



## RACE, ETHNICITY, AND JOBS IN RHODE ISLAND

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Rhode Island's minority workers were hit harder by the Great Recession than their white counterparts and historically have experienced higher rates of unemployment and lower median wages.

A report prepared for Rhode Island's Governor Gina Raimondo earlier this year by the Brookings Institution<sup>1</sup> contrasted Rhode Island's current "middling" economic performance with its far more robust performance during the first six years of the new century.

In the early 2000s, Rhode Island's economy was a leader in New England and enjoyed relatively strong performance across economic measures relative to the United States. Annual job growth between 2000 and 2006 led the region and over the same time period the state enjoyed nearly double Massachusetts' annual GDP growth.<sup>2</sup>

Today, fully seven years since the official end of the Great Recession, Rhode Island has only recently recovered the jobs it lost.<sup>3</sup> In order for the Rhode Island labor market to also cover population growth since December 2007, it would need to add another 11,400 jobs. (See "Rhode Island's Jobs Deficit.") Making matters

more complicated, workers of different races and ethnicities experience Rhode Island's economy differently. Between 2005 and 2015—in other words, from before the start of the Great Recession, throughout the recession, and into the weak and drawn-out recovery period—workers of color, and especially Latino workers, fared much less well than their white counterparts in the workforce. The importance of addressing such disparities will only grow over time: Rhode Island is expected to become more diverse over the next quarter-century. Between 2010 and 2040, the share of Rhode Island's population that is not white and not Hispanic is expected to nearly double, from 21 percent to 38 percent, and the Latino share of the population is projected to more than double, from 11 percent to 24 percent.<sup>4</sup>

### Unemployment by Race and Ethnicity

Disparities are evident in unemployment rates for Rhode Island's workers. Although unemployment rates spiked for all races and ethnicities during the Great Recession, the rates for African American and Latino workers were dramatically higher than the rate for white workers, and increased much more during the recession, both in absolute terms and as a percentage of the rates at the beginning of the recession. Growth in the Latino unemployment rate was particularly large, increasing 14 percentage points between 2007 and 2010.

While these disparities during the Great Recession are noteworthy, African American and Latino workers have consistently experienced higher rates of unemployment than white workers. We see very clearly that the unemployment rate for white workers tracks the overall rate just about perfectly, though consistently lower by about one percentage point. Unemployment among African Ameri-

can and Latino workers, meanwhile, never gets closer than 2.6 and 2.8 percentage points, respectively, to the overall unemployment rate, and usually exceeds that rate by a much higher margin.<sup>5</sup> (See “Rhode Island Unemployment Rates by Race and Ethnicity, 2000–2015.”) This disparity is most pronounced during the years immediately following the Great Recession, but represents a constant feature of the state’s economy.

Put another way, over the course of the past decade in Rhode Island, the African American unemployment rate has on average been nearly double (1.9 times) the white unemployment rate, while the Latino unemployment rate has averaged slightly more than double (2.2 times) the white unemployment rate. (See “Unemployment Ratios in Rhode Island.”)

While troubling, racial disparities in unemployment rates are not unique to Rhode Island; they are observed throughout New England and in the United States as a whole. The African American-to-white and Latino-to-white unemployment ratios for New England sit slightly higher than Rhode Island’s, at 2.0 and 2.3, respectively. Nationally, the African American-to-white unemployment ratio is slightly higher still, at 2.2, whereas the national Hispanic/Latino-to-white unemployment ratio between 2005 and 2015 stood at 1.5, substantially lower than for either Rhode Island or New England as a whole. Rhode Island’s Latinos also endured higher levels of unemployment between 2005 and 2015 than the Latino populations of the two other southern New England states (Massachusetts and Connecticut). (See “Hispanic/Latino Unemployment Rates: New England, Massachusetts, Connecticut, and Rhode Island, 2005–2015.”)<sup>6</sup>

