



RI DEPARTMENT OF LABOR AND TRAINING

**Statement for
Revenue & Caseload Estimating Conference
October 27, 2008**

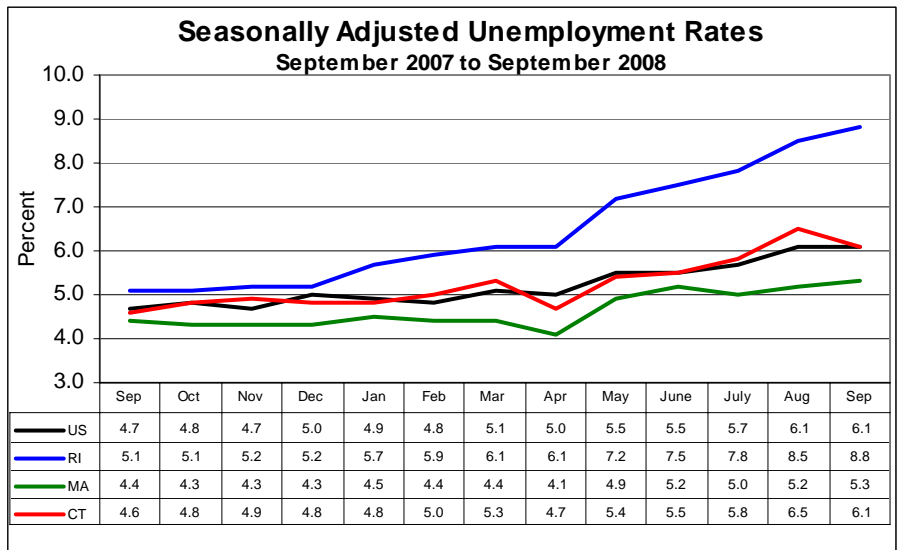
Prepared by
Robert J. Langlais
Assistant Director
Labor Market Information
462-8767

LABOR FORCE AND UNEMPLOYMENT DATA

Rhode Island's unemployment rate has risen significantly since the beginning of the year, reaching a 2008 high of 8.8% in September.

- Rhode Island's unemployment rate has risen significantly over its 2007 levels. The 3.7 percentage point increase over last September represents the largest year-over-year increase on record. This is the highest level we have seen since September 1992 when we also reached 8.8%. And it does not appear that our unemployment rate has peaked yet.
- Rhode Island's seasonally adjusted unemployment rate of 8.8% was the highest rate in the nation for the month of September.

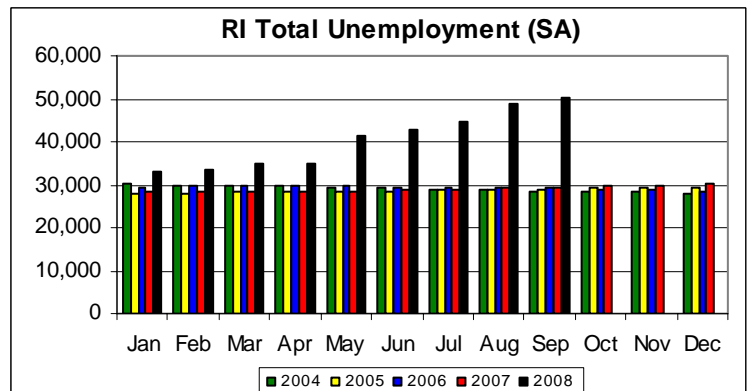
- Our unemployment rate is significantly higher than the US rate (6.1%) and those of our neighboring states of Connecticut (6.1%) and Massachusetts (5.3%)



- The deterioration in our unemployment rate during this year reflects both significant declines in the number of employed residents (-25,300) and large increases in the number of unemployed (+20,800).

The 50,200 RI residents classified as unemployed (seasonally adjusted) in September are more than 70 percent higher than last September's level (29,400).

- The 20,800 over-the-year jump in our resident unemployed figure for September is the largest on record.
- Our 2008 monthly unemployed levels are considerably above the figures over the last four years.

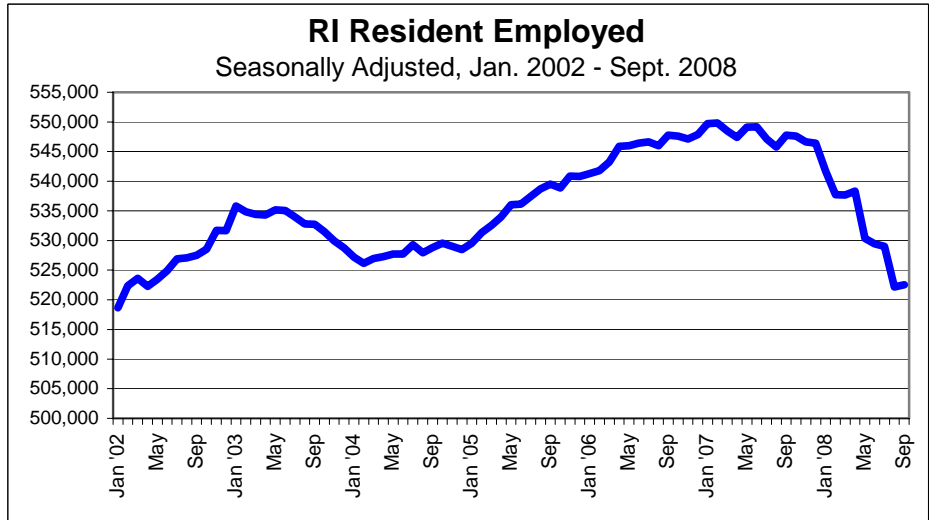


The number of RI residents employed

(522,500 on a seasonally adjusted basis) rose slightly with a gain of 300 over last month's level.

- Our resident employment figure had been declining since April and has been below year ago levels since last October.

