Rhode Island Employment Snapshot, April 2015

The Annual Wait for Realistic Numbers

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In a news report that drifted into this author's awareness, recently, an analyst explained Rhode Island's employment boost in terms of seasonal changes. To the contrary, the numbers are supposed to be seasonally adjusted (to bring out underlying trends), and the pattern of this year looks a lot like the patter of last year. Rhode Island begins the first six months with an inexplicable jump in employment, which levels off or decreases and is followed by a substantial downward revision when the data for the year is in.

Therefore, as we assess the Ocean State's 6.1% unemployment rate, as reported by the federal Bureau of Labor Statistics (BLS), which is now out of the bottom 10 nationally and is not the last in New England, we should be aware that we're likely just in the (largely unrealistic) annual upswing.

According to the BLS, in March, a net 2,846 Rhode Islanders gained employment, while 1,826 joined the labor force. Those two variables are the basis for the unemployment rate. The first chart at right shows that this year represents the start of a rebound in a long decline... if the numbers are correct.

The second chart shows how far Rhode Island is behind its neighbors. (Note that this month's iteration has a different axis to accommodate Massachusetts's growth.) Both Connecticut and Massachusetts are now well above their labor force and employment rates as of January 2007, while Rhode Island isn't even close. Indeed, beginning in April, Massachusetts now has better growth in employment than in labor force.

The final chart shows the importance of labor force. The blue line is the official unemployment rate; the red line is what the rate would be if residents weren't giving up their quest for work. Unemployment would still be 9.5% in Rhode Island with the January 2007 size of the labor force.