Rhode Island in Context: Regional and Historic Trends

Volume III of III: Economy

RIPEC

2019 Edition

RIPEC Mission Statement

RIPEC is an independent, nonprofit, and nonpartisan public policy research and education organization dedicated to the advancement of effective, efficient, and equitable government in Rhode Island.

Through in-depth research, program monitoring, advocacy, and public information activities, RIPEC:

- Suggests approaches to help improve the effectiveness and efficiency of government agencies;
- Promotes fiscal responsibility and sound management practices;
- Assists elected officials and their staffs in the development of sound policies and programs;
- Enhances understanding between the private sector and state and local governments;
- Provides objective information and conducts educational programs for the benefit of Council members, public officials, and the general public;
- Builds coalitions with other community groups to promote sound public policies; and
- Promotes a public policy agenda to foster a climate for economic opportunity.

Abbreviations

BTU – British Thermal Units

CEI – Current Economic Indicator

CPI – Consumer Price Index

FHFA – Federal Housing Finance Agency

FY – Fiscal Year

GED – General Educational Development

GDP – Gross Domestic Product

NAICS – North American Industry Classification System

R&D – Research and Development

Table of Contents

	Page
Introduction	5
Economic Indicators	6
Employment	8
GDP	16
Trade	21
Housing	25
Energy	30
Business Climate	32
R&D	35

Introduction

This is the third of three volumes that comprise "Rhode Island in Context: Regional and Historic Trends," 2019 Edition. "Rhode Island in Context" provides summaries and analyses of the most current national, regional, and state data that measure government finance, population, and the economy over decades and against national and regional averages.

The following pages make up "Volume III: Economy" and offer data and analyses related to Rhode Island's historic and current economic climate, as well as future projections. Volume III provides data revealing trends related to economic indicators, employment, gross domestic product (GDP), trade, housing, energy, business climate, and research and development (R&D).

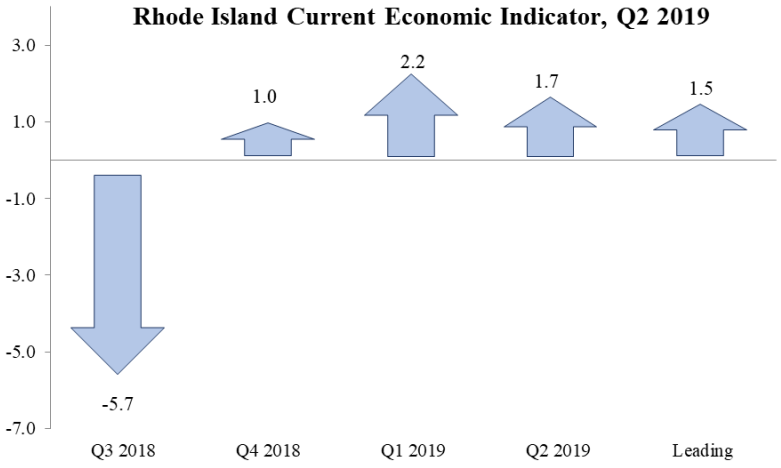
"Volume I: Government Finance" laid out data and analyses on government finance and "Volume II: Population" focused on the state's population characteristics and trends.

Highlights in Volume III include:

- The Federal Reserve Bank of Philadelphia's August 2019 state coincident index score for Rhode Island was 128.73, which ranked fifth among New England states and slightly below the U.S. average of 128.88.
- Rhode Island's unemployment rate has been on par with the national rate but remained consistently higher than that of New England since 2016. The ratio of job postings to unemployment claims in Rhode Island suggest a tight labor market in Q2 2019.
- Since 1997, the only private industries to see employment decrease in nominal terms in Rhode Island are manufacturing and information. The greatest increase in employment over this period was in the professional and business industry (44.3 percent).
- It is projected that Rhode Island will see employment increase by 5.9 percent between 2016 and 2026. The largest share of this increase is projected to be in accommodation and food services occupations, which are expected to comprise 15.0 percent of the overall increase.
- Between 2008 and 2018 the Ocean State's GDP grew at an average annual rate of 2.5 percent, compared to New England's average rate increase of 3.1 percent, and the United States' average annual increase of 1.6 percent.
- From 2015-2018, the value of Rhode Island's imports increased by 28.0 percent, the value of exports increased by 12.8 percent, and the overall trade deficit increased 33.3 percent.
- Between Q2 2018 and Q2 2019, single-family home sales in Rhode Island increased by 2.6 percent and the median price of single-family homes increased by 4.3 percent.
- Rhode Island's overall energy costs ranked sixth highest in the nation in 2017. Every New England state but Maine ranked in the top ten nationally for total energy costs.
- Rhode Island ranked 40th in the 2018 Small Business Policy Index and 37th in the 2019 Small Business Tax Climate Index. As of 2018, Rhode Island had higher rates of per capita business formations than New England and the United States.
- In FY 2018, Rhode Island's top contracting agency, in terms of dollars obligated, was the Department of the Navy, with 65.7 percent of Rhode Island's FY 2018 contracts. Rhode Island's Department of Administration was the top recipient of federal dollars in Rhode Island between FY 2008 and FY 2019, receiving over $16.0 billion in research grants.

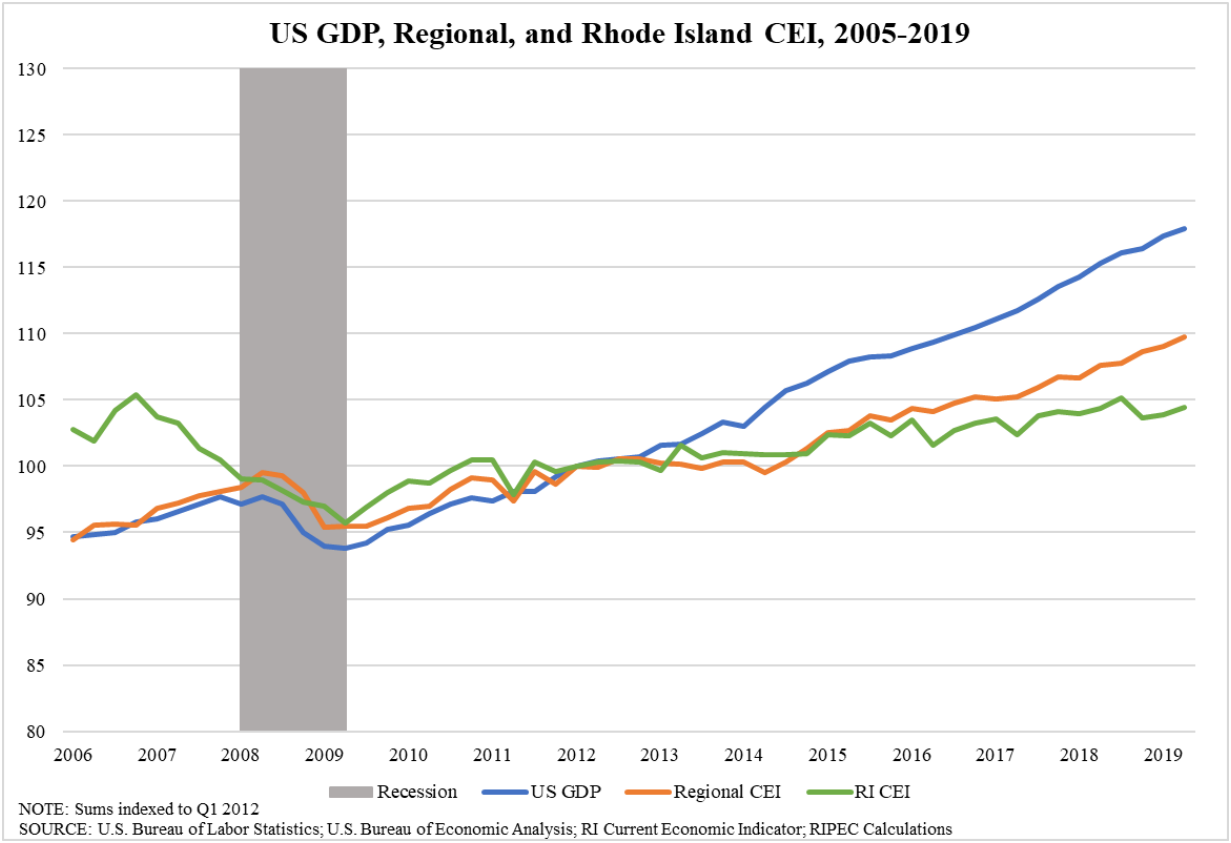
Economic Indicators

The Current Economic Indicator (CEI) measures the current and overall economic condition of the Ocean State, combining several key gauges into a single statistic. The Rhode Island CEI is calibrated to grow at the rate of Real Gross State Product and can consequently be understood as the state economy's underlying growth rate. It is released quarterly and is affected by regional and national international economic changes.



SOURCE: Rhode Island Current Economic Indicator Briefing, Q2 2019

The CEI for the second quarter (Q2) of 2019 shows overall improvement in Rhode Island's labor market, but also shows decreasing real wages and salary disbursements. The revised CEI for Q2 2019 projects that Rhode Island's Gross Domestic Product (GDP) contracted 5.7 percent in Q3 2018 and expanded in the following three quarters: by 1.0 percent in Q4 2018, 2.2 percent in Q1 2019, and 1.7 percent in Q2 2019. Despite greater growth than projected in the Q1 CEI, Rhode Island's GDP growth remained sluggish when compared to the remainder of New England and the United States.



NOTE: Sums indexed to Q1 2012
SOURCE: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; RI Current Economic Indicator; RIPEC Calculations

Economic Indicators

The United States and New England Coincident Indexes are compiled by the Federal Reserve Bank of Philadelphia and provide one measure of current economic conditions by combining four state-level indicators. The index variables utilized are nonfarm payroll employment, average hours worked in manufacturing by production workers, unemployment rate, and wage and salary disbursements. Employment rates are seasonally adjusted, and wages and salary disbursements are adjusted to the consumer price index (CPI).

U.S. and New England Coincident Indexes

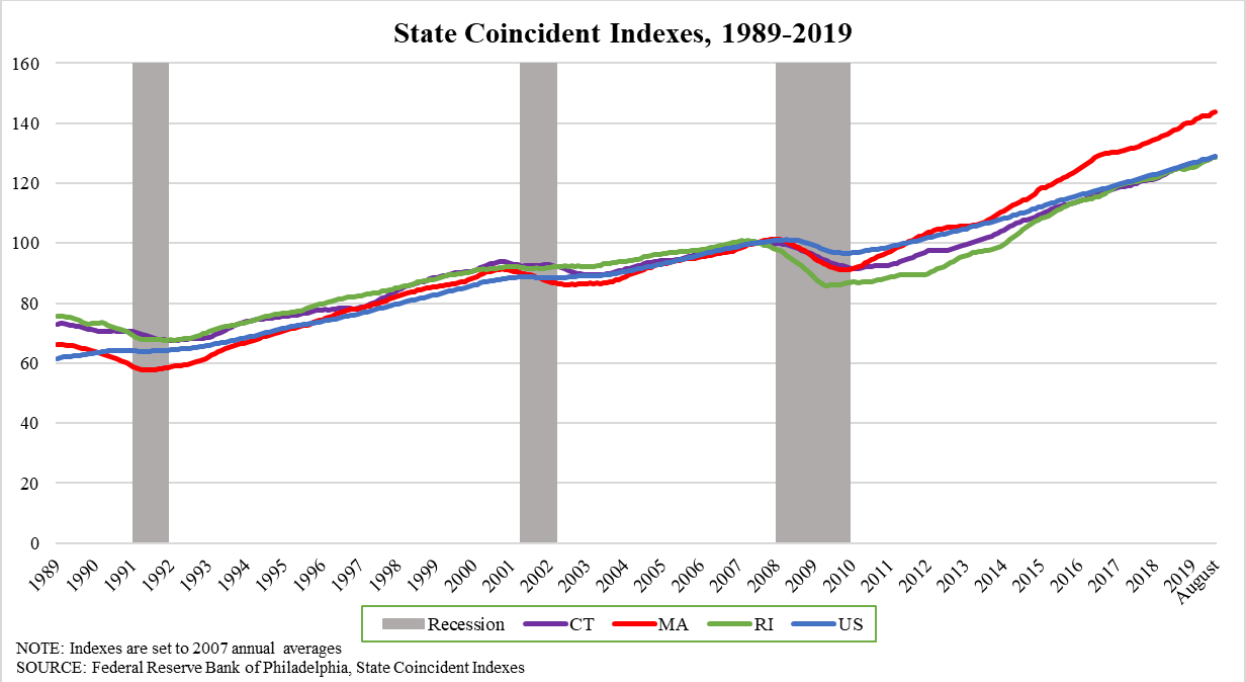
	August 2019	1-month Change	3-month Change	12-month Change
United States	128.88	0.26	0.83	3.57
Connecticut	128.86	0.27	1.39	4.00
Maine	128.56	0.71	2.27	4.75
Massachusetts	143.71	0.37	1.41	5.64
New Hampshire	147.75	0.40	1.07	5.00
Rhode Island	**128.73**	**-0.03**	**1.06**	**3.99**
Vermont	140.30	0.19	0.65	5.39

NOTE: Indexes are set to 2007 annual averages

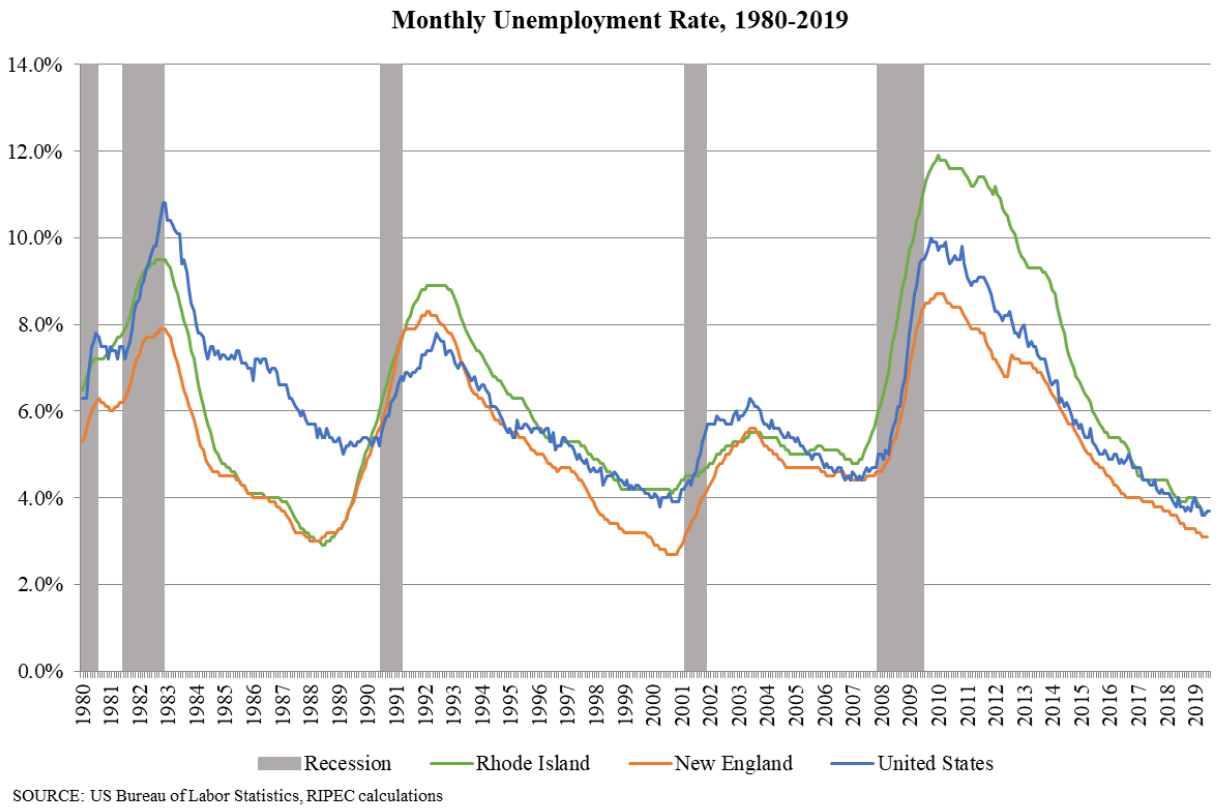
SOURCE: Federal Reserve Bank of Philadelphia. State Coincident Indexes

Rhode Island's August 2019 coincident index of 128.73 ranks fifth among New England and slightly below the United States' average of 128.88. Over the preceding twelve months, Rhode Island's coincident index grew by 3.99, which was lower than the twelve-month change seen by all other New England states, but greater than the change seen in the United States' average.