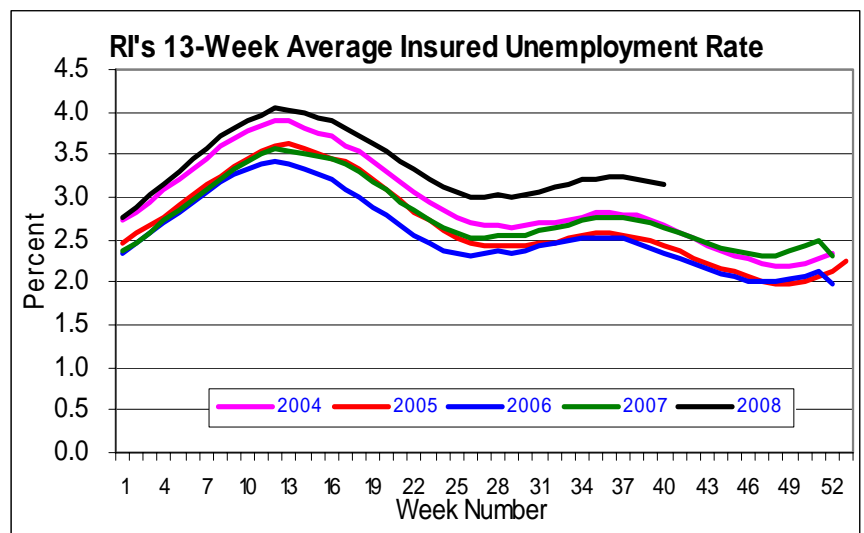
- The 522,500 RI residents employed in September were 25,300 fewer than one year ago, and 27,300 below our February 2007 peak of 549,800.



- Our total labor force figure in September was up 1,700 over August as both the employed and unemployed counts increased. It was down 4,500 over last September as the loss of residents employed (-25,300) outpaced the increase in the number of unemployed (+20,800).

Our average Insured Unemployment Rate (IUR), which measures those collecting unemployment benefits to those employed, began rising over year ago levels in early 2007 and the trend has accelerated in 2008.

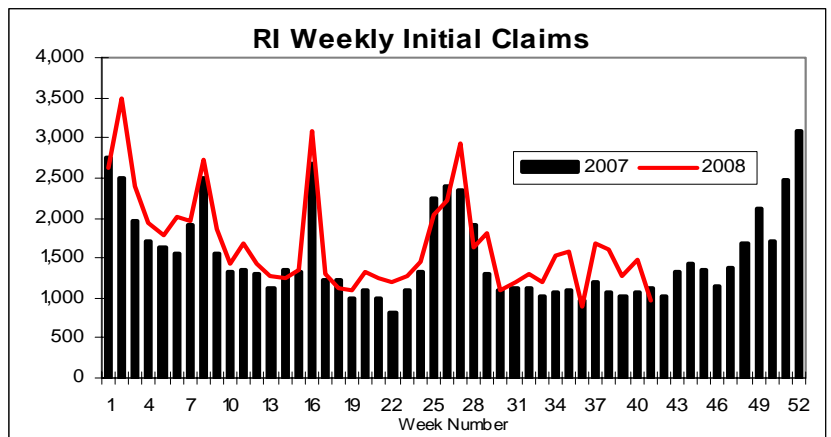
- Our Insured Unemployment Rate has been running significantly above the levels we saw over the last few years in 2008.



- While we are seeing an increase in the percentage of individuals collecting UI benefits, the rise has not been as large as we have seen in our total monthly unemployed levels in 2008.

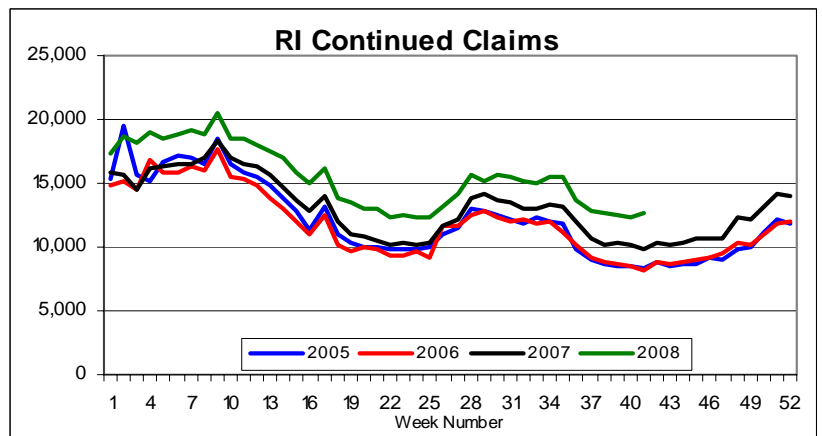
After experiencing our lowest claims levels in the last fifteen years in 2005 and 2006, we saw modest increases through the first half of 2007. Since then, however, claims activity has increased at an even faster rate, accelerating in 2008.

- The number of Initial Claims filed for unemployment benefits for the first forty-one weeks of 2008 was 13.8% above 2007 levels. In 2007, initial claims were up only 6.6% over 2006 for the same period.



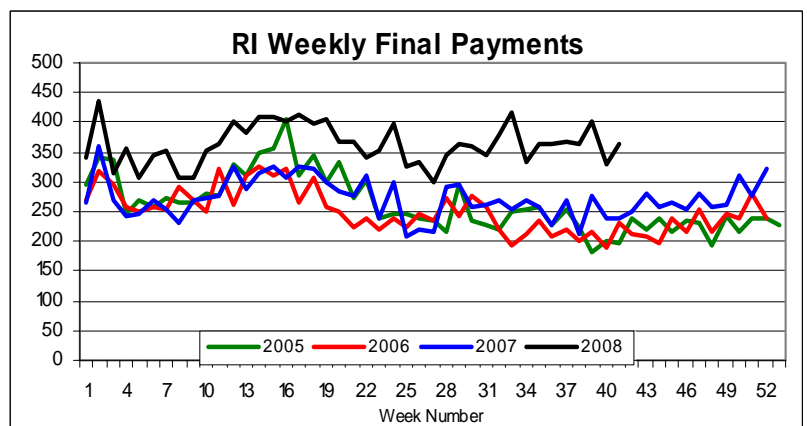
- By comparison, US initial claims are up 20.3% through the first thirty-eight weeks of 2008 over 2007 levels.

- Also, for the first forty-one weeks of 2008, RI Continued Claims - those individuals collecting unemployment benefits - were 16.2% above 2007 levels. In 2007, continued claims were up only 9.0% over 2006 for the same period.



- By comparison, US continued claims were up 21.1% through the first thirty-eight weeks of 2008 over 2007 levels.

- The number of Final Payments for those on the regular UI program was up 33.6% during the first forty-one weeks of 2008 when compared to 2007.



- In 2007, the number of final payments was up only 6.7% over 2006 for the same period.

