	**68,969**	**75,504**	**771**	**1,387**	**2,162**
Work experience in a related occupation	34,826	37,677	307	740	1,044
Postsecondary vocational training	34,143	37,827	464	647	1,118
Jobs Requiring College Degrees	**135,856**	**157,619**	**2,205**	**2,561**	**4,759**
Associate Degree	23,442	28,279	489	451	938
Bachelor's Degree	65,563	75,822	1,035	1,229	2,267
Bachelor's or Higher Degree, Plus Work Experience	22,337	25,517	326	422	742
Master's Degree	10,958	12,672	175	223	396
Doctoral Degree	4,857	5,859	103	105	207
First Professional Degree	8,699	9,470	77	131	209

Regional Population Trends

Rhode Island was one of just four states in the nation and the only state in New England to lose population from 2005 to 2006. According to US Census estimates, Rhode Island's **total** population declined by nearly 6,000 residents (-0.6%) from 2005 to an estimated 1,067,610 in 2006.

From a recent high of 1,078,930 residents in 2004, Rhode Island's population posted back-to-back declines in 2005 and 2006. Despite the drop, the State's 2006 population estimate is above the 2000 US Census population count of 1,048,319 Rhode Island residents.

Population Data for New England States
Census 2000 - 2005 - 2006

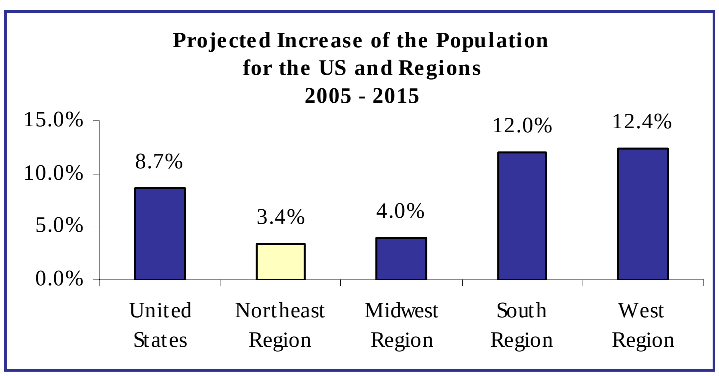
	2000 Census Population	2005 Census Estimate	2006 Census Estimate	Numerical Change 2000-2006	Numerical Change 2005-2006	Percent Change 2000-2006	Percent Change 2005-2006
Connecticut	3,405,565	3,500,701	3,504,809	99,244	4,108	2.9%	0.1%
Maine	1,274,923	1,318,220	1,321,574	46,651	3,354	3.7%	0.3%
Massachusetts	6,349,097	6,433,637	6,437,193	88,096	3,556	1.4%	0.1%
New Hampshire	1,235,786	1,306,819	1,314,895	79,109	8,076	6.4%	0.6%
Rhode Island	1,048,319	1,073,579	1,067,610	19,291	-5,969	1.8%	-0.6%
Vermont	608,827	622,387	623,908	15,081	1,521	2.5%	0.2%
United States	281,421,906	296,507,061	299,398,484	17,976,578	2,891,423	6.4%	1.0%

Source: US Census Population Estimates

- Over the past six years the number of births and deaths in Rhode Island has been relatively consistent, averaging 12,700 births and 9,700 deaths per year.
- The number of foreign immigrants moving to Rhode Island has been fairly steady, with an average increase of 3,700 people per year since 2000.
- The major reason for Rhode Island's declining population is domestic migration. From 2005 to 2006, Rhode Island showed a net loss of 12,600 people due to domestic migration.
- While many retired people have left Rhode Island for warmer climates, the State has also seen its population dwindle due to the out-migration of young, college-educated adults.

According to US Census population projections for 2005-2015, the Northeast Region will grow at a slower pace (3.4%) compared to the rest of the country.

The West and South Regions are projected to add the highest percentage of residents – 12.4% and 12.0%, respectively.



Local Population Trends

- Mirroring the overall decline in Rhode Island's population (-0.6%) from 2005 to 2006, every county in Rhode Island lost population over the past year.
- Despite the net population reduction (-1,044) in Kent County, the town of West Greenwich posted the largest over-the-year population percentage gain (+13.6%) of all cities and towns in Rhode Island.
- West Greenwich was one of only seven towns in the State to report population growth in the 2005-2006 period.
- Newport County recorded the largest population drop (1.3%), followed by smaller declines ranging from 0.4% in Washington County to 0.7% in Bristol County.