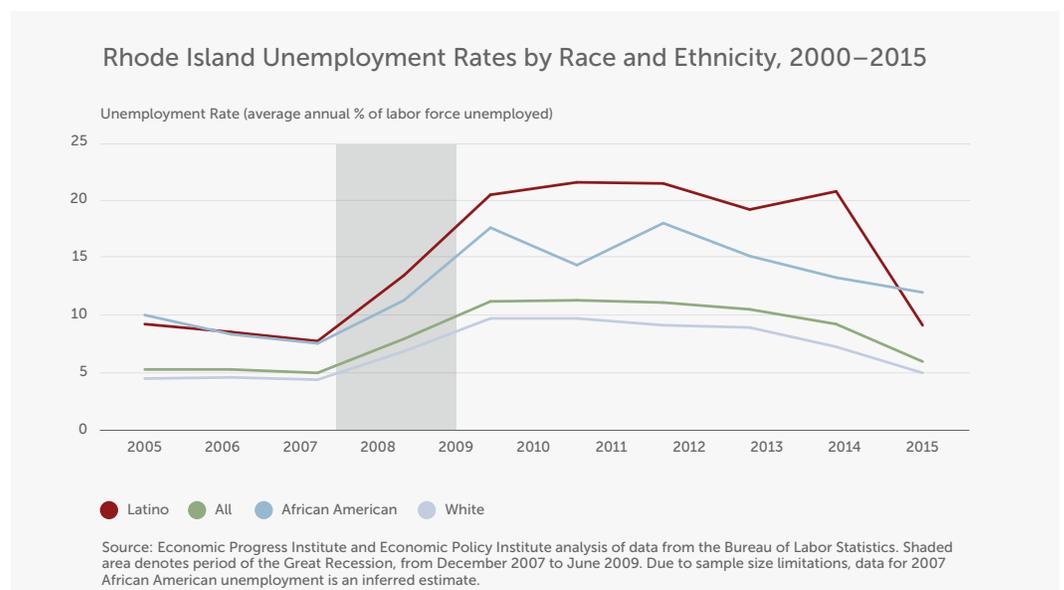
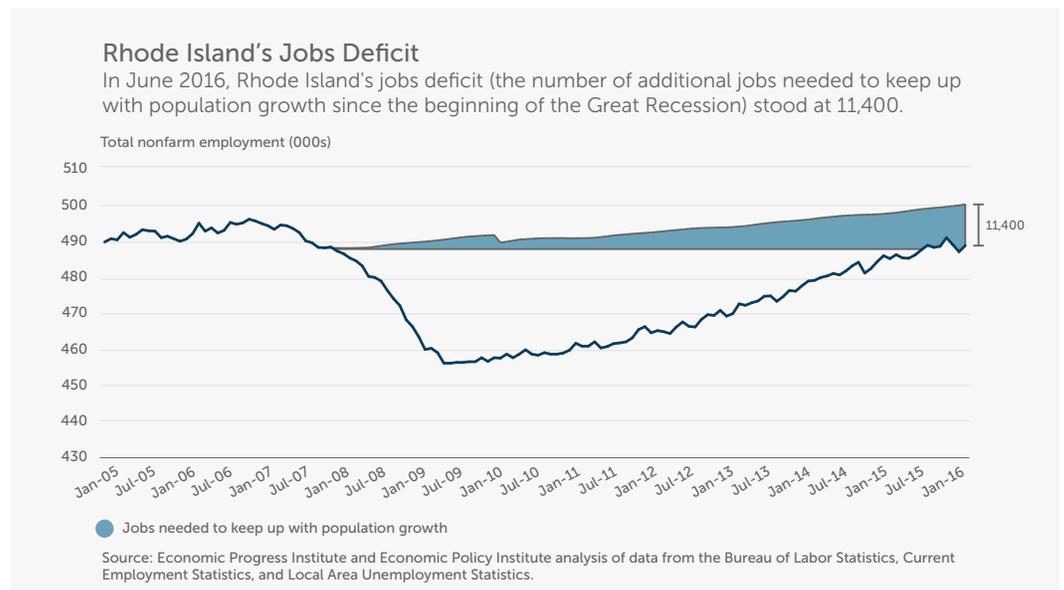
### Median Wages by Race and Ethnicity

It is widely understood that when economies are weak, there is very little pressure for wage growth, so we would not expect to see wage growth during the harshest parts of the Great Recession. However, median wages have been essentially flat throughout the decade, with little discernible impact evident during the recession years. (See