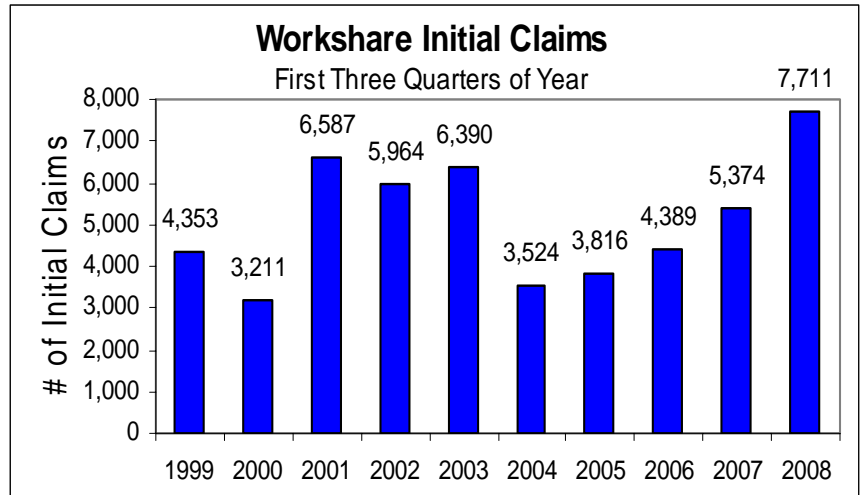
Federal and State Extended Benefit Programs

- At the end of June, Congress passed a federal Emergency Unemployment Compensation (EUC) program providing up to thirteen weeks of federal benefits to unemployed individuals who exhausted their regular UI benefits within the past year. New beneficiaries can apply through February 1, 2009 with benefits being paid through April 2009.
- During July, August and September, 10,779 initial claims were filed, and 82,000 payments were made totaling \$28,474,802. Those benefits were 100% federally financed.
- A federal/state Extended Benefit (EB) program also took effect in RI beginning in July. However, claimants received federal EUC benefits first so the first payments under the federal/state program did not take place until late August. Through the first two weeks of October, 1,900 claims were filed. Through September, 1,271 payments were made totaling \$391,779. These benefits are financed 50% by federal funds and 50% by state funds (from the RI Employment Security fund).
- The federal/state EB program took effect because our state's 3-month average seasonally adjusted total unemployment rate exceeded 6.5%. At that level, this program also pays up to thirteen weeks of extended benefits to eligible unemployed individuals. However, with the release of RI's October unemployment rate, our 3-month seasonally adjusted rate exceeded 8.0% raising the potential number of additional weeks under this program to twenty.
- At this point, we expect the federal/state EB program to be in effect through at least the spring of 2009.

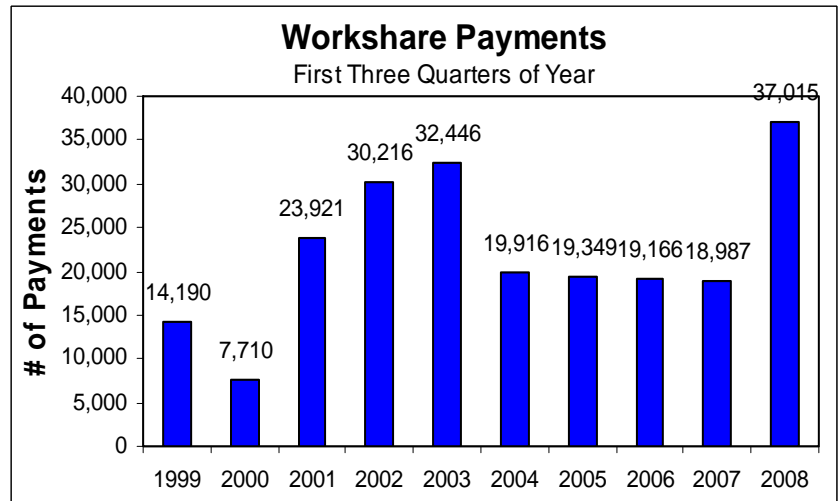
Use of the RI Workshare program has risen sharply in 2008.

- Under Workshare, employers faced with the prospect of a layoff due to a reduction in work can instead reduce the hours for a larger group of workers to avoid layoffs.
- For the first three quarters of 2008, RI had more Workshare Initial Claims filed than in any other year since the program began in 1999.

- The number of Workshare Initial Claims filed through September 2008 was up 43.5% compared to the same period in 2007. This follows a 22.4% increase for the first three quarters of 2007 when compared to 2006 and a 15.0% increase from 2005 to 2006.



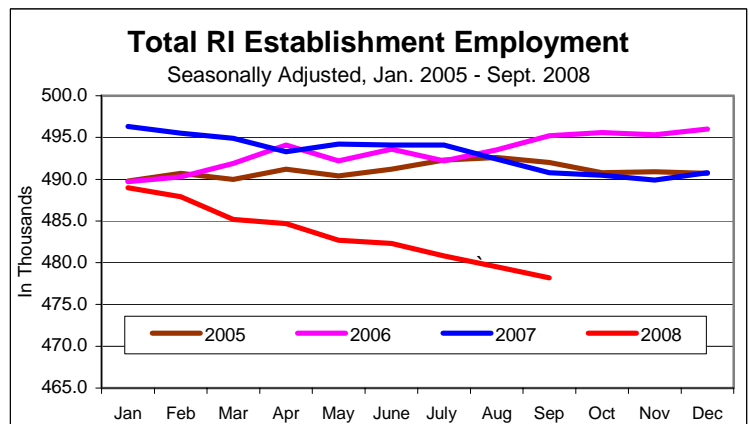
- Payments under the Workshare program also set a new record through the first three quarters of 2008. These payments almost doubled, up 95.0% from last year.
- The number of payments under this program had been fairly constant after payments peaked in 2003.



R.I. ESTABLISHMENT EMPLOYMENT (seasonally adjusted)

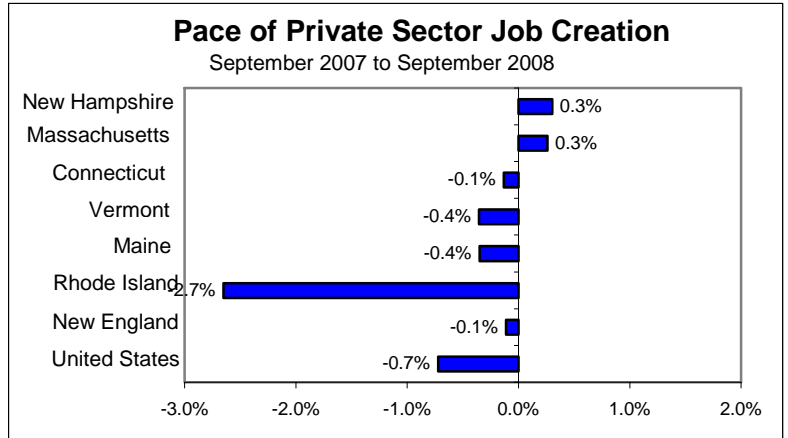
The total number of estimated jobs (seasonally adjusted figures) at RI establishments dropped steadily throughout 2008, declining to 478,200 in September.