Rhode Island City and Town Population Estimates

Geographic Area	Census Pop. Ests. 2005	Census Pop. Ests. 2006	Numerical Change	Percent Change
Rhode Island	**1,073,579**	**1,067,610**	**-5,969**	**-0.6%**
Bristol County	**52,601**	**52,256**	**-345**	**-0.7%**
Barrington	16,709	16,566	-143	-0.9%
Bristol	24,596	24,498	-98	-0.4%
Warren	11,296	11,192	-104	-0.9%
Kent County	**171,097**	**170,053**	**-1,044**	**-0.6%**
Coventry	34,989	34,672	-317	-0.9%
East Greenwich	13,577	13,462	-115	-0.8%
Warwick	86,983	85,925	-1,058	-1.2%
West Greenwich	5,660	6,430	770	13.6%
West Warwick	29,888	29,564	-324	-1.1%
Newport County	**83,233**	**82,144**	**-1,089**	**-1.3%**
Jamestown	5,606	5,535	-71	-1.3%
Little Compton	3,584	3,543	-41	-1.1%
Middletown	16,723	16,431	-292	-1.7%
Newport	24,882	24,409	-473	-1.9%
Portsmouth	17,115	17,011	-104	-0.6%
Tiverton	15,323	15,215	-108	-0.7%
Providence County	**638,595**	**635,596**	**-2,999**	**-0.5%**
Burrillville	16,535	16,545	10	0.1%
Central Falls	19,127	18,994	-133	-0.7%
Cranston	81,509	81,479	-30	0.0%
Cumberland	34,301	34,345	44	0.1%
East Providence	49,430	49,123	-307	-0.6%
Foster	4,497	4,509	12	0.3%
Glocester	10,606	10,597	-9	-0.1%
Johnston	29,064	28,855	-209	-0.7%
Lincoln	22,068	22,061	-7	0.0%
North Providence	33,096	32,993	-103	-0.3%
North Smithfield	11,172	11,288	116	1.0%
Pawtucket	73,617	72,998	-619	-0.8%
Providence	176,614	175,255	-1,359	-0.8%
Scituate	10,952	10,916	-36	-0.3%
Smithfield	21,754	21,698	-56	-0.3%
Woonsocket	44,253	43,940	-313	-0.7%
Washington County	**128,053**	**127,561**	**-492**	**-0.4%**
Charlestown	8,241	8,208	-33	-0.4%
Exeter	6,229	6,206	-23	-0.4%
Hopkinton	8,093	8,051	-42	-0.5%
Narragansett	16,850	16,708	-142	-0.8%
New Shoreham	1,042	1,033	-9	-0.9%
North Kingstown	27,005	26,734	-271	-1.0%
Richmond	7,743	7,740	-3	0.0%
South Kingstown	29,293	29,457	164	0.6%
Westerly	23,557	23,424	-133	-0.6%

Source: US Census Bureau

Educational Attainment of the 25+ Population

The current job market places a much higher premium on education and technical training than was the case years ago when skills were learned on the job. The transition from a strong manufacturing based economy to a service based economy has had a powerful effect on the benefits derived from gaining additional years of education.

According to 2005 American Community Survey (ACS):

- Nationally, 84.2% of the total household population 25 years and older had a high school diploma (GED Equivalent) or some higher education.
- Nearly 84% of Rhode Island's household population 25 years and older had a high school diploma or higher education.
- Massachusetts and Connecticut reported higher percentages of individuals 25 years and older with a high school diploma or higher education – 88% and 87.9%, respectively.