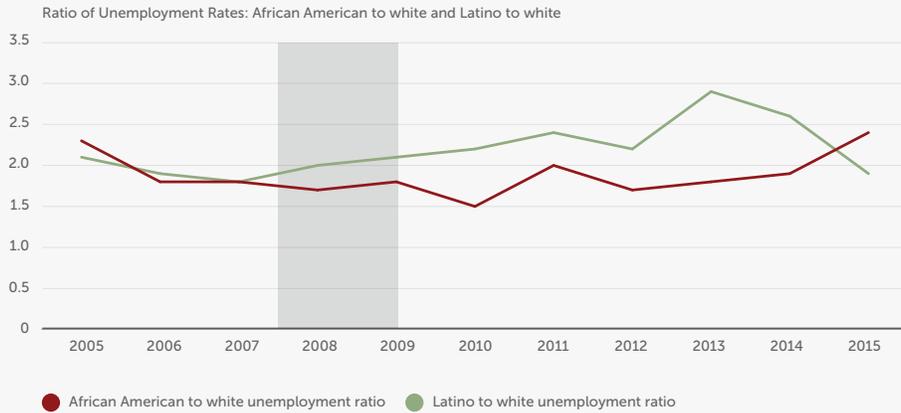
“Rhode Island Median Wages by Race and Ethnicity, 2005–2015.”) In fact, white, African American, and “all” median wages declined slightly during the period 2005–2015, while Latino wages increased modestly, but not by enough to significantly reduce the gap between white median wages and Latino median wages. During this period median white wages were on average 1.6 times greater than median Latino wages and 1.4 times greater than African American wages.

### One Means to Close the Gap: Education

The fact that Rhode Island currently lags its New England neighbors in several measures of educational attainment is rightly considered problematic for the state’s economic future. It also shines a light on one path toward improved economic prospects for Rhode Island workers and an improved economy for the state as a whole. This is especially true for workers of color, whose educational attainment levels are particularly low. "State of Working Rhode Island,

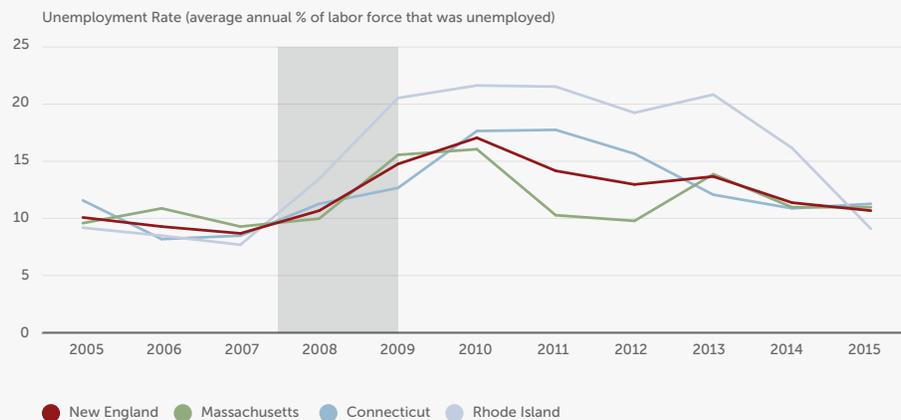


## Unemployment Ratios in Rhode Island



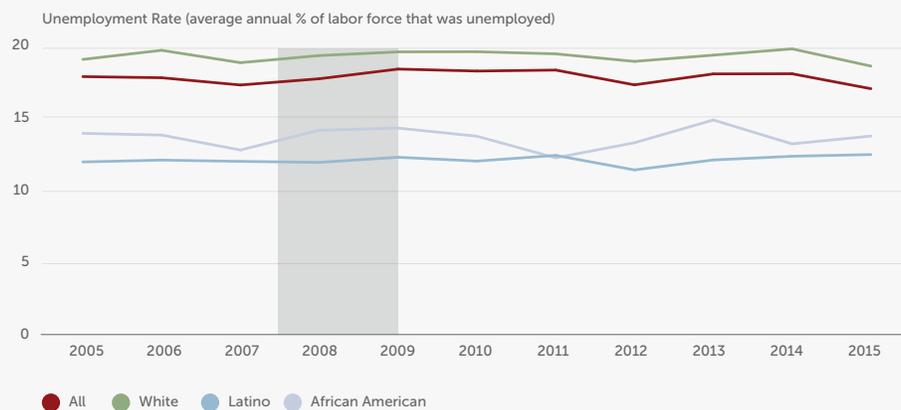
Source: Economic Progress Institute and Economic Policy Institute analysis of data from the Bureau of Labor Statistics. Shaded area denotes period of the Great Recession, from December 2007 to June 2009. Due to sample size limitations, data for 2007 African American unemployment is an inferred estimate.