- Since peaking at 496,300 in January 2007, the number of jobs at RI businesses has fallen by 18,100 or 3.6 percent.
- Through the first nine months of 2008, employment at RI businesses was down an average of 10,500 jobs (2.1%) over the



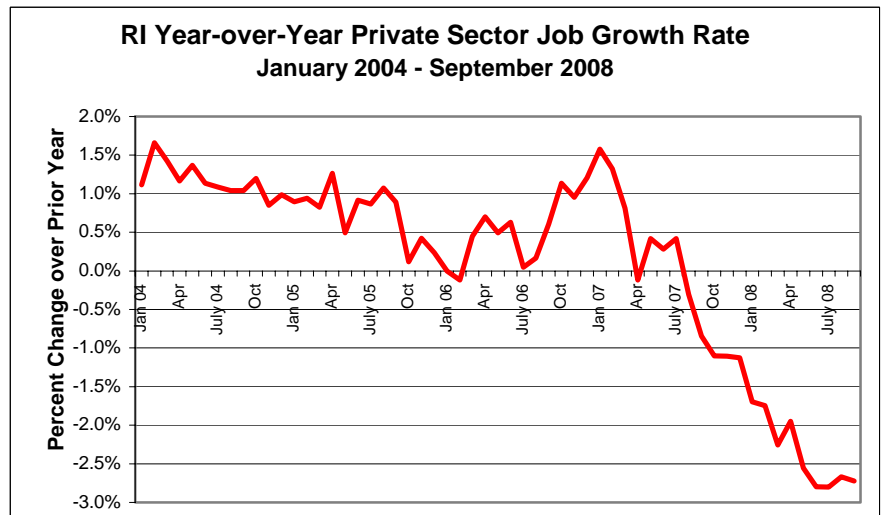
same period in 2007. September's job totals were 12,600 (-2.6%) below last September's levels

- Over the past year, the pace of private sector job loss in RI (down 11,300 jobs or -2.7%) has been significantly greater than the US and the rest of New England.
- Private sector jobs declined an average of 0.7% on a national basis from September 2007 to September 2008.



- New England as a whole saw private sector jobs decline 0.1% over the past year. Job growth has slowed in all New England states since the beginning of the year with rates ranging from small increases (+0.3%) in Massachusetts and New Hampshire to a -0.1% decrease in Connecticut and a -0.4% drop in both Vermont and Maine.

- Our private sector job growth rate peaked in January 2007 at 1.6% but fell quickly over the next few months until it dipped below zero in April of last year.



- After a small bump up in employment in May, June and July of 2007, our year-over-year job growth rate turned negative in August and our rate of job loss (year-over-year) has worsened since.

- The percent of job loss compared to last year seems to have leveled off since June and July when we showed a -2.8% loss over-the-year. For September 2008, private sector jobs were -2.7% (-11,300 jobs) below our year ago figure.

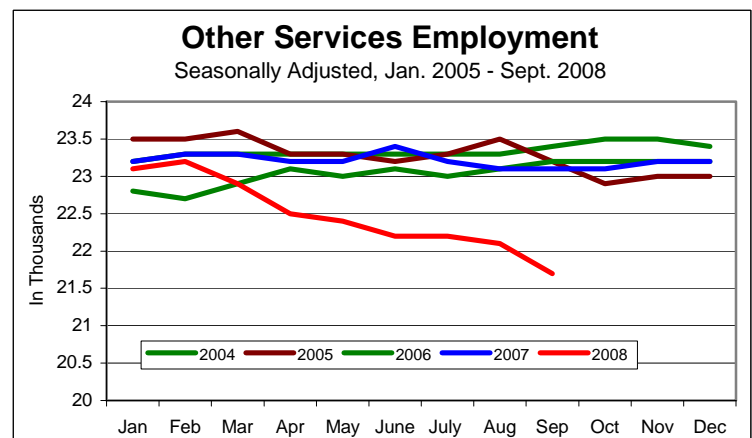
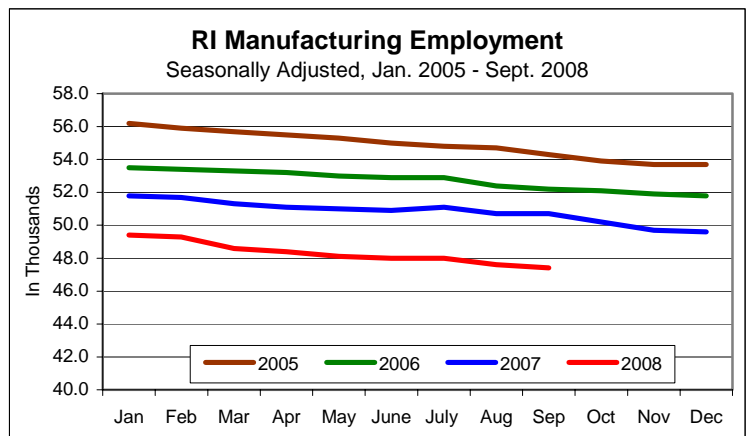
Job Estimates - Revision Outlook (Unadjusted Data)

- A preliminary review of tax data for the first two quarters of 2008 indicates that we may see downward revisions in our job estimates for January and February. On the plus side, we expect to see upward revisions in the March through June data.
- According to this preliminary review of tax data, over the first six months of 2008, we can expect to see an average upward revision of about 800 jobs in our unadjusted employment estimates, down 8,300 over the first half of the year instead of 9,100.