Educational Attainment of the Population, 25 Years and Older
2005

Category	Connecticut	Massachusetts	Rhode Island	New England	United States
Population, 25+	2,300,565	4,243,260	705,426	9,435,727	188,950,759
Educational Attainment	Percent	Percent	Percent	Percent	Percent
Less than 9th Grade	4.6%	5.0%	6.3%	4.7%	6.2%
9th to 12th, No Diploma	7.5%	7.0%	10.2%	7.4%	9.5%
High School Grad or GED	29.4%	27.4%	29.2%	29.4%	29.6%
Some College, No Degree	16.5%	16.0%	16.9%	16.6%	20.1%
Associate's Degree	7.1%	7.7%	8.2%	7.9%	7.4%
Bachelor's Degree	20.0%	21.1%	17.9%	20.1%	17.2%
Graduate or Professional Degree	15.0%	15.7%	11.5%	14.0%	10.0%
Percent High School Grad & Up	87.9%	88.0%	83.5%	88.0%	84.2%
Percent Bachelor's Degree & Up	34.9%	36.9%	29.3%	34.1%	27.2%

Source: Selected Social Characteristics in the US, 2005 American Community Survey

A more detailed breakout of Rhode Island's 25 and older population reveals that the percentage of those with a bachelor's degree or higher steadily **decreases** in the older population age segments.

- Over 34% of persons aged 25 to 34 had at least a bachelor's degree compared to 32% of those aged 35 to 44 and 31% of those aged 45 to 64.
- Only 18% of the 65+ population held a bachelor's degree or higher.

Within these age groups there are also differences between the percentages of men and women who have a bachelor's degree or higher.

- Women in the core working-age population groups – 25 to 34 years and 35 to 44 years – were more likely than men to have a bachelor's degree or higher.

- In contrast, men in the 45 to 64 and 65 and older age groups were more likely than women to have a bachelor's degree or higher.

- Median earnings data from the ACS show varying levels of income for Rhode Islanders aged 25 and older with degrees:

    - Associate's degree earned $33,600 per year.

    - Bachelor's degree earned $45,200.

    - Graduate or Professional degree earned $58,400.

Educational Attainment of Hispanics Compared to Total Household Population

The most striking trend in population growth since 1990 has been a surge in the Hispanic population. Recent ACS educational attainment data show that the percentage of Hispanics 25 years and older with less than a high school diploma (39.7%) is more than double that of the State as a whole (16.5%). Since this immigrant population represents a major source of future labor supply, the large disparity in the percentage of high school graduates has far-reaching implications for employers who need to find skilled workers to fill jobs.

- The percentage of Hispanics 25+ who attained less than a ninth grade education (24.5%) is four times that of the entire State (6.3%).

- The percentage of Hispanics 25+ who are high school graduates or have a GED (27.7%) is slightly below the State percentage (29.2%).

Educational Attainment of the Total Household and Hispanic Population
25 Years and Older

	Total 25+ Pop.	Percent of Total Pop.	Hispanic 25+ Pop.	Percent of Hisp. Pop.
Total Household Population 25+	705,426	---	58,925	---
Less than 9th grade	44,561	6.3%	14,415	24.5%
9th to 12th grade, no diploma	71,832	10.2%	9,001	15.3%
Less than a high school diploma	**116,393**	**16.5%**	**23,416**	**39.7%**
High school graduate (includes GED)	205,724	29.2%	16,311	27.7%
Some college, no degree	118,882	16.9%	6,352	10.8%
Associate's degree	57,534	8.2%	4,152	7.0%
Bachelor's degree	125,960	17.9%	6,749	11.5%
Graduate degree	80,933	11.5%	1,945	3.3%
Associate's degree or Higher	**264,427**	**37.5%**	**12,846**	**21.8%**

Source: American Community Survey

- The percentage of Hispanics 25+ who have an associate's degree or higher (21.8%) is well below the comparable State percentage (37.5%).

Additional years of schooling have become a requirement to increase the chances for better employment opportunities and higher wages.

Domestic Migration of Young, College-Educated Adults

The US Census Bureau tracked the migration of the population from 1995 to 2000. While the migration statistics are not as current as the most recent population estimates, they provide some insight into the age groups that have moved in and out of states.

National data show:

- Young adults (ages 25-39) represent a significant share of domestic migration.
- Young adults with a college degree are more likely to move than their counterparts without a degree.
- 75% of all single, college-educated adults in the 25-39 age group relocated between 1995 and 2000 compared to 63% of their non-college counterparts.

Rhode Island data show:

- Over the 1995-2000 period, the Ocean State was the destination of some 6,500 young, single, college educated adults.
- During the same five years, the State experienced a domestic out-migration of 10,751 young, single, college educated residents.
- This movement resulted in a net migration of -4,225 participants in Rhode Island's labor force.

