RHODE ISLAND CENTER FOR
FREEDOM & PROSPERITY

Rhode Island Employment Snapshot, June 2015

RI Bucks Southern New England Trend?

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The June employment data from the federal Bureau of Labor Statistics (BLS) provides a good lesson in a number of the ways in which the data can be misleading. For one thing, looking at the unemployment rate, one could say that Rhode Island dipped below 6% for the first time since November 2007. Of course, one could have said the same thing last month. But the BLS revised May up to 6%, so the Ocean State gets to repeat its milestone.

As the first chart at right shows, this has been a banner, booming year, for Rhode Island. More and more people are looking for work and, at least when it comes to the statistics, more and more people are finding it. The curious thing is that this growth has been unabated for so many months, yet the news and anecdotes around Rhode Island wouldn't lead one to expect such a boom. Indeed, in June, the number of jobs available in Rhode Island, as measured by another BLS dataset, actually went down. Readers should keep in mind that two years in a row have brought dramatic downward revisions come the following January.

Another bit of conflicting information is related to the second chart. The fact that Massachusetts and Connecticut are doing so much better than Rhode Island, when it comes to making up for losses during the recession, is not new. What's new is that Massachusetts and Connecticut slowed or lost ground in June, while Rhode Island's sprint continues. That could be accurate, but it seems unlikely.

The third chart illustrates the significance of the size of the labor force. The red line shows what the curve would have been if the labor force had not shrunk since January 2007, and it ends in a conspicuous cliff. It also illustrates that Rhode Island has a long way to go even according to the questionable statistics. In June, unemployment would still have been 8.5%. Even that represents a huge drop, over the course of this year so far, from 11.0% in December.