2008 Employment Estimates (Unadjusted Data)			
	Original CES Survey Estimate	Tax File Employment Estimate	Size of Estimated Revision
January	-5,500	-7,928	-2,428
February	-5,900	-6,888	-988
March	-8,600	-7,237	1,363
April	-9,600	-7,849	1,751
May	-12,300	-8,901	3,399
June	-12,900	-11,003	1,897
Avg. Change	-9,133	-8,301	832

Industry Detail

- Manufacturing continued to show year over year job declines. Jobs were off 200 over the month but down 3,300 (-6.5%) over last September.
- For the first nine months of 2008, Manufacturing was down an average of 2,800 jobs (-5.5%).
- Other Services posted a loss of 400 jobs (-1.8%) over the month and 1,400 over the year (-6.1%) in September. This sector includes Automobile Repair & Maintenance Services, Personal & Laundry Services and Membership Organizations.
- Other Services showed an average drop of 700 jobs (-3.0%) for the

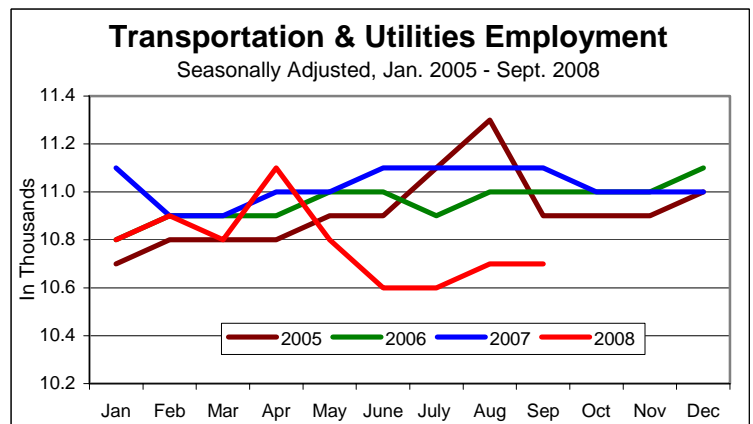


first nine months of the year compared to the same period in 2007.

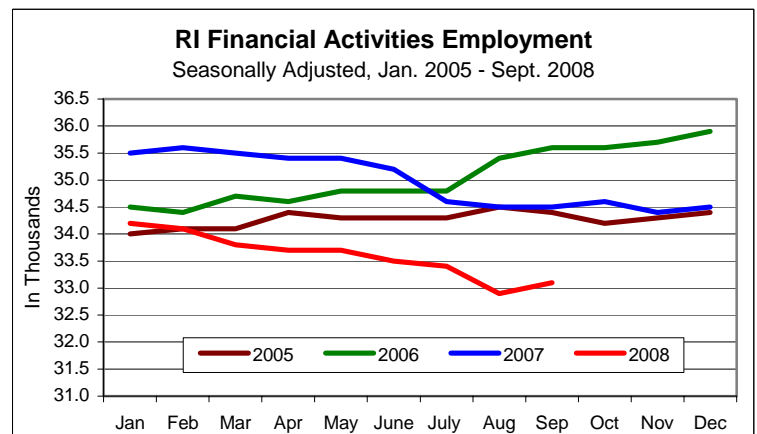
- Trade, Transportation & Utilities employment was down 300 jobs from last month and 2,900 jobs (-3.6%) over last September.
- The Retail Trade segment lost 200 jobs over the month and 1,900 jobs (-3.7%) over last September.
- Retail Trade showed an average drop of 1,500 jobs (-2.9%) for the first nine months of the year compared to the same period in 2007.



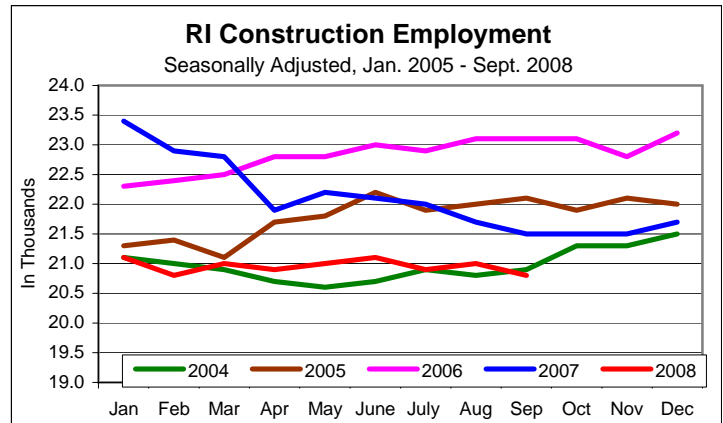
- Jobs in the Transportation & Utilities segment were stable over-the-month, but down 400 jobs (-3.6%) over last September.
- Transportation & Utilities showed an average drop of 200 jobs (-1.8%) for the first nine months of the year compared to the same period in 2007.



- Employment in Financial Activities was up 200 jobs over-the-month, mainly in the insurance portion, but lost 1,400 jobs (-4.1%) over last September.
- For the first nine months of 2008, Financial Activities showed an average drop of 1,500 jobs (-4.3%) compared to the same period in 2007.

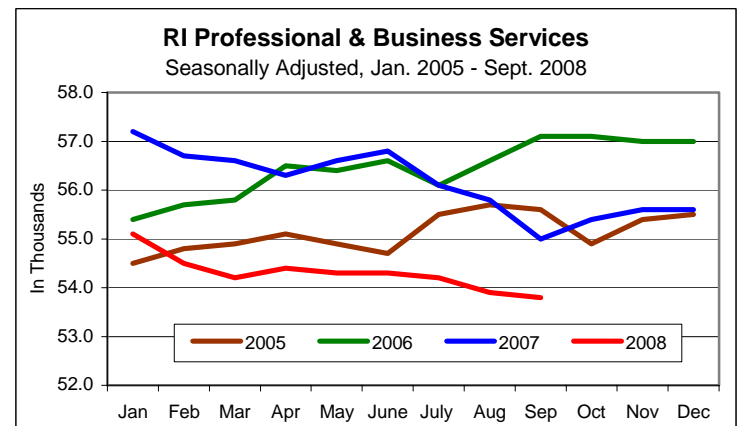


- Employment in Construction has been relatively stable this year after dropping substantially in the first half of last year. Still, job levels were down 200 over-the-month and 700 (-3.3%) over last September.



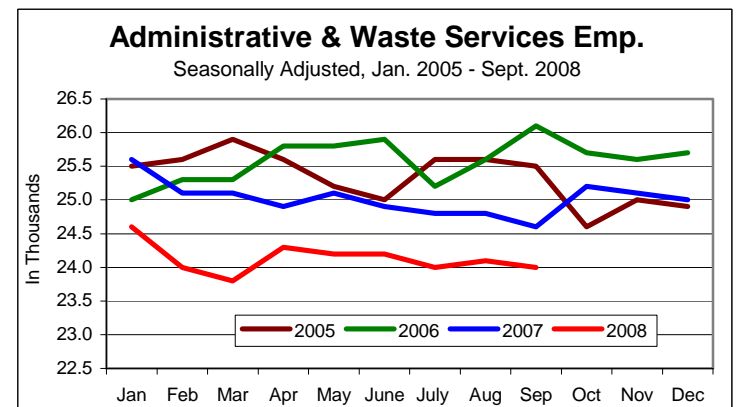
- Construction employment had an average job loss of 1,300 (5.8%) over the first nine months of 2008 when compared to 2007.