Young and College-Educated, 1995-2000

			Net Migration	
State / Region	**In-migrants**	**Out-migrants**	**Number**	**Rate**
Connecticut	22,155	28,470	-6,315	-69.7
Rhode Island	**6,526**	**10,751**	**-4,225**	**-147.0**
New Hampshire	8,005	11,159	-3,154	-114.8
Vermont	5,222	7,474	-2,252	-143.5
Maine	5,693	7,399	-1,706	-80.1
Massachusetts	60,198	61,260	-1,062	-4.6
Midwest	127,535	214,017	-86,482	-68.6
Northeast	160,888	218,571	-57,683	-39.0
South	251,191	221,754	29,437	16.7
West	254,658	139,930	114,728	86.1

Source: US Census Bureau, 1995-2000 Migration Data

The net migration rates in the table are based on an approximated 1995 population, which is the sum of people who reported living in the area in both 1995 and 2000, and those who reported living in that area in 1995, but lived elsewhere in 2000. The net migration rate is the 1995 to 2000 net migration, divided by the approximated 1995 population and multiplied by 1,000.

- All New England states experienced a negative migration rate from 1995-2000 for young, single, college educated people.
- Rhode Island's net migration rate (-147.0) ranks the state as sixth "highest" among the thirty-three states with negative migration rates of young, single, college-educated adults.

The migration data suggest that young, single, college-educated adults in the Northeast are moving to the South and West. The states with the highest migration rates are Nevada (281.8), Colorado (157.7), Georgia (150.5), and Arizona (109.9).

Rhode Island's Minority Population is Growing

The Census is conducted every ten years and provides detailed demographic characteristics for the **total** population. However, the downside to the Census is that the data become outdated over the ten-year period. To remedy this situation, the Census Bureau implemented the American Community Survey (ACS). The ACS is conducted every year and provides current demographic characteristics for **household** populations. People living in institutions, college dormitories and other group quarters are excluded from the ACS.

ACS data for 2005 show that Rhode Island's household population numbered 1,032,662.

- One in five individuals is a racial or ethnic minority.
- Over 10% of Rhode Island's household population is of Hispanic descent (may be of any race).
- Non-Hispanic Whites account for close to 80% of the State's household population, while non-Hispanic Blacks and Asians comprise 4.5% and 2.6%, respectively.

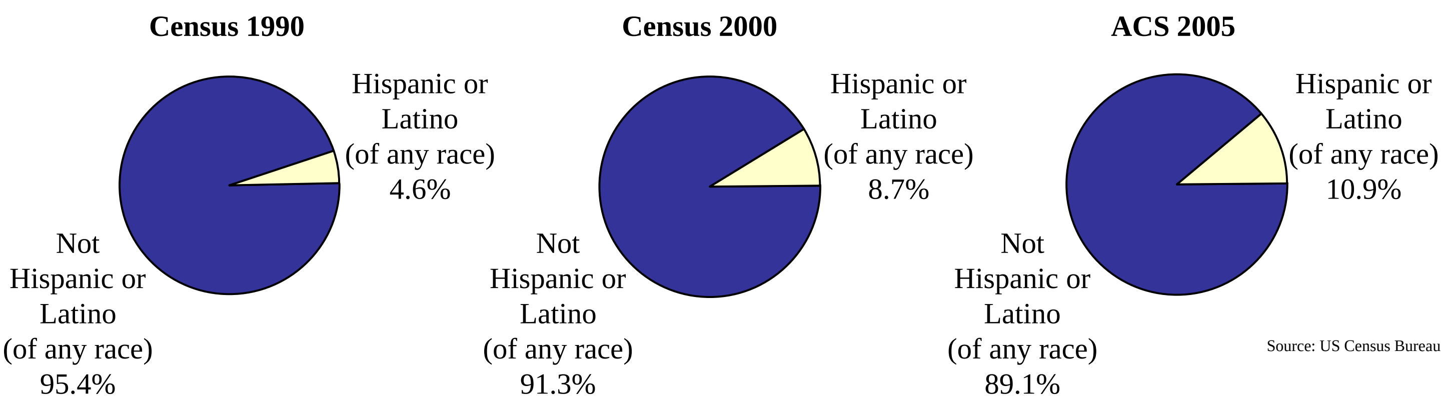
Profile of Rhode Island's Household Population by Race