Rhode Island entered the 2008 recession before Connecticut, Massachusetts, and the United States (around 2007). In addition, it had a steeper decline during the recession and a longer, weaker period of recovery after the recession. Rhode Island did not regain parity with the national average and neighboring Connecticut until around 2015 and continues to be outperformed by Massachusetts.



Employment



SOURCE: US Bureau of Labor Statistics, RIPEC calculations

From 2005 to 2015, Rhode Island's unemployment rate was higher than the regional and national rate, peaking at 11.9 percent in January 2010. Since 2016, Rhode Island's unemployment rate has been on par with the national rate but remained consistently higher than New England's rate. Rhode Island's unemployment rate hovered around 4.0 percent for most of 2018 and reached a thirty-year low in May 2019 at 3.6 percent. In the same month, the United States had an unemployment rate of 3.6 percent and the New England region's unemployment rate was 3.1 percent.

In August 2019, the Ocean State's unemployment rate of 3.6 percent was 0.1 percentage points higher than in July 2019 and 0.3 percentage points lower than in August 2018. Over the last twelve months, unemployment has declined by 1,918 individuals while employment has increased by 614 individuals. In the same period, the number of people in the state's labor force decreased by 1,304 individuals.

Rhode Island Labor Force Statistics

	2019 August	1-Month Change	2019 July	12-Month Change	2018 August
Labor Force	554,427	1,349	553,078	-1,304	555,731
Employed	534,587	1,097	533,490	614	533,973
Unemployed	19,840	252	19,588	-1,918	21,758
Unemployment Rate	3.6%	0.1%	3.5%	-0.3%	3.9%

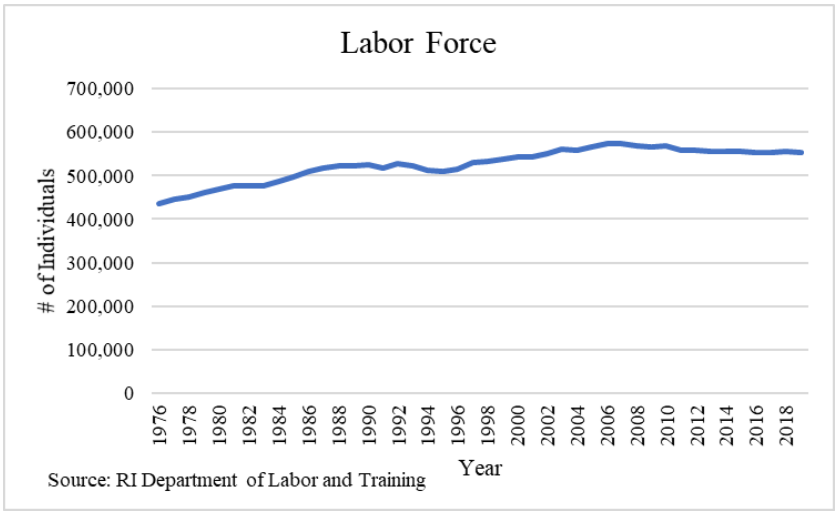
SOURCE: RI DLT; RIPEC calculations

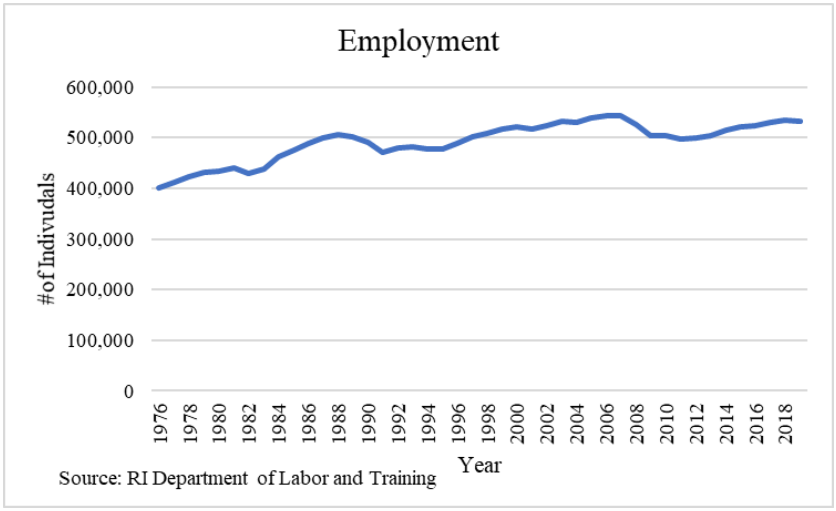
Employment

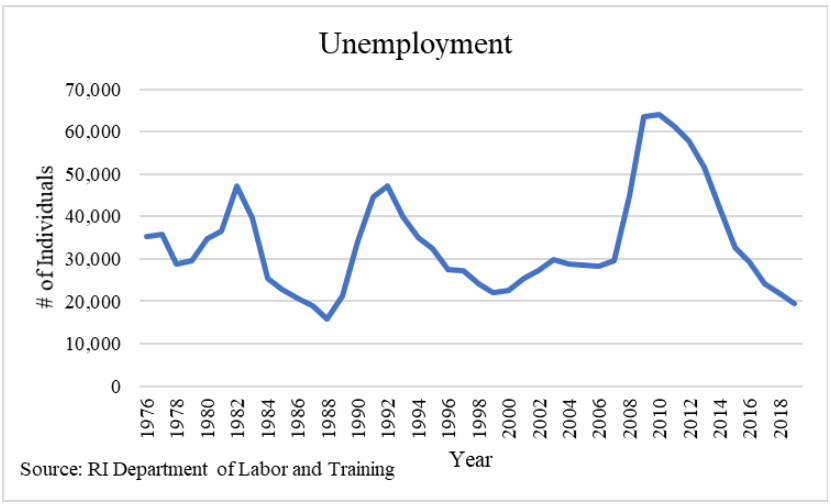
Using seasonally adjusted data as reported each August (most recent month available), the charts on this page track labor force, employment, and unemployment data from 1976 to 2019. In this period, the number of people in Rhode Island's labor force grew from 437,500 to 554,427, an addition of 116,927 individuals, or 26.7 percent. However, Rhode Island's 2019 labor force had 18,721 fewer individuals than at its height of 573,148 in 2006, a 3.3 percent decline.

The number of individuals counted as employed in the Ocean State expanded from 401,806 in 1976 to 534,587 in 2019, an increase of 33.0 percent. Nominal employment in Rhode Island was 1.9 percent lower in 2019 than it was at its four-decade high in 2006.*

Between 1976 and 2019, the largest number of unemployed individuals in Rhode Island was 63,914 in 2010, while the lowest unemployment figure was 16,138 in 1988. In August 2019, 19,840 Rhode Islanders were unemployed, which is 69.0 percent lower than in 2010 and 22.9 percent higher than in 1988.







*Employment figures based on total employment.

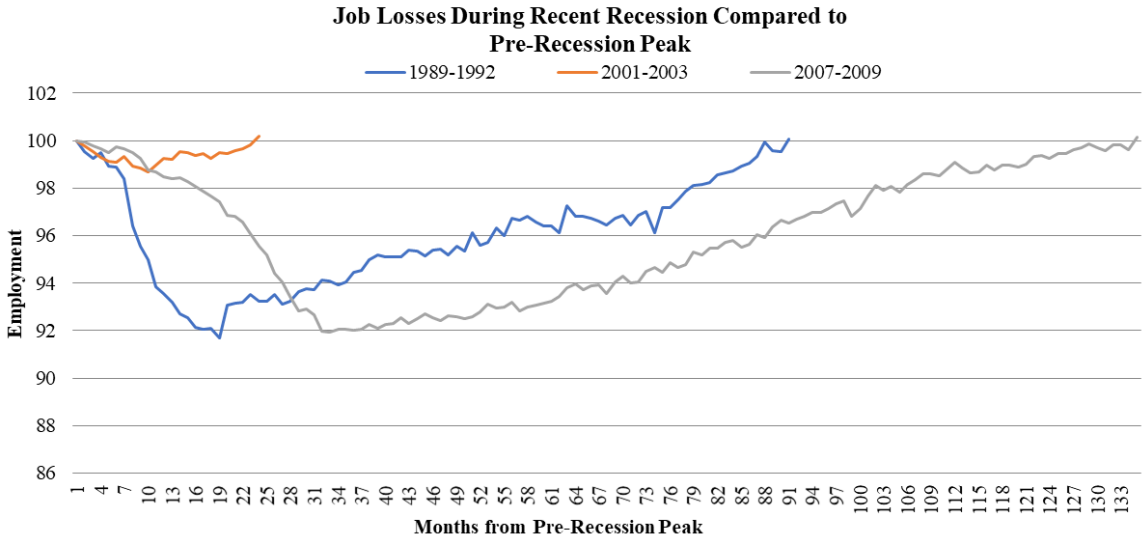
Employment

RI Job Losses During Recessions

Recession	Peak Job Count	Trough Job Count	Change #	Change %	Peak Unemploy. Rate	Date of Job Recoupment	Peak-Trough Months Duration	Trough-Peak Months to Recoup Jobs	Peak-Peak Months Duration
1974-1975	370,500 June '74	344,800 Apr. '75	-25,700	-6.9%	13.0%	Nov. '76	10	19	29
1981-1982	404,500 April '81	384,100 Dec. '82	-20,400	-5.0%	9.5%	Jan. '84	20	13	33
1989-1992	467,100 June '89	416,200 Dec. '91	-50,900	-10.9%	8.9%	Sept. '99	30	93	123
2001-2003	482,000 Feb. '01	475,700 Nov. '01	-6,300	-1.3%	5.5%	Jan. '03	9	14	23
2007-2009	495,500 Dec. '06	455,500 Aug '09	-40,000	-8.1%	11.9%	Feb. '18	32	102	134

NOTE: The most recent national recession began in December 2007 and ended in June 2009
SOURCE: US Bureau of Labor and Statistics; RI DLT; RIPEC calculations

Rhode Island lost 40,000 jobs* during the 2007 recession and had a peak unemployment rate higher than at any point since the 1974 recession.** It ultimately took Rhode Island far longer to recoup the jobs it lost in its most recent recession compared to the economic downturns of 1974, 1981, 1989, and 2001. Indeed, Rhode Island did not reach pre-recession employment levels until February 2018, a span of 134 months, or a little more than eleven years. The chart below visualizes the length of time it took to achieve pre-recession job figures by indexing pre-recession peak job counts in 1989, 2001, and 2007 to 100.



SOURCE: US Bureau of Labor Statistics; RI DLT: RIPEC calculations

* Job count figures based on total nonfarm wage and salary employment.
** Data prior to 1974 were not available.

Employment

Labor Supply and Demand, Q2 2019

	EmployRI Postings*	Unemployed Claimants**	Claimants/ Postings
Construction & extraction	121	474	3.9
Office & administrative support	1,013	1,070	1.1
Production	651	652	1.0
Transportation & material moving	584	582	1.0
Building & grounds cleaning & maintenance	199	161	0.8
Installation, maintenance & repair	271	194	0.7
Life, physical & social science	108	70	0.7
Arts, design, entertainment., sports, & media	218	137	0.6
Business & financial operations	474	277	0.6
Education, training & library	244	151	0.6
Food preparation & serving related	887	538	0.6
Personal care & service	240	142	0.6
Healthcare support	480	197	0.4
Management	1,388	506	0.4
Protective service	153	67	0.4
Sales & related	1,172	483	0.4
Community & social services	321	12	0.3
Computer & mathematical	831	191	0.2
Architecture & engineering	481	70	0.1
Healthcare practicioner & technical	1,549	142	0.1
Total	**11,468**	**6,631**	
Average			**0.6**

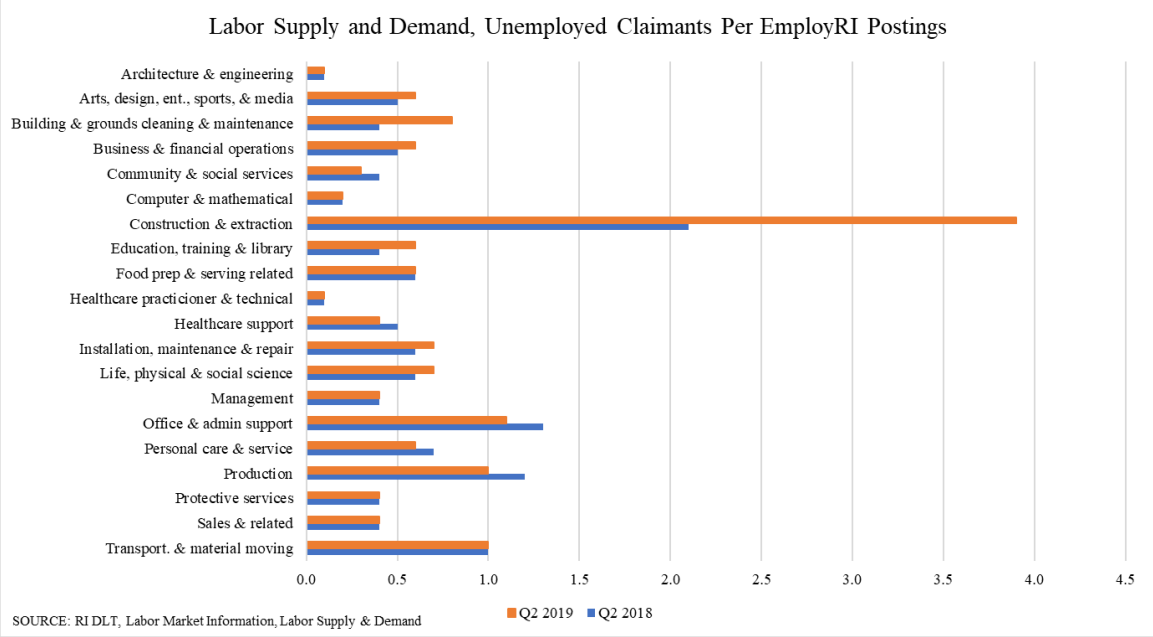
*Total postings do not reflect sum of above categories due to postings outside major occupational groups
** Jobs posted during the 90 days prior to June 30, 2019, and still open as of June 30, 2019
*** Individuals receiving benefits in for the week ending June 16, 2019
SOURCE: RI DLT, Labor Market Information, Labor Supply & Demand

Labor Supply and Demand, Q2 2018

	EmployRI Postings*	Unemployed Claimants**	Claimants/ Postings
Construction & extraction	145	309	2.1
Office & administrative support	968	1,210	1.3
Production	614	746	1.2
Transportation & material moving	526	506	1.0
Building & grounds cleaning & maintenance	292	131	0.4
Installation, maintenance & repair	274	167	0.6
Life, physical & social science	102	58	0.6
Arts, design, entertainment., sports, & media	249	130	0.5
Business & financial operations	620	297	0.5
Education, training & library	328	138	0.4
Food preparation & serving related	829	492	0.6
Personal care & service	196	131	0.7
Healthcare support	405	213	0.5
Management	1,298	492	0.4
Protective service	131	50	0.4
Sales & related	1,256	473	0.4
Community & social services	278	105	0.4
Computer & mathematical	1,025	155	0.2
Architecture & engineering	421	53	0.1
Healthcare practicioner & technical	1,824	235	0.1
Total	**11,877**	**6,680**	
Average			**0.6**

*Total postings do not reflect sum of above categories due to postings outside major occupational groups
** Jobs posted during the 90 days prior to June 30, 2018, and still open as of June 30, 2018
*** Individuals receiving benefits in for the week ending June 16, 2018
SOURCE: RI DLT, Labor Market Information, Labor Supply & Demand

EmployRI is an online career center that offers job seekers and employers the opportunity to find or post positions in the Ocean State. In Q2 2019, there were 11,468 job postings on EmployRI and 6,631 unemployed claimants in Rhode Island, or 0.6 claimants per job posting. Numbers in Q2 2018 were similar, with 0.6 claimants per posting. Claimants per posting are an indication of labor supply and demand. In Q2 2018 and Q2 2019, construction and extraction occupations and office and administrative support occupations had the highest claimants per posting, while healthcare practitioner and technical occupations and architecture and engineering occupations had the lowest claimants per posting. For most occupational fields, there were more postings than claimants, indicating an insufficient labor supply to meet employer demand.