- Professional & Business Services jobs were down 100 from August and 1,200 (-2.2%) over last September.

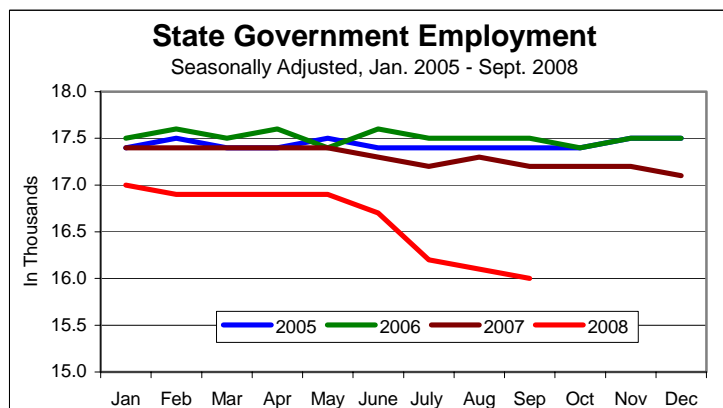


- Over the first nine months of 2008, this sector lost an average of 2,000 jobs (-3.6%) when compared to the same period in 2007.

- The Administrative & Waste Services portion, which includes employment and temporary help agencies, was off 100 jobs over-the-month and 600 jobs (-2.4%) over last September.

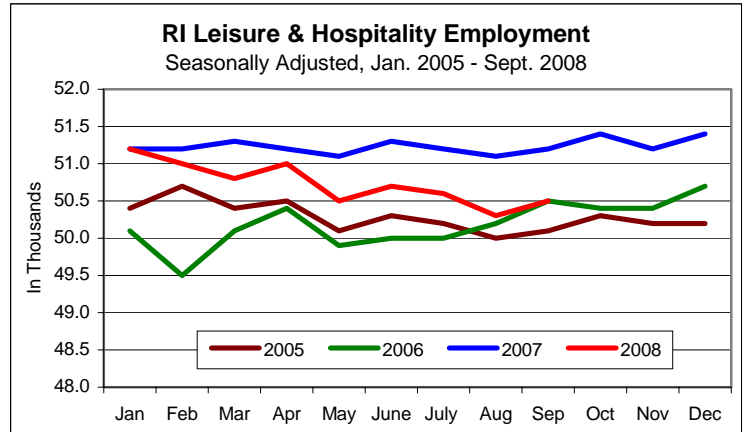


- Government employment was down 100 over the month but 1,300 (-2.0%) over September 2007. The losses were primarily in state government as employment declined by 1,200 (-7.0%) over last September, mainly due to early

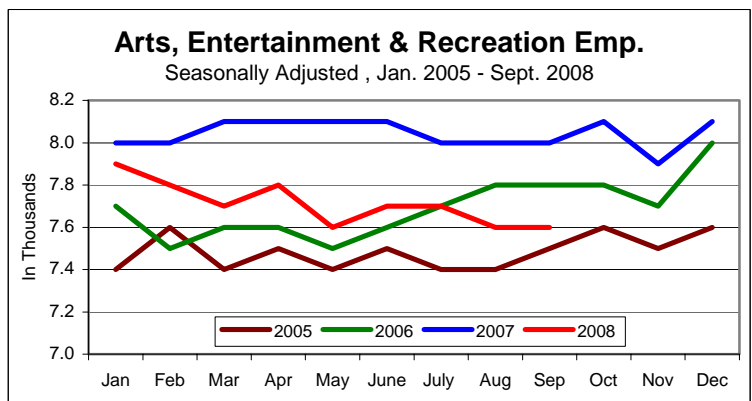


retirements.

- Employment in Leisure & Hospitality grew by 200 jobs in September, all in the Accommodations & Food Services segment. Leisure & Hospitality posted an over-the-year job loss of 700 (-1.4%).

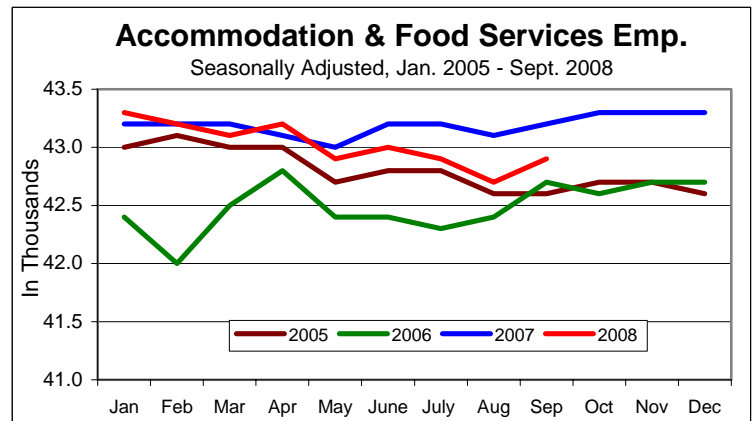


- The Arts, Entertainment & Recreation segment was down 400 jobs (-5.0%) over last September.



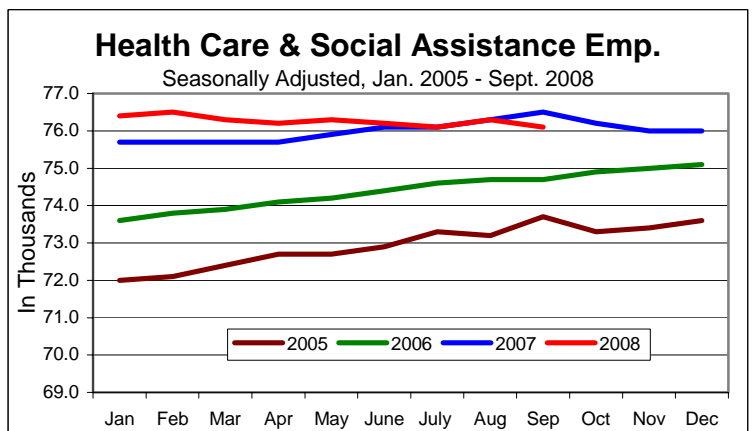
- For the first nine months of 2008, employment in this sector was an average of 300 (-3.8%) below our 2007 levels.