	Population Estimate	Percent of Population
Total Household Population	**1,032,662**	**100.0%**
Race		
Not Hispanic or Latino	919,940	89.1%
White	817,252	79.1%
Black or African American	46,499	4.5%
American Indian & Alaska Native	4,372	0.4%
Asian	26,671	2.6%
Native Hawaiian & Other Pacific Islander	68	0.0%
Some Other Race	10,101	1.0%
Two or More Races	14,977	1.5%
Hispanic or Latino (may be of any race)	112,722	10.9%

Source: American Community Survey, 2005

The surge in the Hispanic population growth was the most striking trend in population growth from 1990 to 2000. Hispanic numbers doubled from 46,000 in 1990 to 90,820 in 2000. Hispanics accounted for 8.7% of the total population in 2000 compared to 4.6% in 1990. Currently, Hispanics comprise nearly 11% of the state's total household population.

Rhode Island's Hispanic Population as a Percentage of Total Population
1990 - 2000 - 2005



Source: US Census Bureau

Rhode Island's Population is Aging

Population changes that will occur over the next decade will impact the resident labor supply, thus influencing the capacity of the State to create jobs. As the baby boomers begin to retire, a shortage of skilled workers could be a major drawback for economic growth.

To meet the increasing workforce requirements over the next ten years, particularly as young, college-educated persons leave the State, employers will need to look to older workers as a source of labor supply and consider ways to connect this age cohort to the labor market.

While Rhode Island's total working-age population (aged 16 years and older) will grow at a relatively modest pace of 6.7% between 2005 and 2015, trends in population growth are expected to vary among age groups.

- The "baby boomers" (persons born between 1946 and 1964) entering the traditional pre-retirement and retirement ages sharply increase the size of the 55 and older age group, which is expected to grow by 22.6% over the 2005 to 2015 period.

- The Under 55 working-age population is projected to shrink by 0.3% from 2005-2015.

- The size of Rhode Island's "core working-age" population (25-54 years) is projected to decline by 1.8%, primarily due to the loss of residents in the 35-44 age group.

- Comparably, the percentage of teens, aged 16-19 is projected to fall by 4.1%, while the percentage of young adults, aged 20-24 is expected to grow by nearly 13%, partially due to the increasing number of young, foreign immigrants into the State.

Projections of the Size of the Working-Age Population in Rhode Island by Age Group, 2005-2015

Age Group	2005	2015	Absolute Change	Percent Change
16 and over	863,896	921,681	57,785	6.7%
16-19 year olds	65,660	62,977	-2,683	-4.1%
20-24 year olds	75,242	84,960	9,718	12.9%
25-29 year olds	72,638	78,991	6,353	8.7%
30-34 year olds	66,782	74,209	7,427	11.1%
35-44 year olds	161,287	140,872	-20,415	-12.7%
45-54 year olds	159,696	157,679	-2,017	-1.3%
55-64 year olds	111,700	146,751	35,051	31.4%
65 and older	150,891	175,242	24,351	16.1%
Under 55	601,305	599,688	-1,617	-0.3%
55 and older	262,591	321,993	59,402	22.6%