Employment

Comparing the educational attainment of unemployment claimants to the education requirements for jobs posted to EmployRI helps illustrate gaps between worker supply and demand.* In Q2 2019, There were 0.4 unemployment claimants with bachelor's degrees per job posting requiring a bachelor's degree. There was similar disparity in terms of claimants with associate degrees (0.3 claimants per posting), high school degrees/General Education Development (GED) certificates (0.8 claimants per posting), and less than a high school degree (0.3 claimants per posting). This indicates a tight labor market at most education levels. In contrast, Rhode Island had more advanced degree holder claimants than postings requiring an advanced degree in Q2 2019, with 1.4 claimants per posting.

The same trends were apparent in Q2 2018. In that quarter, there were 0.3 unemployment claimants with bachelor's per posting requiring a bachelor's degree, while there were 0.2 associate degree holders per posting, and 0.8 high school degree/GED certificate holders per posting. In further similarity to Q2 2019, in Q2 2018 there were 1.4 claimants with advanced degrees per posting.

Labor Suppy and Demand by Educational Attainment, Q2 2018

	EmployRI Postings*	Unemployed Claimants**	Claimants /Postings
Advanced Degrees	677	1,002	1.5
Bachelor's	2,031	681	0.3
Associate	1,401	307	0.2
Some College or Award	309	1,283	4.2
High School/GED	3,302	2,552	0.8
Less than High School	1,853	755	0.4
Unavailable	2,304	100	0.0
Total	**11,877**	**6,680**	
			1.1

* Jobs posted during the 90 days prior to June 30, 2019, and still open as of June 30, 2019

** Individuals receiving benefits in for the week ending June 16, 2019

SOURCE: RI DLT, Labor Market Information, Labor Supply & Demand

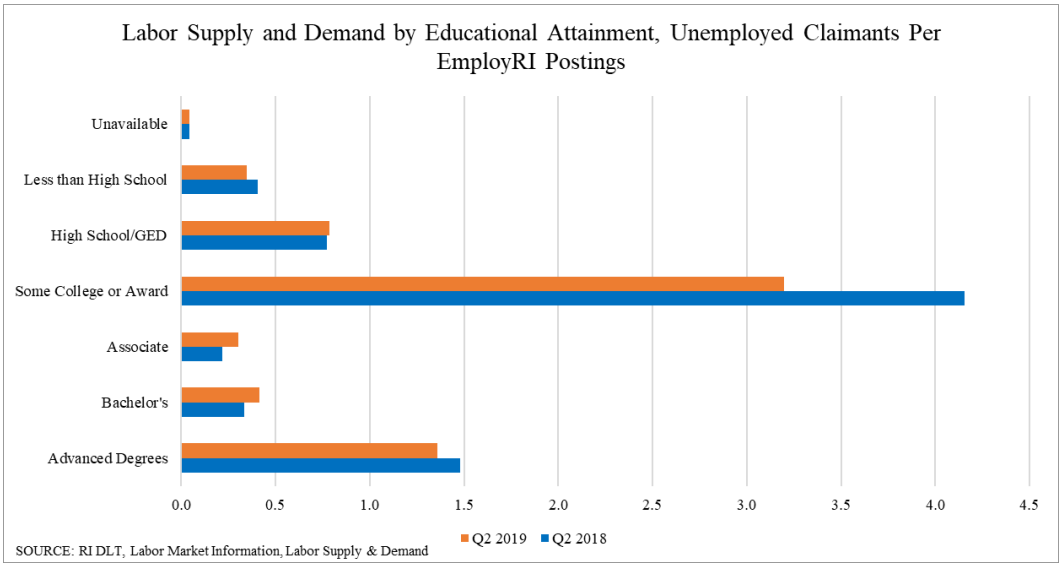
Labor Suppy and Demand by Educational Attainment, Q2 2019

	EmployRI Postings*	Unemployed Claimants**	Claimants /Postings
Advanced Degrees	722	981	1.4
Bachelor's	1,697	703	0.4
Associate	1,009	305	0.3
Some College or Award	413	1,320	3.2
High School/GED	3,257	2,560	0.8
Less than High School	1,892	656	0.3
Unavailable	2,477	106	0.0
Total	**11,468**	**6,631**	
Average			**0.9**

* Jobs posted during the 90 days prior to June 30, 2019, and still open as of June 30, 2019

** Individuals receiving benefits in for the week ending June 16, 2019

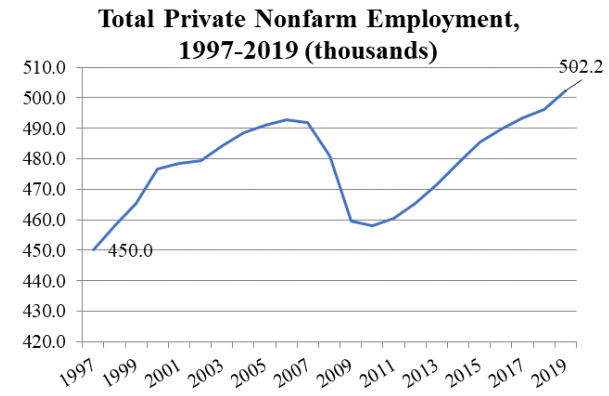
SOURCE: RI DLT, Labor Market Information, Labor Supply & Demand



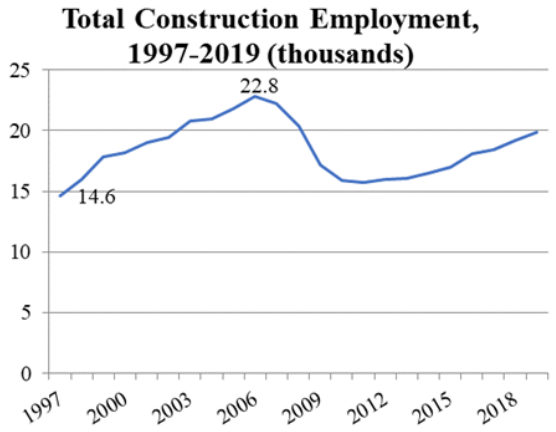
* Individuals who were not previously working are not captured in unemployment data. Therefore, recent graduates may not be represented.

Employment

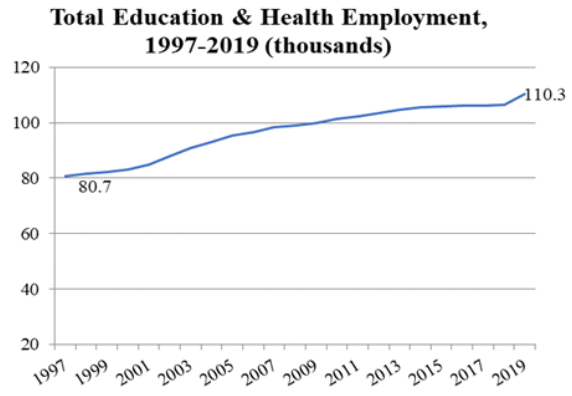
The following charts show changes in Ocean State employment by industry between 1997 and June 2019. Manufacturing and information were the only two private industries to see employment shrink in nominal terms since 1997, decreasing by 48.8 percent and 41.5 percent respectively over the period. The greatest increases in employment between 1997 and 2019 were in the leisure and hospitality industry (43.8 percent), the professional and business industry (44.3 percent), and the financial activities industry (41.3 percent). Trade, transportation, and utilities saw a comparatively modest employment increase of 8.1 percent between 1997 and 2019, and government experienced a similarly modest decrease of 2.5 percent.



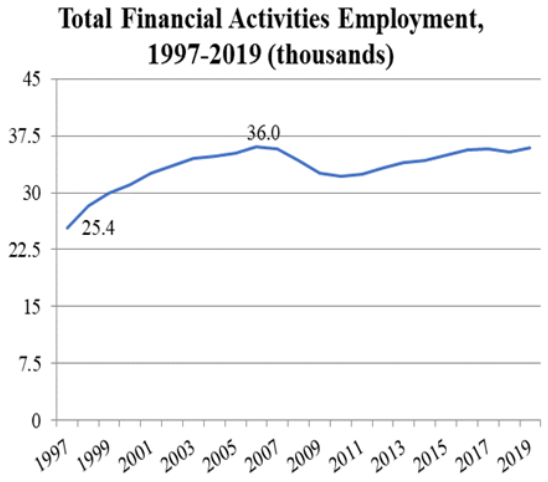
SOURCE RI Department of Labor and Training



SOURCE: RI Department of Labor and Training



SOURCE: RI Department of Labor and Training



SOURCE: RI Department of Labor and Training

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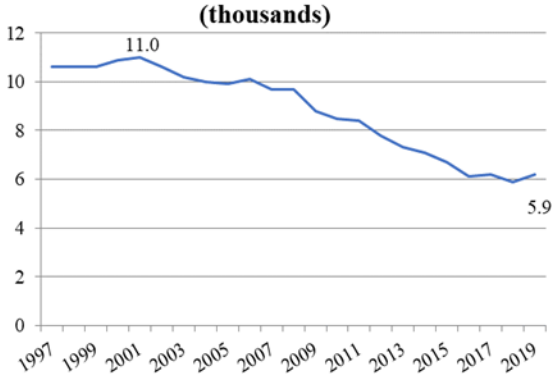
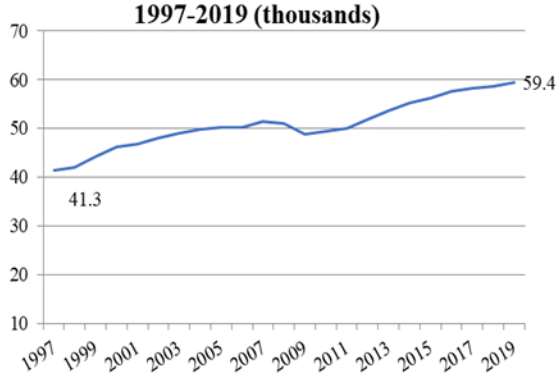
Employment

Total Information Employment, 1997-2019 (thousands)



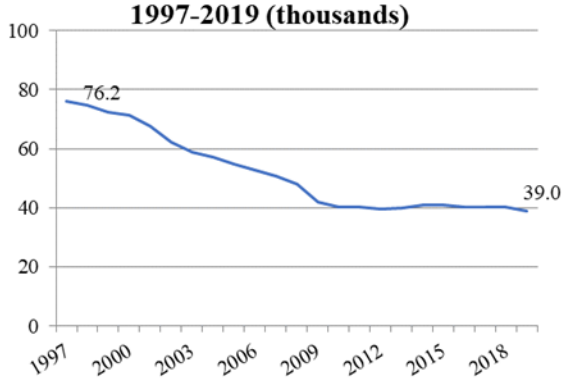
SOURCE: RI Department of Labor and Training

Total Leisure & Hospitality Employment, 1997-2019 (thousands)



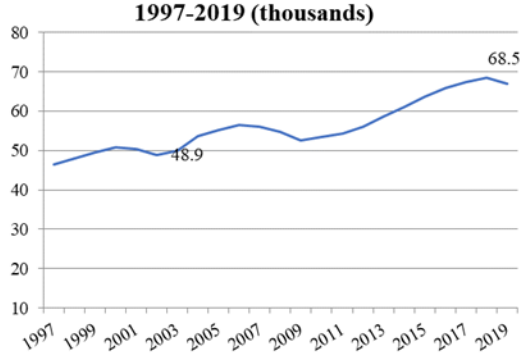
SOURCE: RI Department of Labor and Training

Total Manufacturing Employment, 1997-2019 (thousands)



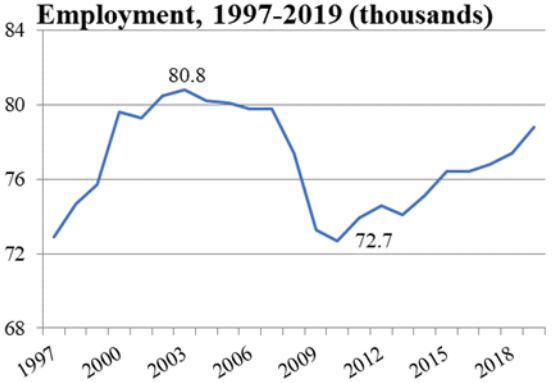
SOURCE: RI Department of Labor and Training

Total Professional & Business Employment, 1997-2019 (thousands)



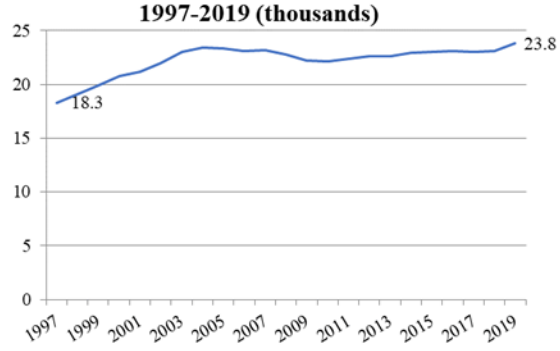
SOURCE: RI Department of Labor and Training

Total Trade, Transportation & Utilities Employment, 1997-2019 (thousands)



SOURCE: RI Department of Labor and Training

Total Other Nonfarm Private Employment, 1997-2019 (thousands)



SOURCE: RI Department of Labor and Training

Employment

Rhode Island Employment Projections by Major Occupational Group

Occupation	2016 Estimated Employment	2026 Projected Employment	Net Change	Percent Change	Share of Increase
Agriculture, Forestry, Fishing and Hunting	776	860	84	10.8%	0.3%
Mining	200	196	-4	-2.0%	0.0%
Utilities	1,081	1,087	6	0.6%	0.0%
Construction	18,134	20,401	2,267	12.5%	7.4%
Manufacturing	40,420	42,510	2,090	5.2%	6.9%
Wholesale Trade	16,484	16,893	409	2.5%	1.3%
Retail Trade	48,190	50,653	2,463	5.1%	8.1%
Transportation and Warehousing	9,939	10,748	809	8.1%	2.7%
Information	6,114	6,507	393	6.4%	1.3%
Finance and Insurance	26,572	28,120	1,548	5.8%	5.1%
Real Estate and Rental and Leasing	6,108	6,534	426	7.0%	1.4%
Professional, Scientific, and Technical Services	24,572	27,627	3,055	12.4%	10.0%
Management of Companies and Enterprises	13,378	14,213	835	6.2%	2.7%
Administrative & Support & Waste Management & Remediation Services	27,873	30,301	2,428	8.7%	8.0%
Educational Services	44,329	45,550	1,221	2.8%	4.0%
Health Care and Social Assistance	82,389	86,500	4,111	5.0%	13.5%
Arts, Entertainment, and Recreation	9,311	10,055	744	8.0%	2.4%
Accommodation and Food Services	48,204	52,761	4,557	9.5%	15.0%
Other Services (except Government)	17,951	18,751	800	4.5%	2.6%
Government	31,431	32,028	597	1.9%	2.0%
Self Employed and Unpaid Family Workers, All Jobs	46,795	48,420	1,625	3.5%	5.3%
Total, All Occupations	**520,251**	**550,715**	**30,464**	**5.9%**	