## Hispanic/Latino Unemployment Rates: New England, Massachusetts, Connecticut, and Rhode Island, 2005–2015



Source: Economic Progress Institute and Economic Policy Institute analysis of data from the Bureau of Labor Statistics. Shaded area denotes period of the Great Recession, from December 2007 to June 2009.

## Rhode Island Median Wages by Race and Ethnicity, 2005–2015 (2015 dollars)



Source: Economic Progress Institute and Economic Policy Institute analysis of Bureau of Labor Statistics data (sample size limitations may increase annual variation in African American median wages). Shaded area denotes period of the Great Recession, from December 2007 to June 2009.

2015: Workers of Color" notes that just 12 percent of Rhode Island's Latino adults and 18 percent of Rhode Island's African Americans age 25 and older have a bachelor's degree or higher, compared to 34 percent of white adults and 42 percent of Asian adults.<sup>7</sup> As the state continues to prioritize higher education and career training, ensuring that people of color have full access will go a long way toward addressing the economic disparities so evident during the past decade.

But education disparities are only a partial answer to the problem of minority unemployment rates. A 2015 Economic Policy Institute study notes that unemployment rates for African American workers are approximately double white unemployment rates, regardless of educational attainment.<sup>8</sup> Similarly, a 2011 U.S. Department of Labor report showed that nationally, Latino unemployment rates were also higher than white unemployment rates for workers with high school diplomas or higher, ranging from 1.2 times higher for high school graduates to 1.5 times higher for those with a bachelor's degree or higher.<sup>9</sup> So in addition to boosting educational attainment, Rhode Island will need to pursue other strategies to increase economic opportunity for minority families, including job creation programs, further increasing the state's minimum wage (both the regular minimum wage and the tipped minimum wage), expanding the state's earned income tax credit, and increasing funding for the Child Care Assistance Program.

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At present, Rhode Island's economy is like an eight-cylinder en-

gine that's only firing on six cylinders. We can tune up that engine by closing the racial and ethnic economic gaps that we see today. When the engine is running smoothly, it will carry all residents, and all will be able to share in the prosperity their labor creates.

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#### Endnotes

<sup>1</sup> Mark Muro, "Rhode Island Innovates: A Competitive Strategy for the Ocean State" (report, Brookings Metropolitan Policy Program, in association with Batelle Technology Partnership Practice and Monitor Deloitte, 2016), <http://www.rifuture.org/wp-content/uploads/2016-Brookings-RI.pdf>.

<sup>2</sup> Ibid.

<sup>3</sup> According to the Bureau of Labor Statistics, Rhode Island had 488,400 nonfarm jobs in June, 2016, slightly more than the 487,800 jobs it had in December 2007 at the onset of the Great Recession. After losing 1,000 jobs in May, 2016, Rhode Island had temporarily slipped below the December 2007 threshold.

<sup>4</sup> "State of Working Rhode Island, 2015: Workers of Color" (report, Economic Progress Institute, Providence, RI, 2015), <http://economicprogressri.org/index.php/2015/12/17/the-state-of-working-rhode-island-2015-workers-of-color/>.

<sup>5</sup> Because the 2007 African American unemployment rate is an inferred estimate, the gap between the overall rate and the African American rate may be either

slightly higher or slightly lower.

<sup>6</sup> Vermont, Maine, and New Hampshire do not have sufficient Latino populations to calculate unemployment rates.

<sup>7</sup> "State of Working Rhode Island, 2015: Workers of Color."

<sup>8</sup> Valerie Wilson, "Black Unemployment Is Significantly Higher Than White Unemployment, Regardless of Educational Attainment" (report, Economic Policy Institute, Washington, DC, 2015), <http://www.epi.org/publication/black-unemployment-educational-attainment/>. The ratio does partially close with increased education for African American workers. Those with less than a high school diploma had an unemployment rate 2.4 times that of white workers, while those with a bachelor's degree or higher had an unemployment rate 1.9 times that of white workers.

<sup>9</sup> "The Latino Labor Force in Recovery," U.S. Department of Labor, 2012, chart 3, <https://www.dol.gov/sec/media/reports/hispaniclaborforce/>.

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