

Employment Concentrations in the Ocean State

*Insight and Analysis on Rhode Island Industries using
Regional and National Location Quotients*



*A Publication of the:
Labor Market Information Unit
Rhode Island Department of Labor & Training*

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Executive Summary

A state's economic health is not based solely on the total number of jobs it can generate, but also on where those jobs are and in what concentrations relative to neighboring areas. High concentrations of employment can indicate economic specializations, while low concentrations may signify industry weaknesses. Knowing where these strengths and weaknesses are can have a substantial impact on a state's economic development policy, workforce development system, and jobseekers looking to maximize their opportunities in the labor market.

This publication, a product of the **Rhode Island Department of Labor & Training's Labor Market Information unit**, examines industry location quotients to expand on our understanding of the state's economy. Location quotients are relatively easy to understand and can be utilized to compare local employment concentrations against those of a larger area. This process helps identify strengths and weaknesses in a local economy by determining if an area has a greater (or lesser) share of industry employment than would be expected based upon the reference economy.



Analysis of this data shows that the Ocean State has concentrations of employment greater than many of its neighbors in several key segments of the economy, including Health Care & Social Assistance, Administrative & Waste Services, Educational Services, Accommodation & Food Services, and Other Services. The same applied to a number of Manufacturing industries, such as Textile Mills, Chemical Manufacturing, Primary Metal Manufacturing, Furniture & Related Product Manufacturing, and Jewelry & Silverware Manufacturing. These are sectors of the local economy where it is assumed that Rhode Island workers are generating excess goods and services for export, relative to the region and United States as a whole. Moreover, they represent economic sectors that Rhode Island may have a significant competitive advantage in, with significant concentrations of skilled workers capable of supplying new businesses with the necessary labor to succeed.

In contrast, Rhode Island's Retail Trade, Wholesale Trade, Transportation & Warehousing, and Professional & Technical Services sectors indicated having lower concentrations of employment relative to its neighbors. This data may signify industries where the area's workforce cannot generate enough goods or services to meet local demand, forcing Ocean State consumers to spend their dollars elsewhere. Also, lower levels of employment concentration could negatively impact the state's ability to attract new business when competing against neighboring states with high concentrations of specialized workers.

It should be noted that location quotients do not provide definitive proof of local industry specializations or weaknesses. The following analysis makes several baseline assumptions that must be considered when examining this data. For example, when comparing employment concentrations between two geographic areas in this fashion, the location quotient calculation assumes that both areas have a similar level of demand for goods and services. Certainly, there are a myriad of reasons why demand levels can vary, including differences in demographics and other externalities. However, as is the case for most economic statistics, this information should be used in conjunction with other data sets to paint a more complete picture of the health of the Rhode Island economy. Location quotients are just one way to examine the state's economy, helping to identify industries that the state may have high workforce concentrations in relative to surrounding areas. It is our hope that policymakers, workforce development personnel, and the public at-large can begin to integrate this analysis, along with establishment employment trends, industry and occupational projections, job vacancy data, and other labor market information, into the creation and discussion of Rhode Island economic policy goals.

Introduction

In 2005, the most recent year for which annual average employment data is available, Rhode Island private and public sector businesses generated 477,664 jobs. This was the fifth highest total in New England, accounting for 6.6 percent of all jobs in the region. Massachusetts (3.16 million), Connecticut (1.64 million), New Hampshire (620,893), and Maine (594,481) all reported more total jobs than the Ocean State that year, while Vermont hosted 300,919 jobs. Overall, the New England states created an average of 6.8 million jobs in 2005, or 5.2 percent of the nation's total employment. Certainly, Rhode Island's size and population limits curtail the total number of jobs its economy can produce in direct relation to much larger neighbors. However, on a percentage basis, the Ocean State has concentrations of industry sector employment that rank at the top of the region. For example, Health Care & Social Assistance jobs, many of which are high paying and offer solid benefits, account for 17.5 percent of the state's total private sector employment. Within New England, only Maine (19.0%) reported a higher industry concentration in 2005.

High concentrations of industry sector employment do not necessarily mean those jobs are high wage, stable positions. More than 10 percent of Ocean State employment came from Accommodation & Food Services industries in 2005. This was the second highest concentration in New England behind Vermont (11.7%) and tied with Maine (10.3%). It was also above the national concentration of 9.8 percent. However, many of the jobs in this sector are lower-skilled, part-time positions offering below-average wages and few benefits. Job stability is also limited, influenced by seasonal and other external factors.

To remain competitive, a state must not only look at the total number of jobs its economy creates, but also where those jobs are and in what concentrations relative to its neighbors. High concentrations of employment may indicate local specializations, a competitive advantage over neighboring states in attracting new business. It may also signify excess worker capacity, which can be used to generate goods

and services for export and attracting consumers from other areas. On the other hand, low concentrations of employment relative to neighboring areas may indicate industry weaknesses. In this scenario, local demand for goods and services is likely being met by imports from outside areas. In a tightly-knit region such as New England, people can easily cross borders for the goods and services they require. It is imperative for states to retain these consumer dollars.