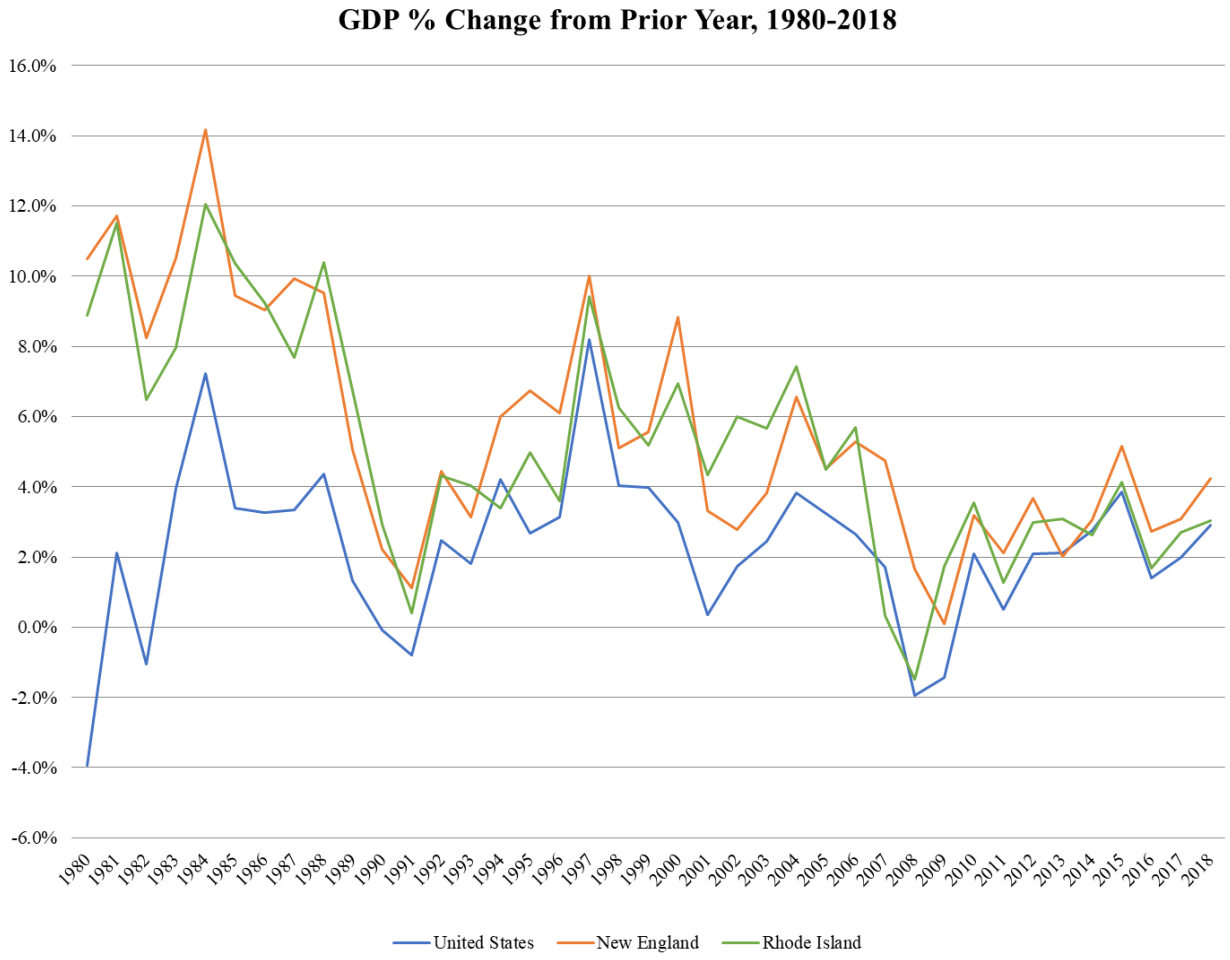
SOURCE: RI Department of Labor and Training, Employment Projections

Overall, it is projected that Rhode Island will see an increase in employment between 2016 and 2026 of 30,464 individuals, or 5.9 percent. When broken down by industry, every category of profession except for mining is projected to experience a nominal increase (mining is projected to decrease by 2.0 percent, or four jobs).

The largest share of the overall increase during this period is projected to be in accommodation and food services occupations, which are projected to increase by 9.5 percent and comprise 15.0 percent of the overall state increase. The second-largest increase in terms of share of state-wide job growth is projected to be in health care and social assistance professions, which are expected to increase by 5.0 percent and comprise 13.5 percent of the state's overall increase. Both fields also account for the largest expected nominal increases in employment over the period: 4,557 jobs in accommodation and food services and 4,111 jobs in health care and social assistance.

The largest percentage change in employment is projected to be in the construction and professional, scientific, and technical services industries, which are projected to increase by 12.5 and 12.4 percent, respectively. Additionally, the projected increase in professional, scientific, and technical services occupations represents the third-largest nominal increase (3,055 jobs) over the decade.

GDP



NOTE: Pre-1997 is SIC data, 1997 and forward is NAICS
SOURCE: Bureau of Economic Analysis; RIPEC calculations

GDP is a measure of the total economic output, or the value of goods and services produced, of a geographic region.* Between 1979 and 2018, Rhode Island's GDP grew at an average annual rate of 5.2 percent. During the same four decades, New England saw an annual average growth rate of 5.6 percent and the United States grew at an annual average rate of 2.3 percent. Between 2008 and 2018 the Ocean State's GDP grew at an average annual rate of 2.5 percent, while New England's GDP grew at an average rate of 3.1 percent, and the United States averaged an increase of 1.6 percent per annum.

The last time Rhode Island's GDP shrunk was in 2008, when it contracted by 1.5 percent from the previous year.

* See Bureau of Economic Analysis, "Gross Domestic Product."

GDP

Per Capita GDP, 1990-2018

CY	Nominal ($ current)			Real ($ 2018)			% Change (Real)		
	US	NE	RI	US	NE	RI	US	NE	RI
1990	$26,593	$30,607	$25,782	$50,968	$58,661	$49,414	-5.0%	-7.2%	-6.8%
1991	26,199	29,764	24,741	48,185	54,742	45,504	-5.5%	-6.7%	-7.9%
1992	26,620	30,199	25,054	47,529	53,919	44,733	-1.4%	-1.5%	-1.7%
1993	26,807	30,118	25,272	46,472	52,211	43,811	-2.2%	-3.2%	-2.1%
1994	27,699	31,026	25,475	46,819	52,443	43,060	0.7%	0.4%	-1.7%
1995	28,313	32,184	26,108	46,538	52,901	42,914	-0.6%	0.9%	-0.3%
1996	29,220	33,381	26,454	46,651	53,295	42,235	0.2%	0.7%	-1.6%
1997	42,260	47,267	39,166	65,957	73,772	61,128	41.4%	38.4%	44.7%
1998	43,640	48,725	40,526	67,066	74,881	62,281	1.7%	1.5%	1.9%
1999	45,192	50,463	41,499	67,951	75,876	62,398	1.3%	1.3%	0.2%
2000	46,537	53,727	43,080	67,698	78,157	62,669	-0.4%	3.0%	0.4%
2001	46,539	54,070	43,436	65,827	76,480	61,438	-2.8%	-2.1%	-2.0%
2002	46,912	54,275	44,664	65,322	75,575	62,192	-0.8%	-1.2%	1.2%
2003	47,841	55,289	46,086	65,131	75,271	62,742	-0.3%	-0.4%	0.9%
2004	49,201	57,415	48,003	65,245	76,138	63,657	0.2%	1.2%	1.5%
2005	50,463	58,408	48,989	64,726	74,917	62,835	-0.8%	-1.6%	-1.3%
2006	51,405	59,669	50,342	63,874	74,142	62,553	-1.3%	-1.0%	-0.4%
2007	51,874	60,754	49,264	62,672	73,400	59,518	-1.9%	-1.0%	-4.9%
2008	51,315	60,601	47,817	59,704	70,508	55,634	-4.7%	-3.9%	-6.5%
2009	49,577	59,066	47,657	57,888	68,967	55,646	-3.0%	-2.2%	0.0%
2010	50,428	60,250	48,833	57,931	69,214	56,099	0.1%	0.4%	0.8%
2011	50,840	60,337	48,664	56,617	67,193	54,194	-2.3%	-2.9%	-3.4%
2012	51,603	60,948	48,968	56,300	66,496	53,425	-0.6%	-1.0%	-1.4%
2013	52,191	60,624	49,364	56,111	65,177	53,072	-0.3%	-2.0%	-0.7%
2014	53,080	60,843	49,439	56,175	64,390	52,321	0.1%	-1.2%	-1.4%
2015	54,208	62,341	50,184	57,296	65,892	53,043	2.0%	2.3%	1.4%
2016	54,660	62,928	50,125	57,051	65,681	52,318	-0.4%	-0.3%	-1.4%
2017	55,515	63,556	50,549	56,738	64,956	51,663	-0.5%	-1.1%	-1.3%
2018	56,749	64,600	50,827	56,749	64,600	50,827	0.0%	-0.5%	-1.6%

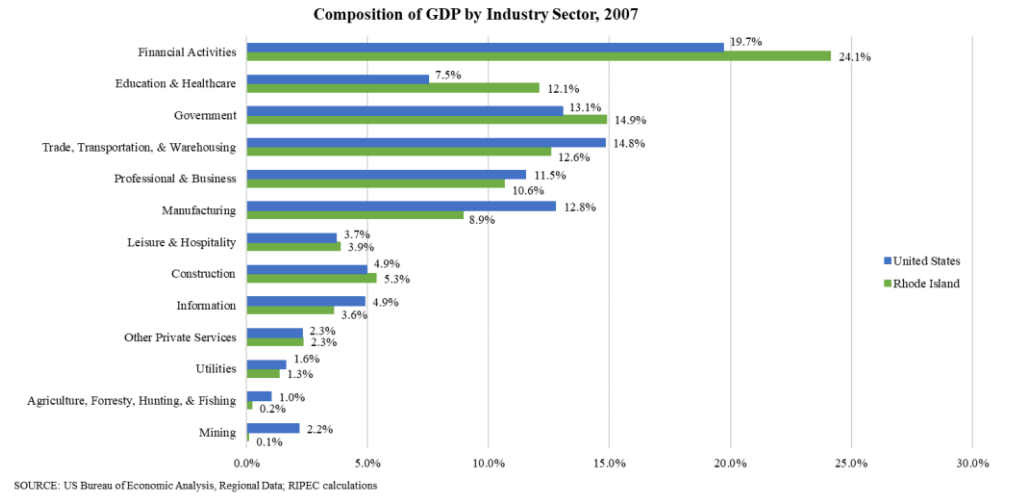
NOTE: Pre-1997 data uses the SIC system, 1997-forward uses NAICS

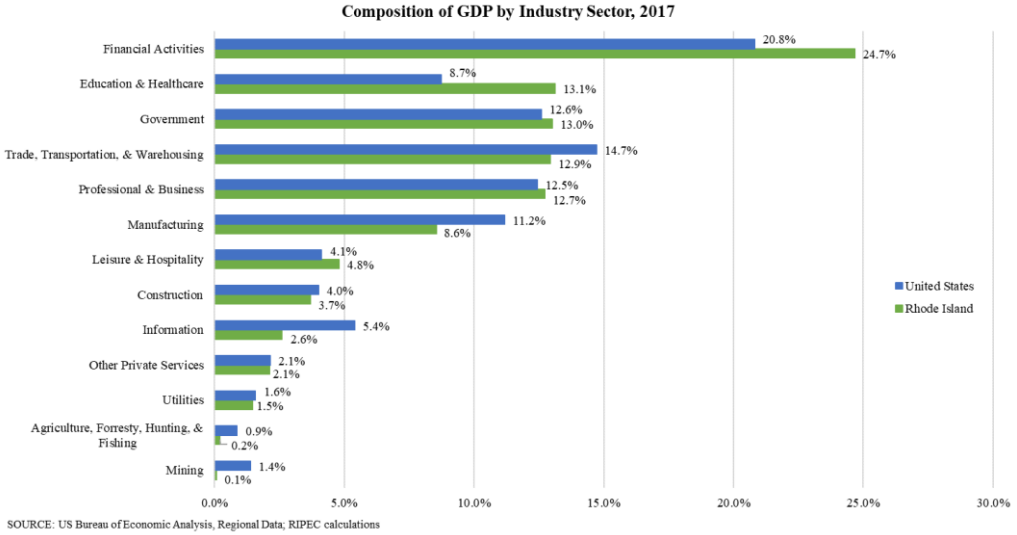
SOURCE: US Bureau of Economic Analysis; Federal Reserve Bank of Minneapolis; RIPEC calculations

In general, Rhode Island's per capita GDP has been lower than the national and regional average since 1990. Between 1990 and 2018, real per capita GDP grew at an average annual rate of 0.2 percent, compared to a 0.3 percent growth rate in New England and a 0.4 percent growth rate in the United States as a whole.

Except for 2015, both Rhode Island and the New England region have seen decline in real dollar per capita GDP since 2010, with 2018 data showing a decrease of 1.6 percent in Rhode Island's per capita GDP in comparison to the previous year (2017). In the same year, New England's per capita GDP decreased by 0.5 percent and the United States' per capita GDP remained flat.

GDP

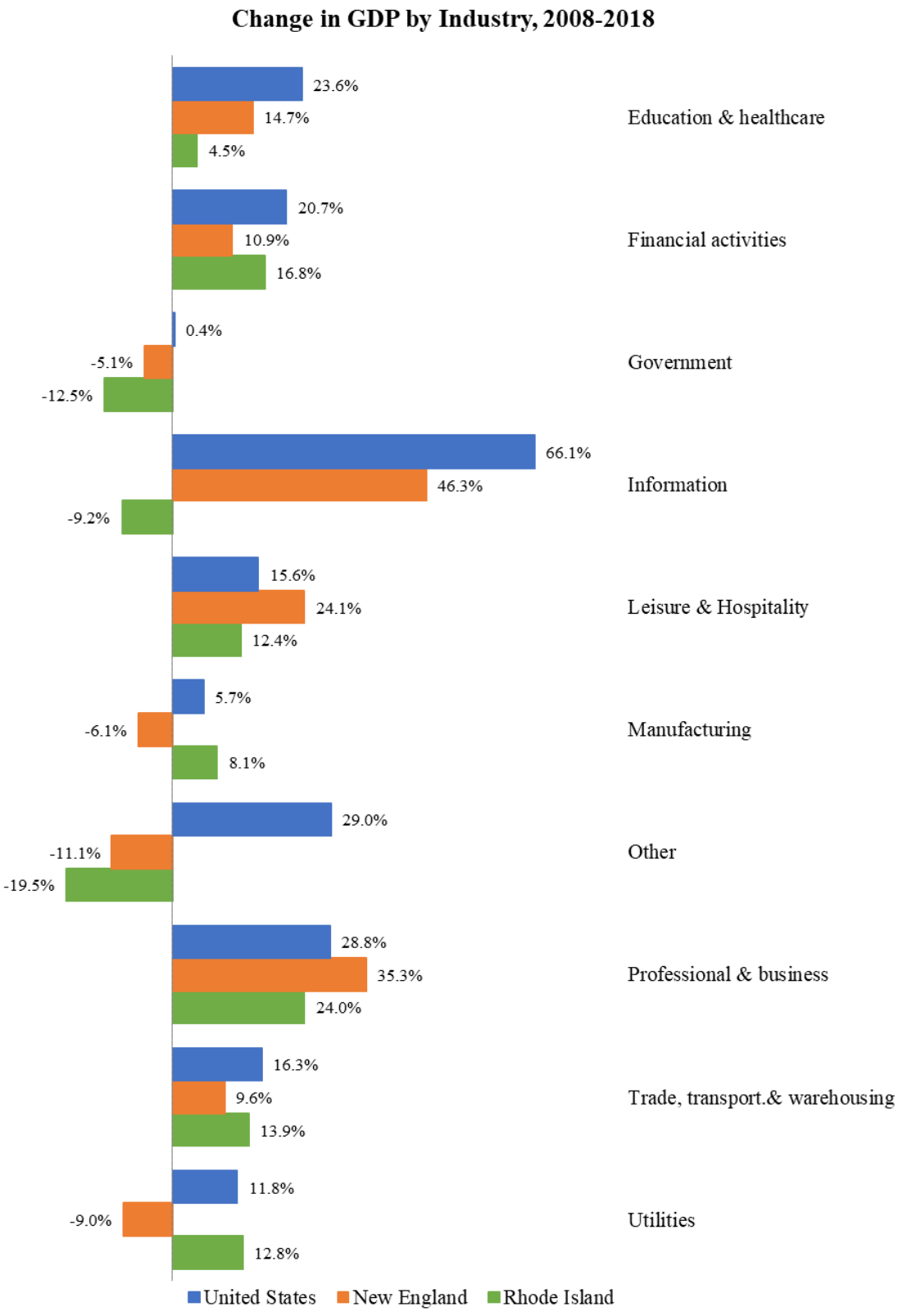




The composition of Rhode Island GDP by industry sector provides a snapshot of how industries contribute to state GDP. In 2017, financial activities comprised nearly a quarter—24.7 percent—of the Ocean State's GDP, a proportion that is consistent with 2007 and is larger than the 20.8 percent slice that financial activities made up nationwide in 2017. In terms of GDP, education and healthcare was the second leading industry (13.1 percent), and government was the third (13.0 percent). In similarity to national trends, education and healthcare expanded its portion of GDP from 2007 to 2017 and the government portion shrank by almost 2.0 percentage points. In 2007 and 2017, both education and healthcare and government GDP made up a larger percentage of Rhode Island's GDP than those sectors did nationwide. The industry sectors contributing the least to Rhode Island's GDP in 2017 were utilities (1.5 percent), agriculture, forestry, hunting, and fishing (0.2 percent), and mining (0.1 percent).