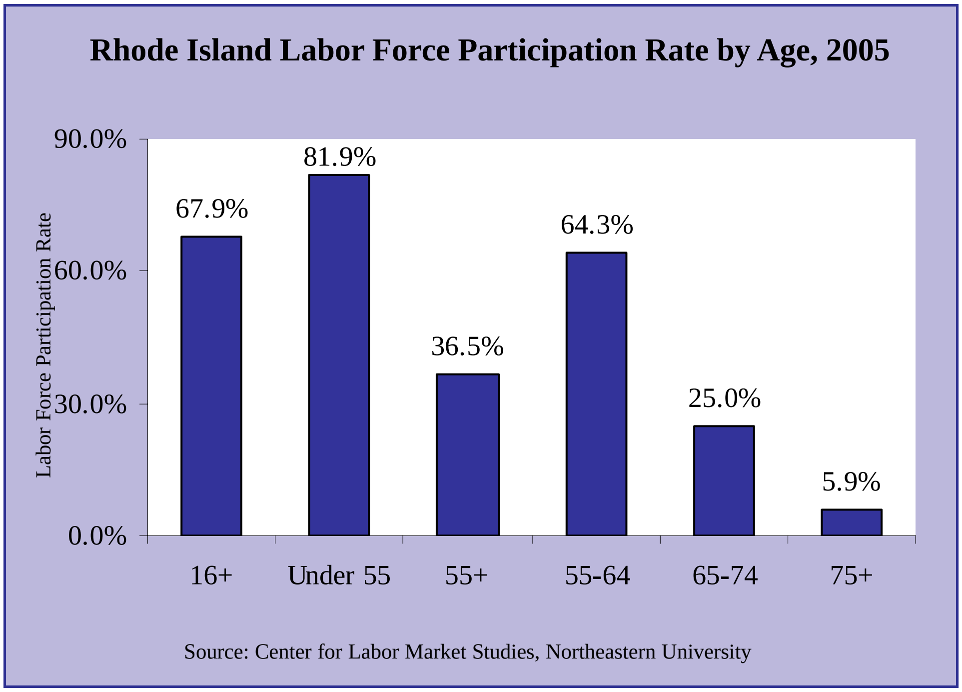
Source: Census Population Estimates
Tabulated by Center for Labor Market Studies, Northeastern University

Labor Force Participation of Older Workers

In 2005, the labor force participation rate (the percentage of a population subgroup who are actively taking part in labor market activities) for the total working-age population, 16 years and older, was 67.9%.

- The participation rate for older workers (aged 55+) was considerably lower than for the under 55 working-age adults – 36.5% versus 81.9%.

- Within the 55 years and older age group, participation in the labor force was higher among the 55-64 pre-retirement cohort (64.3 %) compared to 25% for 65-74 year olds and only 6% for residents who were 75 years or older.



Typically, individuals with advanced education and higher skill levels have a higher rate of attachment to the labor market. Since there is a greater demand for high skills and education in today's labor market, this could present opportunities to those older workers who have additional education and experience.

Moreover, higher levels of education present an added advantage of access to white collar jobs that are physically less demanding and more attractive to older workers.

Many people aged 55 and older that are currently working have a desire to continue working into the next decade. As the labor supply shrinks and the economy tightens, the ability of the job market to generate opportunities for older workers is of increasing concern.

A number of factors could raise labor force participation of older workers:

- Changes to the retirement and pension systems to encourage older workers to remain in the workforce

- New ways of organizing compensation and benefit systems

- Alternative workplace practices that reduce hours worked, but retain participation by part-time work

- Self-employment, contracting and consulting

- Expanding education and training activities to accommodate the older worker

Sources

Unless otherwise indicated, the Rhode Island Department of Labor and Training, Labor Market Information unit is the source of the data for this publication.

Several programs provided the foundation for the information:

- **Current Employment Statistics (CES)** program provides current estimates of non-farm establishment employment as well as hours and earnings for production workers employed in the Manufacturing sector. The CES program derives its data from a monthly survey of approximately 1,500 Rhode Island businesses.

- **Quarterly Census of Employment and Wages (QCEW)** program provides monthly employment and quarterly wages by industry, location and size of employer. The QCEW program derives its data from the quarterly tax reports submitted by employers subject to Rhode Island's Unemployment Insurance law. This information is supplemented with data collected from government agencies and businesses with multiple locations.

- **Local Area Unemployment Statistics (LAUS)** program provides monthly estimates of the labor force, resident employment, number of unemployed and the unemployment rates for the state and cities and towns. The LAUS estimates are derived from the Current Population Survey, a household survey.

- **Industry and Occupational Projections** provide outlook information on future job growth expectations by industry and occupation. The ten-year projections data are updated every two years and are derived from a national model which incorporates Rhode Island industry data and economic variables.

- **Administrative Data** provides statistics on claims activities, which are derived from the Department of Labor and Training's Unemployment Insurance records.

The Labor Market Information unit also acknowledges the following organizations for their contribution to our publication:

- The Bureau of Labor Statistics
- The Bureau of the Census
- The Conference Board
- The Center for Labor Market Studies at Northeastern University

STATE OF RHODE ISLAND

HOPE