- Employment in Accommodation & Food Services segment showed a loss of 300 jobs (-0.7%) over last September.



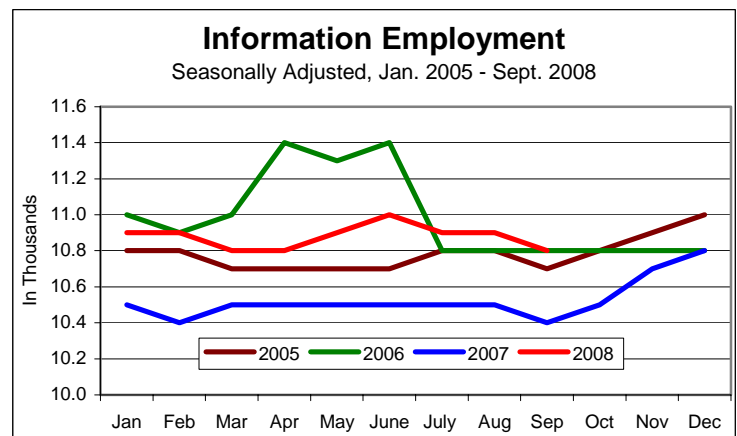
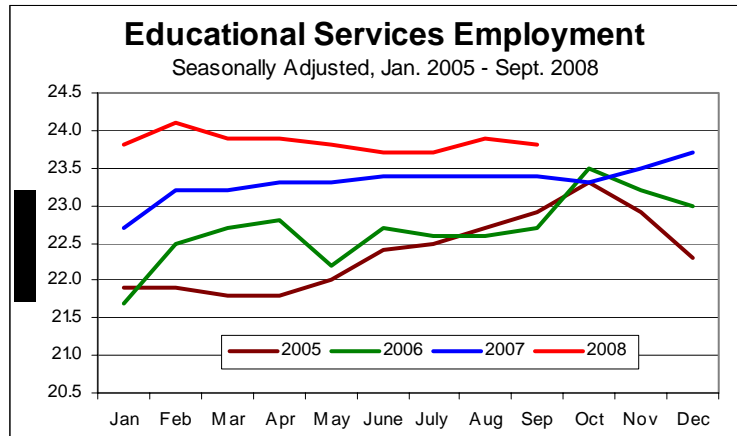
- For the first nine months of 2008, employment in this sector was an average of 200 (-0.5%) below our 2007 levels.

- Health Care & Social Assistance jobs were down 200 over-the-month and 400 (-0.5%) when compared to last September.



- This segment is no longer showing the employment growth it has shown over the last few years.

- Jobs in the Educational Services segment were down 100 over-the-month but up 400 (+1.7%) when compared to last September. This segment has been relatively stagnant in 2008.
- For the first nine months of 2008, employment in this sector was an average of 500 (+2.1%) above our 2007 levels.
- Employment in the Information sector was down 100 from August but up 400 (3.8%) over last September.
- Information sector employment has shown very little month-to-month employment change during 2008, varying by no more than 100 on a monthly basis.



SUMMARY

Our State's unemployment rate (8.8%) has risen significantly this year as it rose to the highest in the nation in September. The total number of unemployed has risen to record high levels (50,200) as employers continued to shed jobs. The decline in the number of residents employed since last September (-25,300) represents our largest year-over-year decline on record.

There were more individuals filing for and collecting unemployment benefits compared with recent years. We have also seen a large increase in the number of people exhausting their unemployment benefits this year.

The national economic situation led the federal government to implement a federal emergency unemployment program providing up to 13 weeks of additional benefits to those who have exhausted their regular unemployment benefits. RI's own high unemployment has now triggered an additional twenty weeks of federal/state extended

benefits as well.

The use of our Workshare program increased markedly in 2008. The number of initial claims filed and payments made under the program are up significantly this year. They are at their highest levels since the program's inception in 1999.

The pace of private sector job losses continued to increase in early 2008 before leveling off over the last few months. The job losses have been widespread throughout most sectors. Even employment levels in the Educational Services and Health Care & Social Assistance sectors, which had been dependable growth sectors, have been flat during 2008. RI has been hit much harder and was hit earlier than the rest of New England.

The only good news is that we expect to see some upward revisions in our employment estimates for the March through June 2008 period. While we will still be showing year-over-year declines, the rate of job loss will be slightly less than our original estimates indicated.

Rhode Island Labor Force Trends - September 2008

	Sept	Aug	Sept	% Change		Through September		
	2008	2008	2007	Aug 08	Sept 07	2008	2007	% Change
Labor Force and Unemployment (1,000s)								
<i>(Seasonally Adjusted)</i>								
R.I. Labor Force	572.7	571.0	577.2	0.3%	-0.8%	572.5	577.1	-0.8%
R.I. Employed	522.5	522.2	547.8	0.1%	-4.6%	532.1	548.3	-3.0%
R.I. Unemployed	50.2	48.8	29.4	2.9%	70.7%	40.4	28.8	40.3%
R.I. Unemployment Rate	8.8%	8.6%	5.1%	2.3%	72.5%	7.1%	5.0%	41.4%
U.S. Unemployment Rate	6.1%	6.1%	4.7%	0.0%	29.8%	5.4%	4.6%	18.4%
R.I. Insured Unemployment (as of week of the 12th)								
						Average through week 36		
Avg. Insured Unemployed	14,840	14,225	12,641	4.3%	17.4%	16,356	14,025	16.6%
Insured Unemployment Rate*	3.15%	3.02%	2.68%	4.3%	17.5%	3.48%	2.98%	16.8%
Through September								
Total Jobs at R.I. Businesses (1,000s)								
<i>(Seasonally Adjusted)</i>								
Establishment Employment (Total)	478.2	479.5	490.8	-0.3%	-2.6%	483.4	493.9	-2.1%
Construction	20.8	21.0	21.5	-1.0%	-3.3%	21.0	22.3	-5.8%
Manufacturing	47.4	47.6	50.7	-0.4%	-6.5%	48.3	51.1	-5.5%
Wholesale Trade**	16.5	16.6	17.1	-0.6%	-3.5%	16.8	17.2	-2.3%
Retail Trade	49.6	49.8	51.5	-0.4%	-3.7%	50.3	51.8	-2.9%
Transportation & Utilities	10.7	10.7	11.1	0.0%	-3.6%	10.8	11.0	-1.8%
Information	10.8	10.9	10.4	-0.9%	3.8%	10.9	10.5	3.8%
Financial Activities	33.1	32.9	34.5	0.6%	-4.1%	33.6	35.1	-4.3%
Professional & Business Services	53.8	53.9	55.0	-0.2%	-2.2%	54.3	56.3	-3.6%
Educational Services	23.8	23.9	23.4	-0.4%	1.7%	23.8	23.3	2.1%
Health Care & Social Assistance	76.1	76.3	76.5	-0.3%	-0.5%	76.3	76.0	0.4%
Arts, Entertainment & Recreation	7.6	7.6	8.0	0.0%	-5.0%	7.7	8.0	-3.8%
Accommodation & Food Services	42.9	42.7	43.2	0.5%	-0.7%	43.0	43.2	-0.5%
Other Services	21.7	22.1	23.1	-1.8%	-6.1%	22.5	23.2	-3.0%
State Government	16.0	16.1	17.2	-0.6%	-7.0%	16.6	17.3	-4.0%
Local Government	37.5	37.4	37.5	0.3%	0.0%	37.6	37.5	0.3%
Federal Government	9.7	9.8	9.8	-1.0%	-1.0%	9.7	9.7	0.0%
Unemployment Insurance								
						Year to Date		
Initial Claims	6,424	6,145	4,430	4.5%	45.0%	69,162	59,844	15.6%
Number of Payments	59,650	60,862	40,707	-2.0%	46.5%	586,983	498,627	17.7%
Amount of Payments (gross millions)	\$21.4	\$20.8	\$14.3	2.9%	49.7%	\$209.4	\$172.6	21.3%
Exhaustions (Final Payments)	1,897	1,574	1,032	20.5%	83.8%	15,003	11,247	33.4%
Temporary Disability Insurance								
						Year to Date		
Initial Claims	3,641	4,167	3,631	-12.6%	0.3%	35,401	35,880	-1.3%
Number of Payments	40,752	36,883	35,529	10.5%	14.7%	338,052	337,992	0.0%
Amount of Payments (gross millions)	\$16.1	\$14.6	\$13.6	10.3%	18.4%	\$132.8	\$127.9	3.8%