In addition to government, the other industries that contributed a smaller percentage to state GDP in 2017 when compared to 2007 include manufacturing and construction, both of which saw similar declines nationwide.

GDP

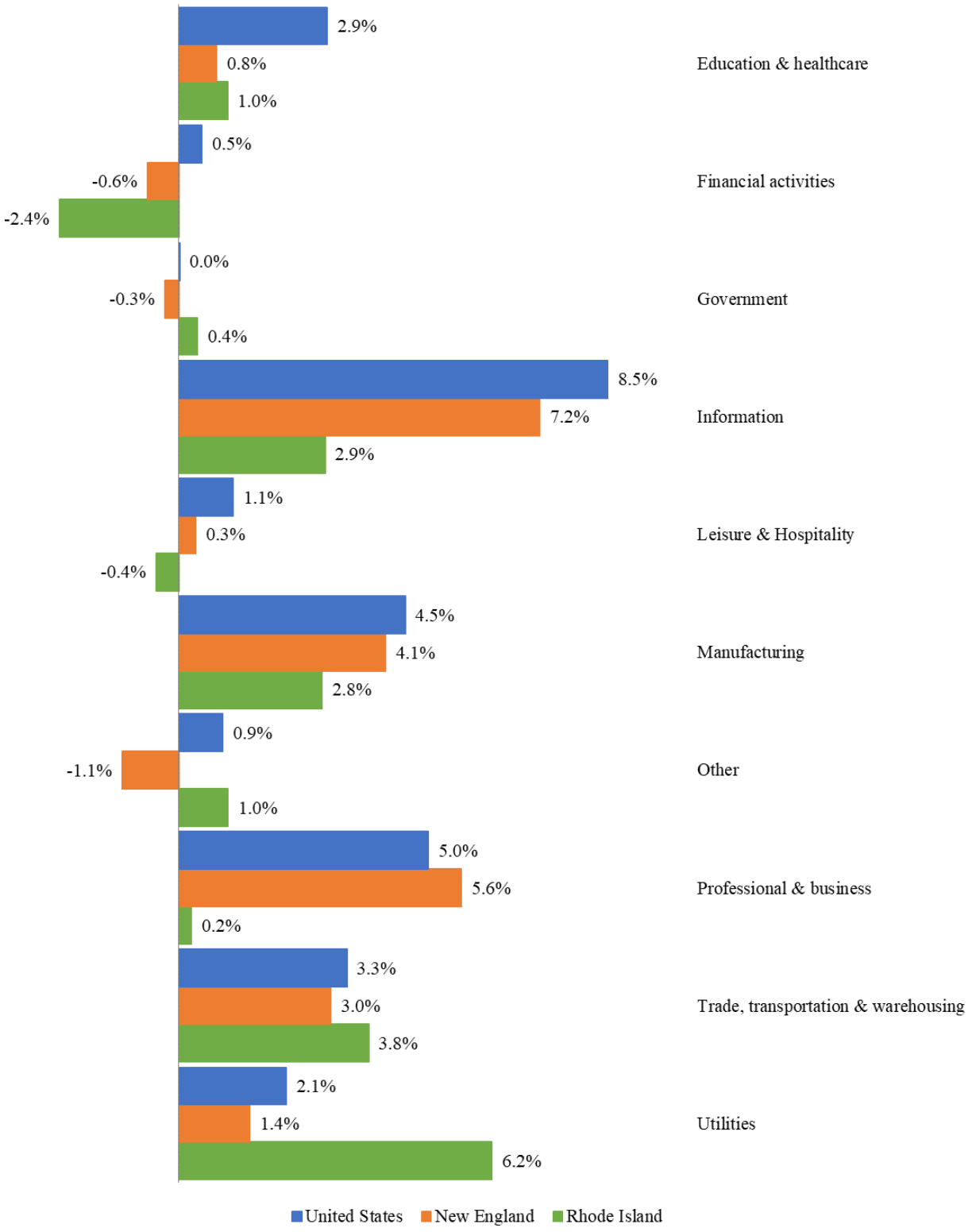


SOURCE: Bureau of Economic Analysis; RIPEC calculations

* NOTE: 2018 construction GDP data are not available for Rhode Island.

GDP

Change in GDP by Industry, 2017-2018

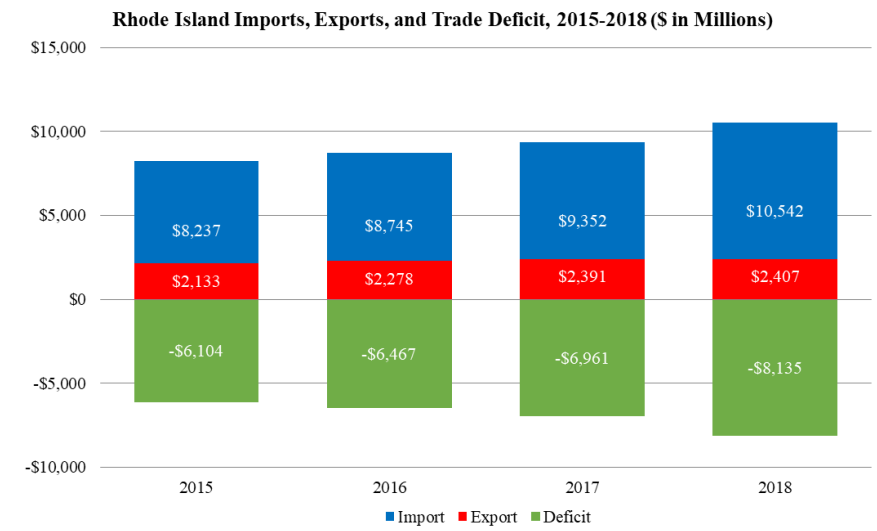


SOURCE: Bureau of Economic Analysis; RIPEC calculations

*NOTE: 2018 construction GDP data are not available for Rhode Island.

Trade

From 2015 to 2018, Rhode Island saw an increase in both trade imports and exports.* Since 2015, the value of imports has increased by 28.0 percent, while the value of exports grew only 12.8 percent. The trade deficit increased by 33.3 percent over the same period, revealing a widening gap between what Rhode Island imported and what it exported. It is worth noting, however, that the Ocean State may or may not be an import's final destination. For instance, a shipment of goods may arrive from abroad to Quonset before being sent to other states for sale, but regardless of where the goods are finally sold, the entire shipment is counted as a Rhode Island import.



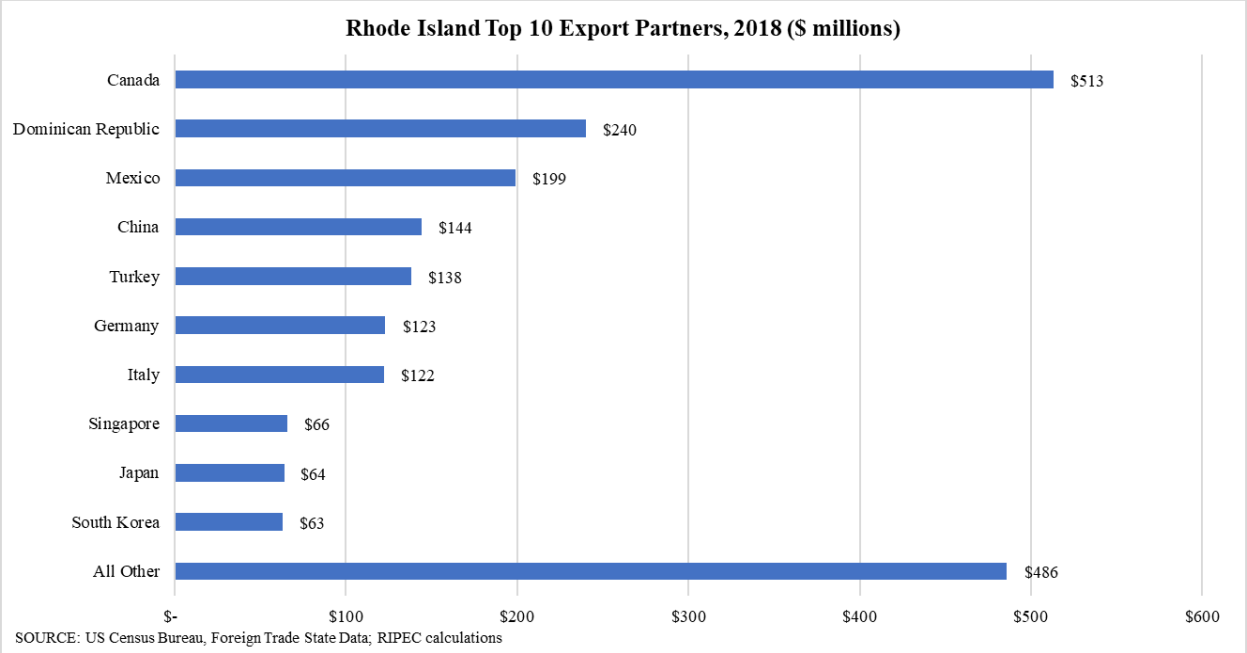
SOURCE: US Census Bureau, Foreign Trade State Data

In 2015, international exports declined in the United States, New England, and Rhode Island by a respective 7.3, 6.8, and 10.7 percent. However, in 2016 the U.S. and New England continued to experience a decline in international exports (by 3.5 and 0.1 percent, respectively), while Rhode Island's international exports expanded by 6.8 percent. In 2017 and 2018, Rhode Island imports grew at a slower rate than in New England and the United States; In 2017, Rhode Island's exports increased by 5.0 percent and in 2018 they grew by 0.6 percent. In comparison, New England's exports increased by 5.4 percent in 2017 and 4.8 percent in 2018, and the United States' exports expanded by 6.5 and 7.7 percent in the same years.

SOURCE: International Trade Administration; RIPEC calculations

* The U.S. Census Bureau's Trade Definitions define imports and exports exclusively in terms of goods (and not services).

Trade



In 2018, Rhode Island's top export partner was Canada, followed by the Dominican Republic, Mexico, China, and Turkey. The Ocean State exported $513 million to Canada in 2018, more than double the value of goods exported to the Dominican Republic ($240 million) and Mexico ($199 million).

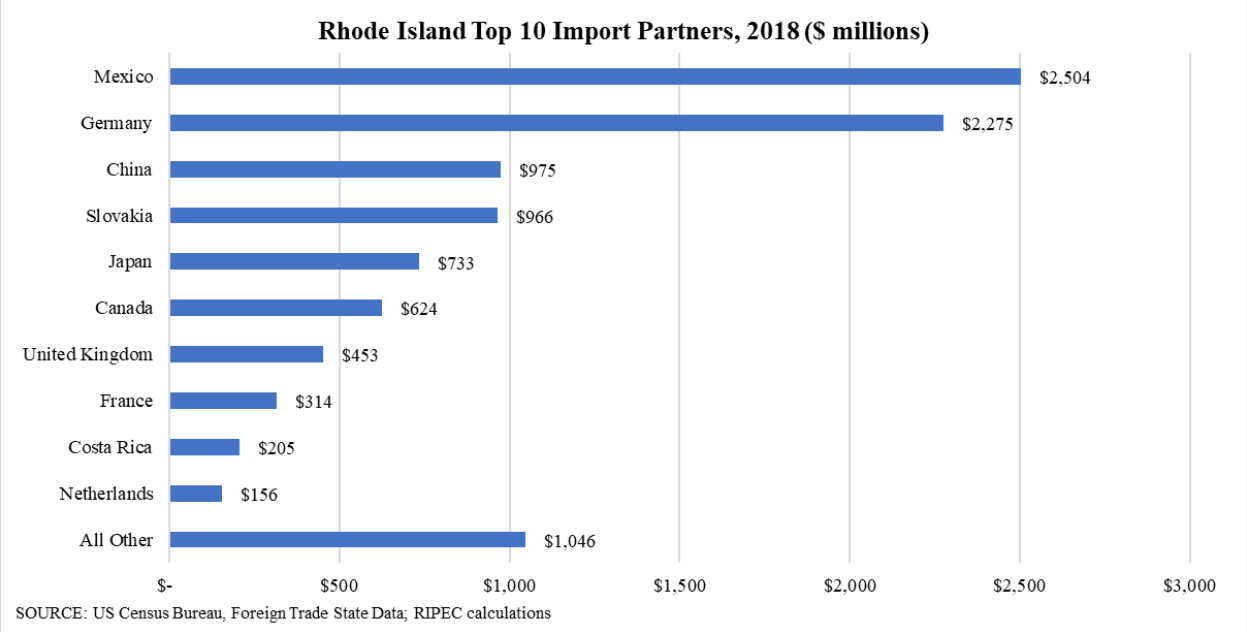
The value of Rhode Island exports to Canada increased by 4.1 percent between 2017 and 2018 but declined by 3.4 percent between 2015 and 2018. Except for Japan— to which the value of Rhode Island exports fell by 3.0 percent between 2015 and 2018—the value of exports to Rhode Island's remaining top 10 export partners grew in this period. Notably, the value of Ocean State exports to the Dominican Republic expanded by 158.1 percent between 2015 and 2018, while exports to South Korea grew by 117.2 percent, and exports to Italy expanded by 56.4 percent.

Rhode Island Top 10 Export Partners, 2015-2018 ($ millions)

Rank	Country	Value				% Change 2015-18
		2015	2016	2017	2018	
1	Canada	$531	$531	$493	$513	-3.4%
2	Dominican Republic	93	154	230	240	158.1%
3	Mexico	181	209	221	199	9.9%
4	China	130	163	166	144	10.8%
5	Turkey	132	64	125	138	4.5%
6	Germany	108	96	120	123	13.9%
7	Italy	78	86	114	122	56.4%
8	Singapore	64	86	84	66	3.1%
9	Japan	66	92	68	64	-3.0%
10	South Korea	29	37	55	63	117.2%

SOURCE: US Census Bureau, values in 2018 dollars

Trade



In 2018, Mexico was Rhode Island's top import partner, sending $2,504 million in goods to the Ocean State. As Rhode Island's second-largest import partner, Germany closely followed Mexico in 2018; Rhode Island imported $2,275 million in German goods that year, more than twice as much as the $975 million in goods imported from China, Rhode Island's third-largest import partner.

The value of Rhode Island imports from Mexico increased between 2015 and 2018 by 106.3 percent. Likewise, the value of imports from Slovakia and France more than doubled in this period, respectively increasing by 178.4 percent and 101.3 percent. The value of imports to Rhode Island from Japan increased at a far higher rate than imports from any other nation: 1,459.6 percent. In contrast, between 2015 and 2018 there was a decrease in the value of Rhode Island imports from Germany (3.5 percent), China (17.9 percent), the United Kingdom (14.2 percent), and the Netherlands (7.7 percent).