For workers, industry concentrations are another means to examine current employment opportunities and future outlook in specific industries and the occupations they rely upon: Where are industry jobs that I am trained for concentrated, offering the best opportunity for gainful employment? Higher industry concentrations may signify greater opportunity for employment, while low concentrations could indicate weakness relative to neighboring states. Again, the region's density makes it more likely that workers will travel across borders for employment or move from their state altogether without being far removed from family and friends.

In today's constantly evolving economy, it is vital for policymakers, economists, workforce development personnel, and the public at-large to have insight on existing strengths and weaknesses in our economic sectors. By knowing where we are today, Rhode Island can better prepare itself for where we need to be tomorrow. The location quotient (LQ) is a relatively straightforward tool that can help in this planning process. It measures a local area's (i.e. Rhode Island) employment concentration to a larger geography (i.e. New England). It can also be used to compare relative industry concentrations within those areas. This publication examines industry location quotients using the region and the nation as reference economies - data that will help concerned parties identify existing industry specializations and weaknesses in the Ocean State. By combining location quotients with other economic data, decision makers can gain a better appreciation for where workforce capacity needs to be expanded and existing capacity shifted across and within economic sectors.

The Location Quotient Primer

The Location Quotient can be utilized to compare local employment concentrations to those of a larger area. This process helps identify the strengths and weaknesses of a local economy by determining if an area has a greater (or lesser) share of each industry than expected, based upon the reference economy. If a greater share of employment is evident, it is assumed that the industry meets local needs and that its “extra” employment is generating goods or services for export. If a smaller share exists, industry employment is not meeting local needs and the economy may be importing goods or services to account for this deficiency.

The mathematics behind location quotients are relatively simple. A ratio of industry employment to total employment is divided by a similar ratio calculated for the larger reference area:

$$LQ = \frac{(\text{Local Industry Employment} / \text{Local Total Employment})}{(\text{National Industry Employment} / \text{National Total Employment})}$$

Assuming similar demands for goods and services among the areas measured, a location quotient **equal to 1.00** means that industry employment is sufficient to meet local demand for its goods or services.

A location quotient **above 1.00** indicates an industry specialization or strength. In this case, local employment concentration is beyond what is required to serve local needs. This “excess” employment is assumed to generate goods or services for non-local consumers. Its export-oriented nature makes the industry more susceptible to national and other larger economic pressures.

In contrast, a location quotient **below 1.00** suggests that local industry employment is less than expected. This may indicate a weakness in the local economy, suggesting that the industry is struggling to meet local demand. It may signify the importation of goods and services from non-local areas.

As is the case for most analytical tools, the location

quotient is not a definitive measure of local industry strength or weakness. However, when combined with other economic statistics, location quotients can provide valuable insight on a local industry’s capacity to meet local demand in comparison to regional neighbors and the nation as a whole.

What a Location Quotient Signifies

Above 1.00 = Local industry is more concentrated than in the reference area. “Extra” employment may generate goods/services for export.

Around 1.00 = Local and reference area industry concentrations are similar. The industry is meeting local demand for goods/services.

Below 1.00 = Local industry is less concentrated than in the reference area. Local demand for goods/services may surpass production capacity, leading to importation.

An Example of Location Quotient Calculation

This example will calculate the location quotient for Rhode Island’s Textile manufacturing industry. In 2005, Rhode Island’s Textile Mills employed an average of 3,590 workers. Overall, the state had 414,907 private sector jobs. The local area industry employment ratio = $(3,590 / 414,907) = 0.00865$.

Throughout the United States, Textile Mills employed 216,646 people. All private sector establishments employed 110,611,016 people in 2005. Thus, the reference area’s industry employment ratio = $(216,646 / 110,611,016) = 0.00196$.

To calculate the location quotient, we divide the local area ratio (Rhode Island) by the reference area ratio (United States), or $(0.00865 / 0.00196) = 4.41$.

With a location quotient well-above 1.00, the Textile manufacturing industry is highly concentrated in Rhode Island when compared to the United States. The LQ value of 4.41 indicates that Ocean State firms in this industry are generating excess goods beyond local demand that can be used for exportation to places outside of Rhode Island.

Employment in New England

The chart below outlines industry sector employment in the six states that comprise the New England region: Rhode Island, Massachusetts, Connecticut, Maine, New Hampshire, and Vermont. New England employment is simply a sum of state-level data.

While using location quotient data, it is important to recognize which economy serves as the base of comparison. In this publication, location quotient calculations and analysis will be made using New England and the United States as reference economies, allowing the reader to make regional and national comparisons. All of the calculations are based upon 2005 annual average employment statistics from the Bureau of Labor Statistics' (BLS) Quarterly Census of Employment & Wages program (QCEW).

All industry employment ratios (except for Government) were based on the respective area's total private sector employment value, listed below for each state, the region, and the nation. Government location quotients were calculated using total employment (public + private) as the denominator.

Subsequent pages of this report will examine five of these sectors in detail: Health Care & Social Assistance, Manufacturing, Retail Trade, Accommodation & Food Services, and Financial Activities. They are the largest employers in Rhode Island and the region, thus warranting special attention. An overview of location quotients for the remaining sectors is included at the end of this publication.