R.I. Population Trends: The 2000 Census indicates that Rhode Island's population grew from 1,003,464 in 1990 to 1,048,319 in 2000. According to Census population estimates for Aug 2007, Rhode Island residents numbered 1,057,832, reflecting an increase of 9,513 residents from Census 2000, but a decline of about 3,800 from the Aug 2006 estimate.

* 13-week average expressed as a percentage of covered employment.

** State calculated estimate.

Note: Data for latest month are preliminary. Prior year reflects latest revision.

Source: R.I. Dept. of Labor and Training, Labor Market Information Unit.

10/21/08

**TOTAL NONFARM EMPLOYMENT IN RHODE ISLAND - UNADJUSTED
SEPTEMBER 2008**

	EMPLOYMENT IN THOUSANDS			NET CHANGE FROM		
	SEP 2008	AUG 2008	SEP 2007	AUG 2008	SEP 2007	
TOTAL NONFARM	482.8	479.8	496.0	+	3,000	- 13,200
Total Private	420.4	420.6	432.1	-	200	- 11,700
GOODS PRODUCING	69.9	70.4	74.1	-	500	- 4,200
Natural Resources & Mining	0.2	0.2	0.3			100
Construction	21.9	22.4	22.8		500	900
Specialty Trade Contractors	14.0	14.3	15.1	-	300	1,100
Manufacturing	47.8	47.8	51.0			3,200
Durable Goods	31.1	31.0	33.0	+	100	1,900
Fabricated Metal Product Mfg.	6.5	6.5	6.9			400
Computer & Electronic Product Mfg.	4.3	4.3	4.4			100
Miscellaneous Manufacturing	8.8	8.7	9.4	+	100	600
Jewelry & Silverware	6.0	5.9	6.5	+	100	500
Non-Durable Goods	16.7	16.8	18.0	-	100	1,300
Chemical Manufacturing	4.2	4.2	4.5			300
Plastics & Rubber Products Mfg.	2.8	2.8	2.9			100
SERVICE PRODUCING	412.9	409.4	421.9	+	3,500	- 9,000
Wholesale Trade	16.6	16.8	17.0		200	400
Retail Trade	49.4	49.8	51.2		400	1,800
Health & Personal Care Stores	5.7	5.7	5.9			200
Department Stores	4.4	4.5	4.5	-	100	100
* Transportation, Warehousing & Utilities	11.0	10.3	11.5	+	700	500
Transportation & Warehousing	10.3	9.6	10.4	+	700	100
Information	10.8	10.9	10.4		100	400
Publishing	2.7	2.7	2.7			-
** Financial Activities (including Real Estate)	33.2	33.2	34.6			1,400
Finance & Insurance	27.0	27.0	27.9			900
Credit Intermediation & Related Activities	12.5	12.5	13.1			600
Insurance Carriers & Related Activities	10.7	10.6	10.7	+	100	-
Professional & Business Services	54.7	54.9	56.6		200	1,900
Professional, Scientific, & Technical Services	20.6	20.8	21.1	-	200	500
Administrative & Waste Services	24.9	24.9	26.1			1,200
Employment Services	8.7	8.5	10.3	+	200	1,600
Educational Services	23.2	19.9	22.8	+	3,300	400
Colleges & Universities	15.1	12.3	14.8	+	2,800	300
Health Care & Social Assistance	76.3	76.1	76.5	+	200	200
Ambulatory Health Care Services	22.4	22.5	22.9	-	100	500
Hospitals	24.6	24.6	24.4			200
Nursing & Residential Care Facilities	18.6	18.7	18.6	-	100	-
Social Assistance	10.7	10.3	10.6	+	400	100
Arts, Entertainment & Recreation	8.6	9.4	9.1		800	500
Accommodation & Food Services	44.9	46.4	45.3		1,500	400
Accommodation	4.2	4.7	4.6	-	500	400
Food Services & Drinking Places	40.7	41.7	40.7	-	1,000	-
Other Services	21.8	22.5	23.0		700	1,200
Government	62.4	59.2	63.9	+	3,200	1,500
Federal Government	9.7	9.7	9.8			100
State Government	15.3	15.6	16.5	-	300	1,200
Local Government	37.4	33.9	37.6	+	3,500	200
Local Education	24.2	20.0	24.4	+	4,200	200
Local Non-Ed	13.2	13.9	13.2	-	700	-

* Utilities are not broken out separately

** Real Estate & Rentals is not broken out separately

Some subcategories are not additive.

Current month figures are preliminary and subject to revision.