Rhode Island Top 10 Import Partners, 2015-2018 ($ millions)

Rank	Country	Value				% Change, 2015-18
		2015	2016	2017	2018	
1	Mexico	$1,214	$1,151	$2,224	$2,504	106.3%
2	Germany	2,358	2,257	1,867	2,275	-3.5%
3	China	1,188	1,185	918	975	-17.9%
4	Slovakia	347	485	550	966	178.4%
5	Japan	47	842	699	733	1459.6%
6	Canada	432	405	580	624	44.4%
7	United Kingdom	528	540	611	453	-14.2%
8	France	156	333	317	314	101.3%
9	Costa Rica	183	148	198	205	12.0%
10	Netherlands	169	57	87	156	-7.7%

SOURCE: US Census Bureau, values in 2018 dollars

Trade

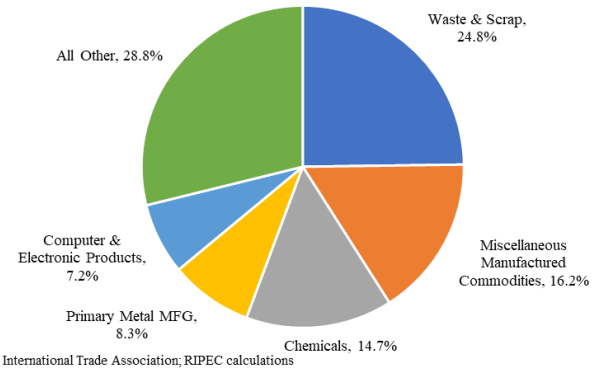
The North American Industry Classification System (NAICS) is the standard taxonomy used by federal statistical agencies in order to collect, analyze, and publish economic and business data. It was jointly developed by the United States, Canada, and Mexico to enable comparable business statistics and was adopted in 1997.*

In 2018, Rhode Island's largest international export was waste and scrap, accounting for 24.8 percent of exports overall. The state's second largest export, miscellaneous manufactured commodities, comprised 16.2 percent of Ocean State exports. The third, fourth, and fifth largest categories of products exported in 2018 were chemicals (14.7 percent), primary metal manufacturing (8.3 percent), and computer and electronic products (7.2 percent).

In contrast, computer and electronic products accounted for the largest share of New England exports in 2018 (22.0 percent). The second-largest share is attributed to transportation equipment (17.4 percent), followed by non-electrical machinery (13.1 percent), chemicals (9.3 percent), and miscellaneous manufactured commodities (7.1 percent).

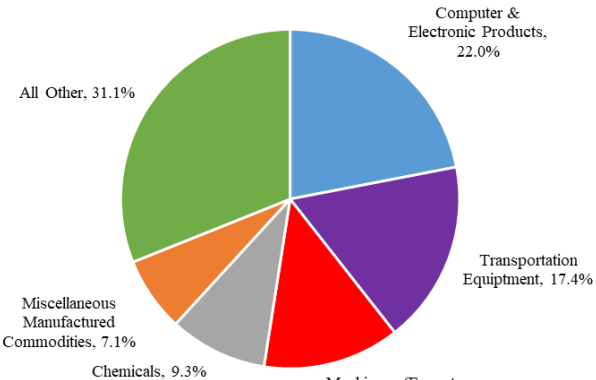
For the United States as a whole, transportation equipment comprised the largest share of exports in 2018 (17.2 percent), followed by computer and electronic products (12.8 percent), chemicals (12.5 percent), non-electrical machinery (8.6 percent), and petroleum and coal products (6.3 percent).

Top 5 Rhode Island Exports by NAICS Code, 2018



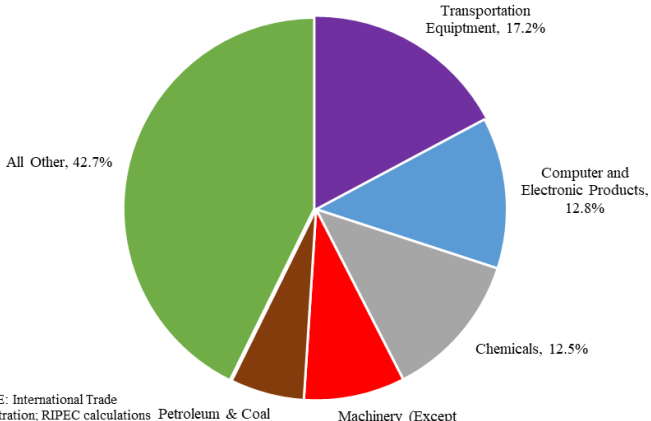
SOURCE: International Trade Association; RIPEC calculations

Top 5 New England Exports by NAICS Code, 2018



SOURCE: International Trade Administration; RIPEC

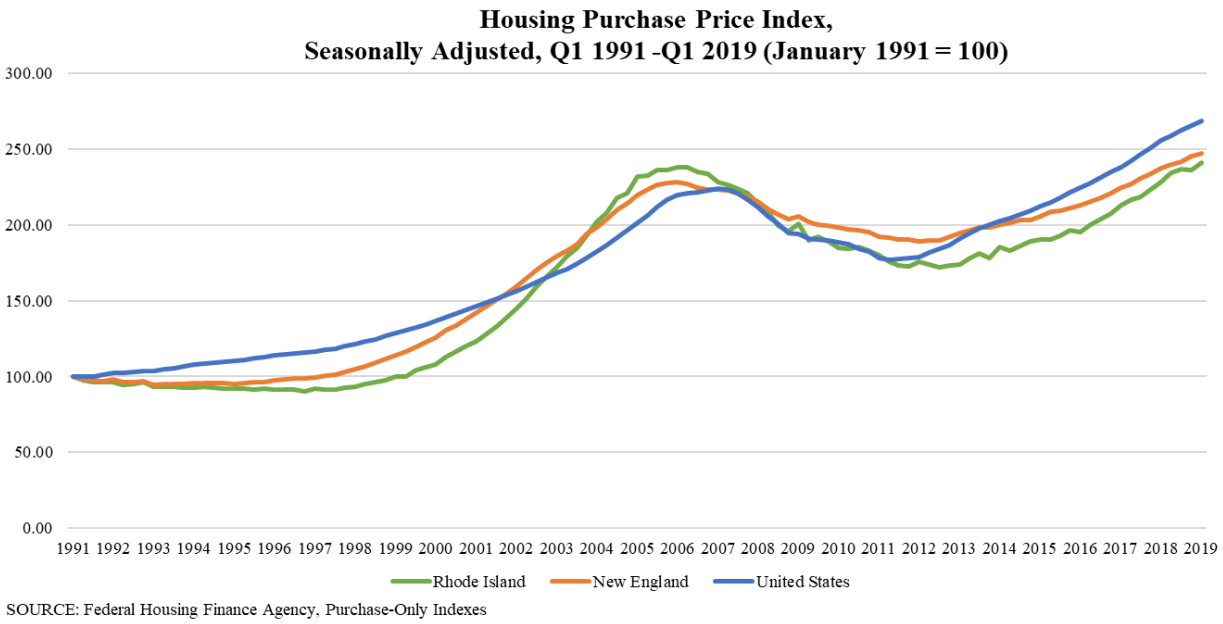
Top 5 United States Exports by NAICS Code, 2018



SOURCE: International Trade Administration; RIPEC calculations

* See U.S. Census Bureau, "Introduction to NAICS."

Housing



SOURCE: Federal Housing Finance Agency, Purchase-Only Indexes

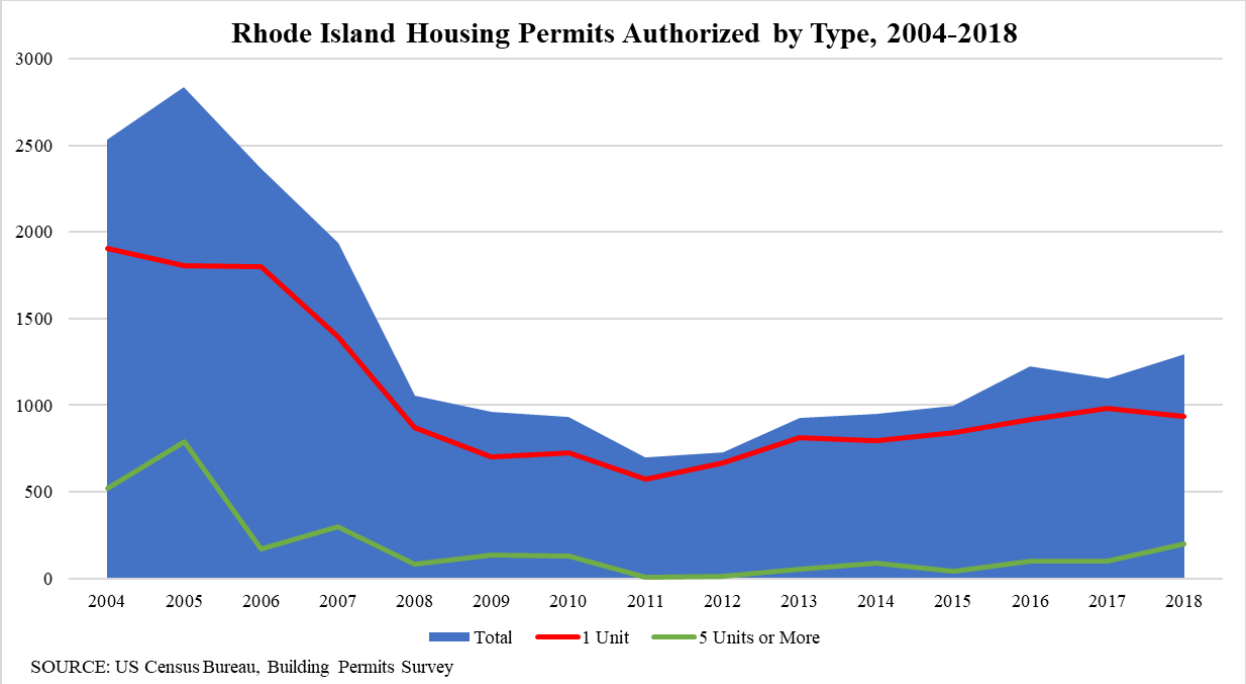
The United States Federal Housing Finance Agency (FHFA) calculates a seasonally adjusted housing price index (HPI), which is indexed to housing prices in January 1991. The HPI is calculated using home sales price information from mortgages that were sold to, or else guaranteed by, Fannie Mae and Freddie Mac. It measures the movement of single-family home prices and is used to estimate changes in mortgage default rates, prepayment rates, and housing affordability.*

Residential property values in Rhode Island contracted significantly with the economic recession of 2007-2009 but have been climbing since 2013. Based on the HPI, Rhode Island housing prices expanded by 40.1 percent between the most recent market trough in Q3 2012 and current market peak in Q1 2019. However, from the state's pre-recession peak in residential property values in Q2 2006 to present, values have only grown by 1.2 percent.

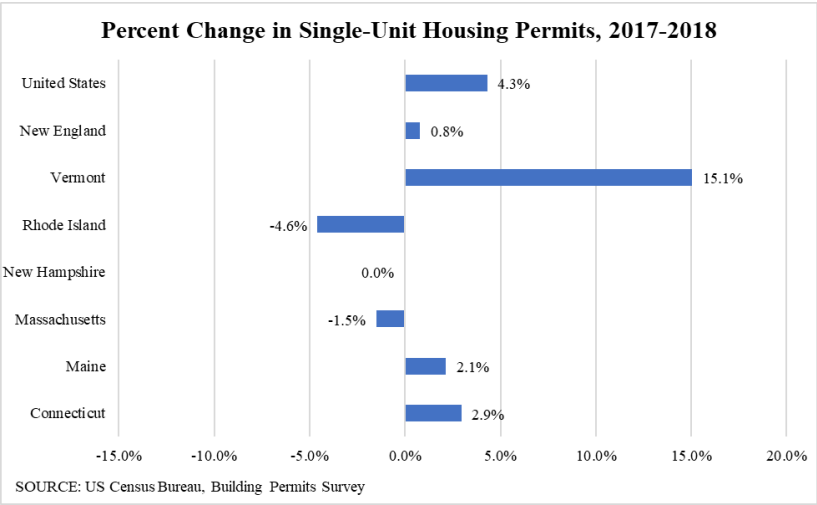
In contrast, the United States' residential property values rose by 51.8 percent trough-to-peak (or current), and from its pre-recession peak to present, values rose by 19.9 percent. New England's trough-to-peak residential property values expanded 30.9 percent. From its pre-recession peak to present, residential property values in New England expanded 8.5 percent.

* See United States Federal Housing Finance Agency, "Housing Price Index Frequently Asked Questions."

Housing



The Building Permits Survey, conducted by the United States Census Bureau, provides data regarding the number of new housing units that have been authorized by building permits.* The chart above shows housing permits authorized in Rhode Island annually from 2004 to 2018. From 2005 to 2011, Rhode Island experienced year-to-year declines in the total number of housing permits authorized, dropping from 2,836 in 2005 to 700 in 2011. Since 2011, there have been year-over-year increases in the number of housing permits authorized. However, with a total of 1,294 housing permits authorized in Rhode Island in 2018, the number of authorized permits was 48.9 percent lower than in 2004. The decline in housing permits for structures with five units or more was even greater; the number of such units authorized in 2018 was 62.0 percent lower than in 2004.



Between 2017 and 2018, the number of single-unit housing permits authorized in Rhode Island decreased by 4.6 percent. In the same year, the authorization of single-unit housing permits increased in both the United States (by 4.3 percent) and the New England region (by 0.8 percent).

* See United States Census Bureau, "Building Permits Survey: About the Surveys"

Housing

Single Family Home Sales in Rhode Island, Q2 2018 and Q2 2019

	Sales				Median Price		
	2018	2019	Change	% Change	2018	2019	% Change
Barrington	103	94	-9	-8.7%	$ 479,000	$ 477,500	-0.3%
Block Island	4	3	-1	-25.0%	1,107,500	1,100,000	-0.7%
Bristol	36	48	12	33.3%	340,000	343,500	1.0%
Burriville	42	40	-2	-4.8%	272,100	260,250	-4.4%
Central Falls	6	1	-5	-83.3%	135,167	145,000	7.3%
Chalestown	50	55	5	10.0%	402,500	415,000	3.1%
Coventry	148	150	2	1.4%	244,500	240,000	-1.8%
Cranston	217	228	11	5.1%	259,000	265,000	2.3%
Cumberland	101	132	31	30.7%	289,900	321,450	10.9%
East Greenwich	78	81	3	3.8%	442,250	509,000	15.1%
East Providence	140	138	-2	-1.4%	233,000	246,450	5.8%
East Side of Providence	63	66	3	4.8%	585,000	650,500	11.2%
Exeter	18	20	2	11.1%	400,000	340,000	-15.0%
Foster	13	15	2	15.4%	335,000	336,000	0.3%
Glocester	27	37	10	37.0%	295,000	267,500	-9.3%
Hopkinton	28	25	-3	-10.7%	324,000	295,000	-9.0%
Jamestown	21	32	11	52.4%	687,500	675,000	-1.8%
Johnston	93	88	-5	-5.4%	249,900	255,500	2.2%
Lincoln	47	66	19	40.4%	347,000	366,900	5.7%
Little Compton	11	8	-3	-27.3%	430,000	585,000	36.0%
Middletown	34	50	16	47.1%	409,500	372,250	-9.1%
Narragansett	65	74	9	13.8%	450,000	499,500	11.0%
Newport	61	71	10	16.4%	520,000	515,000	-1.0%
North Kingstown	102	91	-11	-10.8%	377,000	381,000	1.1%
North Providence	94	100	6	6.4%	238,500	240,000	0.6%
North Smithfield	46	38	-8	-17.4%	302,500	335,500	10.9%
Pawtucket	159	150	-9	-5.7%	212,500	225,500	6.1%
Portsmouth	71	78	7	9.9%	408,000	480,000	17.6%
Providence	152	158	6	3.9%	190,000	200,000	5.3%
Richmond	30	40	10	33.3%	255,500	284,950	11.5%
Scituate	42	39	-3	-7.1%	339,275	355,000	4.6%
Smithfield	54	53	-1	-1.9%	299,750	302,000	0.8%
South Kingstown	123	122	-1	-0.8%	385,000	360,000	-6.5%
Tiverton	56	50	-6	-10.7%	284,100	299,500	5.4%
Warren	31	25	-6	-19.4%	330,000	300,500	-8.9%
Warwick	338	330	-8	-2.4%	226,750	240,000	5.8%
West Greenwich	21	28	7	33.3%	355,000	389,500	9.7%
West Warwick	86	78	-8	-9.3%	233,500	228,000	-2.4%
Westerly	80	77	-3	-3.8%	342,500	324,000	-5.4%
Woonsocket	67	57	-10	-14.9%	210,000	220,000	4.8%
Rhode Island	**2958**	**3036**	**78**	**2.6%**	**$ 280,000**	**$ 292,000**	**4.3%**

SOURCE: RI Association of Realtors and State-wide Multiple Listing Service, Inc.

Housing

Statewide, single-family home sales in Rhode Island increased by 2.6 percent between Q2 2018 and Q2 2019. The median price of single-family homes increased by 4.3 percent in the same period. Of the state's 39 communities (and the east side of Providence), the number of sales increased in half of the communities while decreasing in the other half. Median single-family home prices grew in 26 Rhode Island communities and declined in the remaining 14 communities. The largest declines in median single-family home price were in Exeter (15.0 percent), Glocester (9.3 percent), and Middletown (9.1 percent). The greatest increases were in Little Compton (36.0 percent), Portsmouth (17.6 percent), and East Greenwich (15.1 percent).

Between 2008 and 2018, single family home sales increased by 60.2 percent in Rhode Island, from 6,662 units in 2008 to 10,670 units in 2018. However, single family home sales decreased by 5.6 percent between 2017 and 2018. The median single-family home price decreased by 19.1 percent between 2008 and 2012, falling from $234,900 to $190,000, a ten-year low. Between 2012 and 2018, the price of single-family homes experienced year-over-year increases ranging from 4.7 to 7.9 percent and totaling $80,000, or 42.1 percent. Since 2008, the median single-family home price has increased by 14.9 percent.

Existing Single-Family Home Sales and Median Sales Price, Year-End Comparision for Rhode Island

Year	Sales	Unit Change	% Change	Median Price	% Change
2008	6,662	-938	-12.3%	$ 234,900	-14.6%
2009	7,732	1,070	16.1%	199,900	-14.9%
2010	6,843	-889	-11.5%	210,000	5.1%
2011	6,706	-137	-2.0%	195,000	-7.1%
2012	8,209	1,503	22.4%	190,000	-2.6%
2013	8,869	660	8.0%	205,000	7.9%
2014	8,928	59	0.7%	215,000	4.9%
2015	9,818	890	10.0%	225,000	4.7%
2016	11,066	1,248	12.7%	239,900	6.6%
2017	11,305	239	2.2%	255,000	6.3%
2018	10,670	-635	-5.6%	270,000	5.9%

SOURCE: RI Association of Realtors; State-wide Multiple Listing Service, Inc.

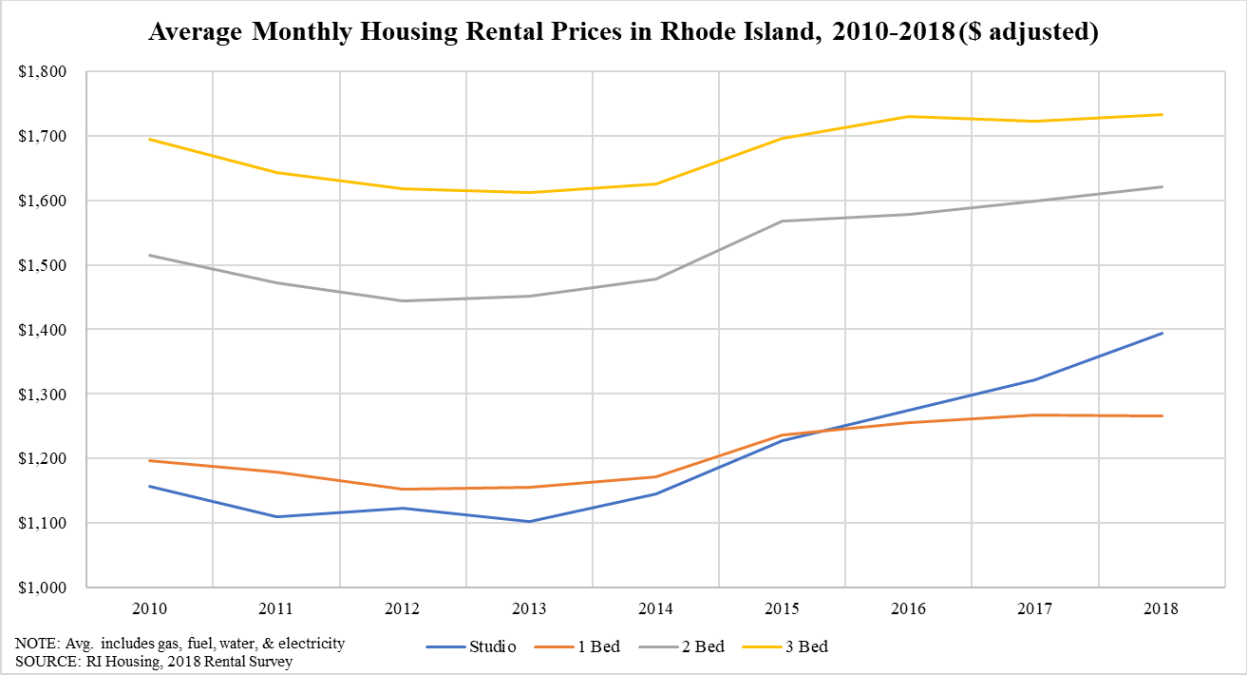
The number of multi-family homes sold in Rhode Island grew by 22.1 percent (372 units) between 2008 and 2018. In similarity to single-family home sales, the median price of multi-family homes decreased between 2008 and 2012 and increased between 2012 and 2018. From 2008 to 2018, the median price of multi-family homes increased by 80.0 percent ($108,000).

Existing Multi-Family Home Sales and Median Sales Price, Year-End Comparision for Rhode Island

Year	Sales	Unit Change	% Change	Median Price	% Change
2008	1,682	428	34.1%	$ 135,000	-47.1%
2009	2,286	604	35.9%	90,000	-33.3%
2010	1,570	-716	-31.3%	121,900	35.4%
2011	1,291	-279	-17.8%	119,900	-1.6%
2012	1,335	44	3.4%	120,000	0.1%
2013	1,346	11	0.8%	130,000	8.3%
2014	1,335	-11	-0.8%	145,750	12.1%
2015	1,534	199	14.9%	168,000	15.3%
2016	1,667	133	8.7%	182,900	8.9%
2017	1,924	257	15.4%	208,750	14.1%
2018	2,054	130	6.8%	243,000	16.4%

SOURCE: RI Association of Realtors; State-wide Multiple Listing Service, Inc.

Housing



Data from Rhode Island Housing's annual rental survey show rising housing rental prices between 2010 and 2018, even when adjusted for inflation. Over this period, the average price per month to rent a studio in the Ocean State increased in real dollars from $1,157.21 to $1,394.30, an expansion of 20.5 percent. Increases in the cost of renting one-, two-, and three-bedroom housing were less conspicuous; in real dollars, the price per month to rent one-bedroom housing increased by 5.8 percent ($69.89), while the cost of two-bedroom housing grew by 6.9 percent ($105.04), and the price of three-bedroom housing expanded by 2.2 percent ($37.11).

Average Housing Rental Prices in Rhode Island, 2010-2018 ($ adjusted)

Year	Studio	1 Bed	2 Bed	3 Bed
2010	$ 1,157.21	$ 1,196.71	$ 1,515.46	$ 1,694.99
2011	1,110.31	1,179.64	1,472.68	1,643.37
2012	1,123.26	1,152.90	1,443.62	1,618.29
2013	1,102.49	1,156.17	1,451.41	1,612.77
2014	1,145.87	1,171.22	1,477.87	1,626.05
2015	1,227.58	1,236.37	1,567.77	1,695.43
2016	1,274.75	1,255.50	1,578.27	1,730.49
2017	1,321.42	1,268.05	1,599.45	1,722.49
2018	1,394.30	1,266.60	1,620.50	1,732.10

Note: Average prices include gas, fuel, water, and electricity; all years are adjusted to 2018 dollars

SOURCE: RI Housing, 2018 Rental Survey

Energy

Energy Costs and Expenditures, 2017

	Total Avg. Energy Cost ($/million Btu)	Total Energy Cost, Rank	Consumption Per Capita, ($/Million Btu)	Consumption Per Capita, Rank	Expenditures Per Capita ($)	Expenditures Per Capita, Rank
United States	$17.3		300.2		$3,495.3	
Connecticut	$23.2	2	203.2	46	3,507.7	28
Maine	$18.2	22	293.6	27	4,212.9	11
Massachusetts	$22.1	7	207.5	45	3,381.2	33
New Hampshire	$22.3	5	235.2	41	3,847.3	19
Rhode Island	**$22.2**	**6**	**174**	**51**	**3,056.7**	**44**
Vermont	$21.5	10	215.8	43	4,145.2	13

NOTE: Rankings include 50 states and Washington D.C.
SOURCE: US Energy Information Administration, State Profiles and Energy Estimates

The United States Energy Information Administration maintains a State Energy Data System with profiles on each state's energy use and costs.* Rhode Island's 2017 total energy costs ($22.2 per million British thermal units, or BTU) ranked sixth highest in the nation and outpaced the national average of $17.3 per million BTU. Two New England states—Connecticut and New Hampshire—had higher total energy costs than Rhode Island in 2017, while Maine, Massachusetts, and Vermont had lower total energy costs. Every state in New England but Maine was ranked in the top ten for total energy costs, and every New England state had energy costs that surpassed the national average.

Although Rhode Island's total energy costs are among the highest in the nation, the state's energy expenditures per capita were among the lowest in the United States, ranking 44th in 2017. Similarly, the Ocean State's energy consumption per capita was the lowest in the country in 2017, ranking 51st (below Washington, D.C.).

Rhode Island's total energy costs were highest in the commercial energy sector ($26.6 per million BTU) and lowest in the industrial energy sector ($15.1 per million BTU). Rhode Island's residential energy costs were highest in the retail electricity sector ($53.7 per million BTU) and lowest in the biomass sector ($6.4 per million BTU). In terms of residential, commercial, and industrial energy, Rhode Island costs exceeded the national average.

Residential, Commercial, Industrial, and Transportation Energy Costs, 2017 ($/million BTU)

	Residential Energy Costs					Commercial Energy Costs					Industrial Energy Costs				
	Natural Gas	Petroleum	Biomass	Retail Electricity	Total Energy	Natural Gas	Petroleum	Biomass	Retail Electricity	Total Energy	Natural Gas	Petroleum	Biomass	Retail Electricity	Total Energy
United States	$10.5	$21.6	$8.2	$37.8	$23.8	$7.8	$17.1	$3.7	$31.3	$20.8	$4.8	$13.3	$2.9	$20.2	$9.9
Connecticut	13.6	20.6	6.4	59.5	28.9	9.0	16.9	6.4	47.1	24.4	6.3	15.6	3.2	38.4	15.8
Maine	14.1	19.5	6.4	46.8	23.6	10.9	16.1	3.5	35.5	19.8	7.9	14.5	3.0	27.0	8.7
Massachusetts	12.9	19.8	6.4	58.8	25.8	9.9	16.6	3.4	46.7	25.1	7.8	17.0	2.3	40.7	17.8
New Hampshire	14.1	21.0	6.4	56.3	27.1	11.4	15.2	4.5	43.4	24.9	8.8	15.1	0.9	36.2	16.6
Rhode Island	**13.6**	**20.3**	**6.4**	**53.7**	**25.3**	**11.0**	**16.9**	**6.4**	**44.5**	**26.6**	**8.2**	**14.4**	**1.4**	**42.7**	**15.1**
Vermont	13.7	23.7	6.4	51.8	24.5	6.8	16.1	6.0	42.8	21.3	4.8	14.0	2.7	29.9	17.3

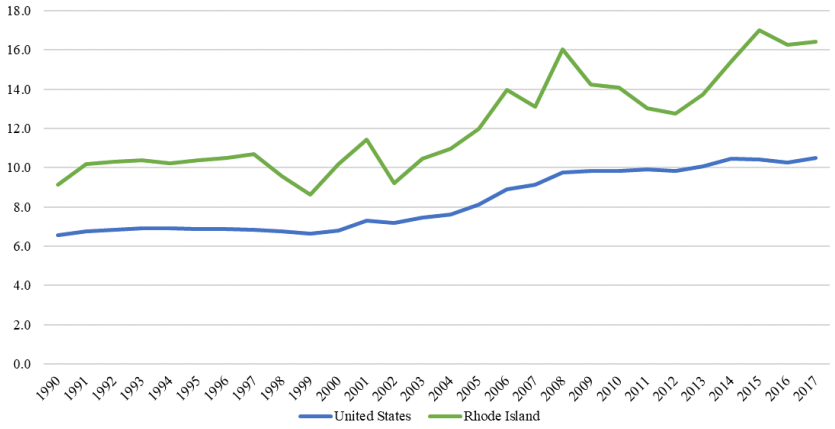
SOURCE: US Energy Information Administration, State Profiles and Energy Estimates

* See U.S. Energy Information Administration, "About SEDS."

Energy

The electricity price in Rhode Island, as measured by cents per kilowatt hour (cents/kwh), was consistently higher than national prices between 1990 and 2017. Over this period, Rhode Island's electricity costs were an average of 3.89 cents/kwh higher than the national average. Moreover, the gap between Rhode Island and the national average has increased over this 27-year period. Since 1990, the United States' price has increased by 59.5 percent, while Rhode Island's prices increased by 79.5 percent.

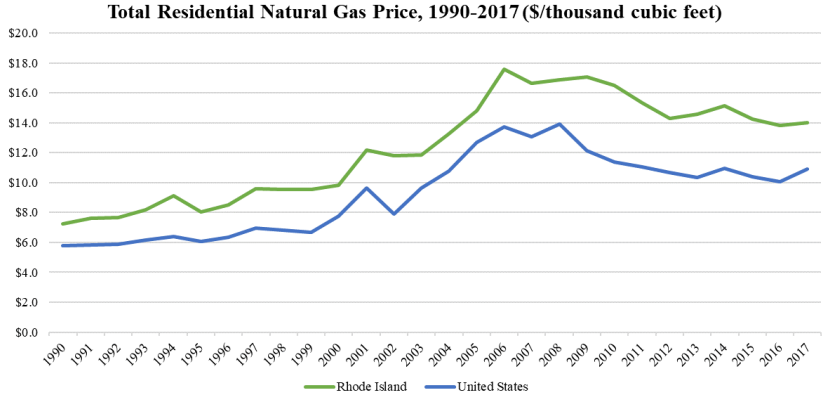
Total Electricity Price, 1990-2017 (cents/kwh)



SOURCE: US Energy Information Administration, State Profiles and Energy Estimates

Similarly, Rhode Island's residential natural gas prices were higher than the national average between 1990 and 2017. As with electricity, residential natural gas prices in the Ocean State increased at a faster rate than those in the United States more broadly; Rhode Island experienced a 94.2 percent increase in this period, while the U.S. saw an 88.1 percent increase. On average, Rhode Islanders paid $3.03 more for natural gas per thousand cubic feet than their national peers during this period.

Total Residential Natural Gas Price, 1990-2017 ($/thousand cubic feet)



SOURCE: US Energy Information Administration, State Profiles and Energy Estimates

Recent data on residential natural gas prices show that prices are increasing in Rhode Island and across the United States. However, the rate of price change from December 2018 through May 2019 has been slower in Rhode Island than in the U.S. (8.6 percent growth versus 35.5 percent growth, respectively).

Recent Residential Natural Gas Prices ($/thousand cubic feet)

	December 2018	January 2019	February 2019	March 2019	April 2019	May 2019
RI	$14.9	$14.7	$14.5	$14.6	$15.1	$16.2
US	9.6	9.4	9.5	9.5	10.9	12.9

SOURCE: US Energy Information Administration, State Profiles and Energy Estimates

Business Climate

The Small Business and Entrepreneurship Council's "Small Business Policy Index" methodology considers major government-imposed or government-related costs affecting investment, entrepreneurship, and business, using 55 government-imposed or government-related costs that impact businesses and entrepreneurs in the 2018 edition. In short, the Index evaluates and compares states according to how their policies impact their business climate. Rhode Island ranked 40th in the 2018 Small Business Policy Index. The 2018 Small Business Policy Index considers New England to be among the least friendly regions for entrepreneurship; all New England states finished in the bottom half of the Index, and five of six states ranked in the bottom quartile (Massachusetts 38th, Rhode Island 40th, Maine 41st, Connecticut 43rd , and Vermont 45th). New Hampshire led all New England states in the Index rankings at 30th.

Small Business & Entrepreneurship Council
Small Business Policy Index, 2018

Top 15			Bottom 15		
Rank	State	Score	Rank	State	Score
1	Nevada	45.862	36	Nebraska	98.300
2	Texas	46.078	37	Arkansas	99.869
3	South Dakota	48.548	38	Massachusetts	100.074
4	Wyoming	50.925	39	Maryland	102.357
5	Florida	52.484	**40**	**Rhode Island**	**103.723**
6	Arizona	66.683	41	Maine	103.993
7	Washington	66.747	42	Oregon	108.320
8	Indiana	67.480	43	Connecticut	112.322
9	Ohio	69.168	44	Iowa	114.393
10	Utah	69.312	45	Vermont	117.761
11	Alabama	70.652	46	Minnesota	119.613
12	Michigan	71.488	47	New York	120.406
13	Colorado	73.195	48	Hawaii	125.473
14	Tennessee	73.807	49	New Jersey	128.196
15	South Carolina	75.053	50	California	139.451

SOURCE: Small Business & Entrepreneurship Council, Small Business Policy Index, 2018

The Tax Foundation offers an index that compares each state's tax system and indicates which states offer a more hospitable business climate. This index does not measure economic freedom or the broad business climate in each state, but rather focuses on tax policy. The State Business Tax Climate Index is based on an analysis of individual, corporate, property, sales, and unemployment insurance taxes. Each of these five components is given a score from zero to ten based on 118 variables. The 2019 Index represents data as of July 2018. Since 2016, Rhode Island has steadily improved its ranking, moving from 40th to 37th. Maine and Vermont followed a similar trend over the same time frame, while both Connecticut and New Hampshire maintained their rankings. Massachusetts is the only New England state that saw their State Business Tax Climate Index score worsen between 2016 and 2019. New Hampshire ranked sixth overall throughout this period, an outlier among New England states, with the remaining give states ranking in the lower half of the country.

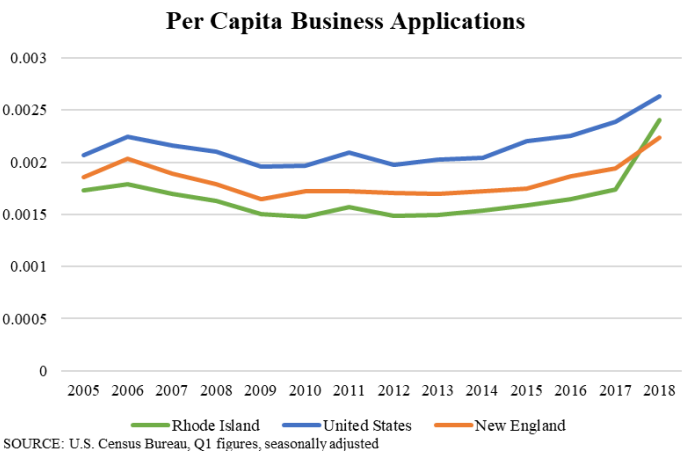
State Business Tax Climate Index, New England

State	2016	2017	2018	2019	Four-Year Average
Connecticut	47	47	47	47	47.0
Maine	33	35	30	30	32.0
Massachusetts	28	29	27	29	28.3
New Hampshire	6	6	6	6	6.0
Rhode Island	**40**	**39**	**38**	**37**	**38.5**
Vermont	44	42	42	41	42.3

Note: Rankings based on the 50 states and Washington D.C.
SOURCE: Tax Foundation 2019 SBTCI

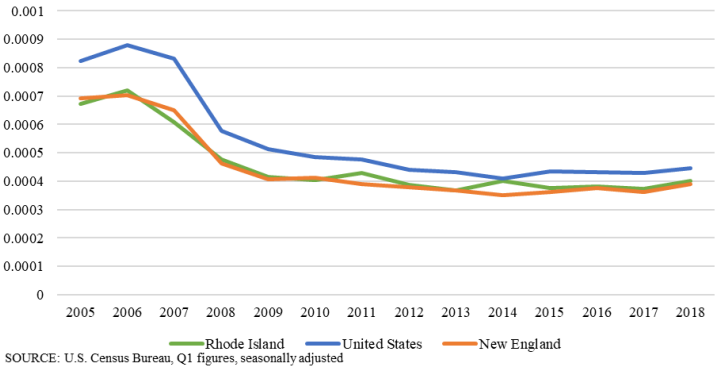
Business Climate

Per capita business applications represent the number of business applications, per capita, for tax IDs as based on request for an Employer Identification Number through filings of IRS Form SS-4. Broader business application trends show similar dynamics across Rhode Island, New England, and the United States, with all three regions initially peaking in 2006 and rising above previous levels by 2018 (notably, Rhode Island surpassed New England in 2018).



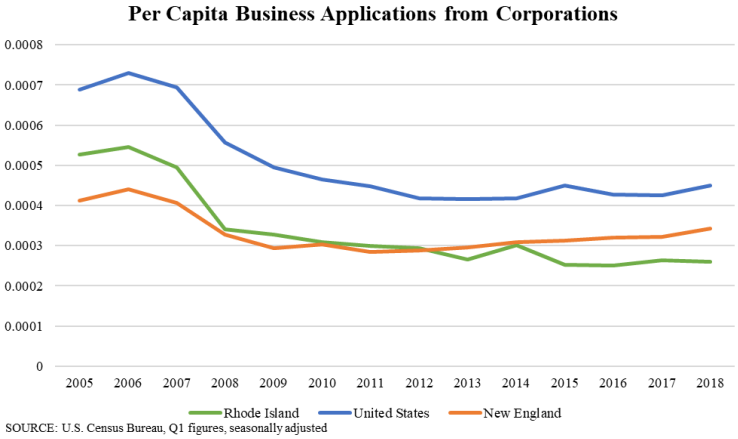
SOURCE: U.S. Census Bureau, Q1 figures, seasonally adjusted

Business applications with planned wages are requests that identify a first wages-paid date on the IRS Form SS-4, an indication that a business will require a payroll. While all three regions show similar trends in per capita business applications with planned wages, these changes differ from those of business applications more broadly. Namely, neither Rhode Island, New England, nor the U.S. have recovered to match or surpass their 2006 peak application rates for businesses with planned wages.



SOURCE: U.S. Census Bureau, Q1 figures, seasonally adjusted

Business applications from corporations track requests made by a corporation or personal service corporation, based on the legal form of the organization as indicated in the IRS Form SS-4.* Like applications with planned wages, these applications indicate that the business to be formed will have a payroll. Trends reflect those of business applications with planned wages, but Rhode Island began to trail New England in 2012, while, in the previous graph, the Ocean State has slightly outperformed New England since 2012.

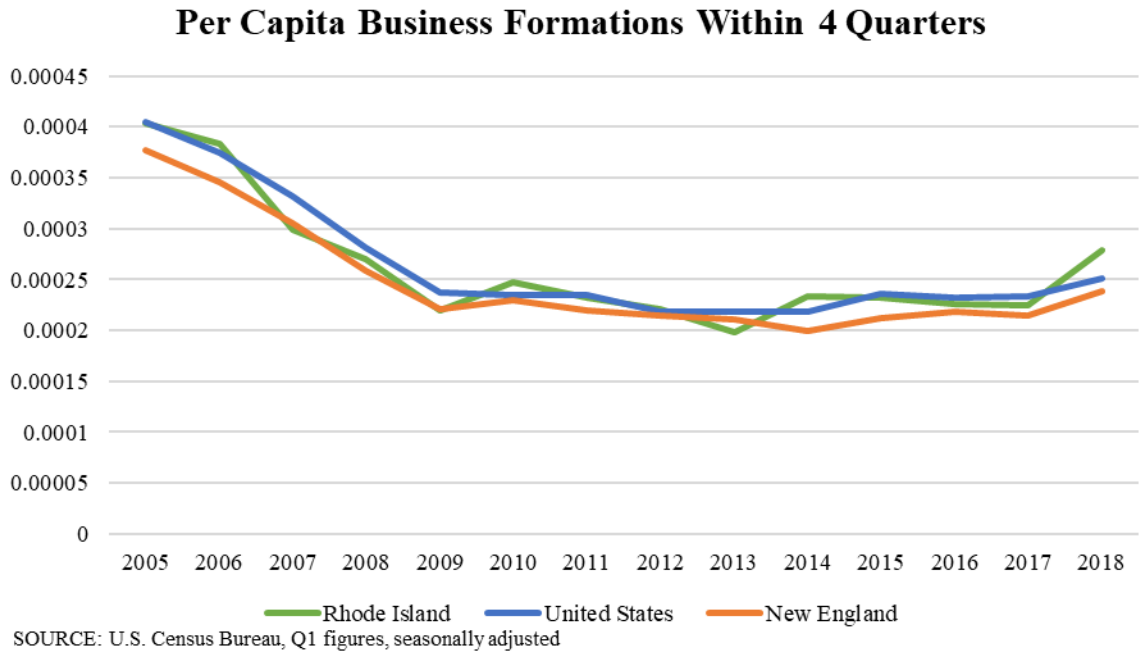


SOURCE: U.S. Census Bureau, Q1 figures, seasonally adjusted

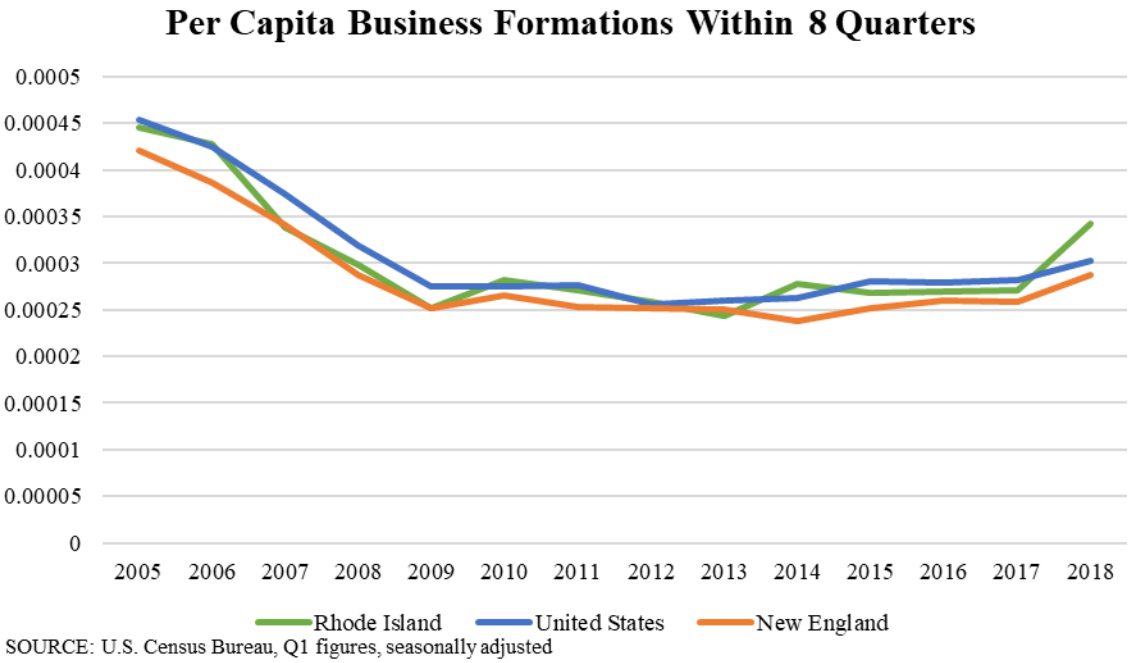
* See U.S. Census Bureau, "Business Formation Statistics."

Business Climate

Per capita business formations within four and eight quarters of business applications are measures used to help assess business climates for entrepreneurs. The following charts depict business formations based on the first instance of payroll tax liabilities for corresponding business applications within four (top chart) and eight (bottom chart) quarters. Formation trends broadly mimic application trends for businesses with planned wages and corporations—they declined from 2005, levelled off by 2010, and slightly increased in 2018. Formation rates are slightly higher within eight quarters as opposed to four. In both categories, Rhode Island led New England and the United States in per capita business formations as of 2018.



SOURCE: U.S. Census Bureau, Q1 figures, seasonally adjusted



SOURCE: U.S. Census Bureau, Q1 figures, seasonally adjusted

Federal Contracts and Awards to Rhode Island (FY 2000-FY 2018, $ millions)

Fiscal Year	Contracts $	Contracts % change	Grants	Loans and Guarantees	Direct Payments	Other	Total Dollars
2008	$843.1		$223	$0.0	$2,574.0	$0.0	$3,640.1
2009	800.4	-5.1%	2,391	0.9	3,011	1,545.9	7749.2
2010	932.5	16.5%	2,486	4.3	3,155	960.7	7538.5
2011	905.3	-2.9%	1,835	2.2	3,224	3,860.4	9826.9
2012	714.2	-21.1%	2,027	0.6	3,383	3,949.4	10074.2
2013	766.4	7.3%	1,982	1.0	3,577	4,002.7	10329.1
2014	931.8	21.6%	2,762	0.1	3,678	11.8	7383.7
2015	694.3	-25.5%	3,143	0.8	4,965	11.7	8814.8
2016	752.7	8.4%	2,740	0.7	4,843	19.6	8356.0
2017	636.4	-15.5%	2,853	1.7	5,566	228.5	9285.6
2018	721.9	13.4%	3,340	-14.1	5,504	223.7	9775.5

SOURCE: http://www.usaspending.gov

There are various types of federal contracts and awards available to Rhode Island. Grants are a form of direct payment from the government and are typically accompanied by a distribution formula or restrictions on use. Loans and loan guarantees are types of risk transfers in which the federal government either loans money to a state or acts as a guarantor if the money is loaned through a private lender. Direct payments occur when the federal government provides money directly to individuals, firms, or the state to subsidize an activity and can be restricted or unrestricted. Direct payments from the federal government comprised the largest portion of federal contracts and awards received in Rhode Island between fiscal year (FY) 2008 and FY 2018, and steadily grew in amount over that ten-year period.

In FY 2018, Rhode Island received $721,869,803 in federal contracts. The top contracting agency, in terms of dollars obligated, was the Department of the Navy, with 65.7 percent of Rhode Island's FY 2018 contracts. Other top agencies were the Defense Microelectronics Activity, Defense Logistics Agency, and the Department of Veterans Affairs.

Federal Agency Contracts in Rhode Island by Size of Contract

Contracting Agency	2018 Agency Subtotals Dollars Obligated	2018 Agency Subtotals Share of RI Fed Contracts
Department of the Navy	$474,129,211	65.7%
Defense Microelectronics Activity	58,593,428	8.1%
Defense Logistics Agency	50,733,446	7.0%
Department of Veterans Affairs	48,648,548	6.7%
Agency for International Development	18,077,612	2.5%
Department of the Army	14,853,459	2.1%
U.S. Coast Guard	14,747,011	2.0%
United States Mint	5,544,614	0.8%
Department of the Air Force	3,190,654	0.4%
Federal Prison Industries	3,024,579	0.4%
Environmental Protection Agency	2,946,165	0.4%
Other	27,381,076	3.8%
Total	$721,869,803	100.0%

SOURCE: http://www.usaspending.gov

R&D

United States Government Federal Research Grant Spending in Rhode Island (FY 08-FY 19, $ millions)

Top Five Prime Award Major Agencies		Top Five Recipients by Contract Awards	
Department of Health and Human Services	$21,091.0	Rhode Island Department of Administration	$16,204.6
Department of Education	2,147.9	Rhode Island Department of Elementary and Secondary Education	2,011.5
Department of Transportation	1,679.5	Rhode Island Department of Human Services	1,443.1
Department of Agriculture	913.5	Rhode Island Department of Transportation	1,337.9
Department of Housing and Urban Development	741.9	Brown University	1,273.1
National Science Foundation	479.1	Rhode Island Department of Health	588.1
Department of Defense	398.2	Executive Office of State of Rhode Island	359.2
Environmental Protection Agency	332.3	Rhode Island Hospital	344.4
Department of Homeland Security	286.2	Univerity of Rhode Island	313.7
Department of Labor	187.6	Rhode Island Publics Transit Authority	214.8

SOURCE: http://www.usaspending.gov

Federal agencies provide research grants to states and entities within states (i.e. universities and hospitals) to pursue R&D. Between FY 2008 and FY 2019, Rhode Island's top federal grant donor was the Department of Health and Human Services, which provided almost ten times more in research dollars than the second highest grant donor, the Department of Education. Rhode Island's Department of Administration was the top recipient of federal dollars in Rhode Island between FY 2008 and FY 2019, receiving over $16.0 billion in research grants.*

* FY 2019 began on July 1, 2018 and ended on June 30, 2019.