2005 Annual Average Employment by Industry Sector

	<u>RI</u>	<u>MA</u>	<u>CT</u>	<u>ME</u>	<u>NH</u>	<u>VT</u>	New <u>England</u>	<u>US</u>
Total Employment	477,664	3,159,934	1,644,274	594,481	620,893	300,919	6,798,165	131,571,623
Total Private Sector	414,907	2,758,287	1,409,194	495,573	536,157	249,757	5,863,875	110,611,016
Natural Resources & Mining	1,121	8,719	6,141	5,705	2,526	3,009	27,221	1,724,044
Utilities	1,144	9,610	8,572	1,903	2,760	1,703	25,692	550,593
Construction	21,724	139,440	65,963	30,659	29,434	16,855	304,075	7,269,317
Manufacturing	55,012	305,548	195,272	61,400	80,081	36,843	734,156	14,190,394
Wholesale Trade	16,656	132,715	66,457	21,415	27,454	10,065	274,762	5,752,802
Retail Trade	52,506	355,503	192,313	87,069	97,558	40,463	825,412	15,256,340
Transportation & Warehousing	9,282	69,174	41,229	14,058	12,778	6,929	153,450	4,098,553
Information	10,769	87,239	38,071	11,273	12,699	6,227	166,278	3,056,431
Financial Activities	32,646	221,346	142,425	32,962	37,350	12,917	479,646	8,037,850
Professional & Technical Services	20,857	231,936	88,350	22,869	26,852	12,797	403,661	7,055,427
Management of Companies	8,726	65,618	25,105	5,585	7,375	308	112,717	1,743,214
Administrative & Waste Services	25,297	163,604	86,242	21,771	24,909	8,735	330,558	8,071,211
Educational Services	17,505	116,843	46,125	9,197	17,072	9,053	215,795	2,144,340
Health Care & Social Assistance	72,775	438,871	220,611	94,038	74,459	41,759	942,513	14,335,141
Arts, Entertainment & Recreation	7,424	46,210	24,080	8,003	10,847	3,870	100,434	1,867,996
Accommodation & Food Services	42,693	246,209	105,469	51,165	52,449	29,181	527,166	10,871,471
Other Services	18,277	119,703	56,241	16,340	19,048	9,044	238,653	4,324,015
Government	62,758	401,647	235,080	98,908	84,735	51,162	934,290	20,960,607

Data may not be additive due to rounding and exclusion of Unclassified establishments in industry breakdowns. Data is subject to revision and is current as of February 13, 2007.

Health Care & Social Assistance

Overview of the Sector

Rhode Island's Health Care & Social Assistance employers generated 72,775 jobs in 2005, accounting for 17.5 percent of the state's private sector employment. It is, by far, the state's largest private sector employer, outpacing Manufacturing by some 17,700 jobs. It is also the largest employer in New England (942,513) and the second largest private sector employer throughout the United States (14.3 million).

At 17.5 percent of total private sector employment, Rhode Island reported the second highest concentration of Health Care & Social Assistance jobs in New England, trailing Maine (19.0%). The Ocean State's concentration was also greater than the sector's regional (16.1%) and national (13.0%) employment concentrations. In 2005, 7.7 percent of all New England-based Health Care & Social Assistance jobs were in the Ocean State. The New England states combined to account for 6.6 percent of the nation's Health Care & Social Assistance employment that year.

Rhode Island's high concentration of Health Care & Social Assistance employment is partially a function of its aging population. Although a general aging of the population is occurring throughout the country, due to a large "babyboom" generation and declining birthrates, the Ocean State is facing a more acute situation than most. In 2000, 14.5 percent of the Rhode Island population was 65 years of age or

older - the highest percentage reported in New England. Nationally, that figure was just 12.4 percent.

The Health Care & Social Assistance sector is broken into four subsectors: Ambulatory Health Care Services, Hospitals, Nursing & Residential Care Facilities, and Social Assistance. In Rhode Island, the largest of these is Hospitals, accounting for roughly 32 percent of industry sector employment and 5.6 percent of all private sector jobs statewide.

Location Quotients (Regional)

Using New England as the reference economy, Rhode Island's Health Care & Social Assistance sector had a location quotient of 1.09, indicating that industry employers and their workers are generating services beyond local demand. This was particularly true for the Nursing & Residential Care Facilities (1.20) subsector, as well as several industry groups, such as Vocational Rehabilitation Services (2.12), Medical & Diagnostic Laboratories (1.36), Outpatient Care Centers (1.15), and Offices of Other Health Practitioners (1.13, i.e. chiropractors, podiatrists, acupuncturists).

Only one New England state - Maine (1.18) - had a location quotient greater than Rhode Island for the Health Care & Social Assistance sector in 2005. Vermont had a location quotient of 1.04. Along with Rhode Island, these states are assumed to have "extra" employment that can generate services beyond local demand. In comparison, Massachusetts' location quotient of 0.99 indicates that its industry sector employers are meeting local demand and its concentration of sector employment is on par with that of the region as a whole.

Health Care & Social Assistance employment in Connecticut and New Hampshire is not as highly concentrated in comparison to their regional neighbors. The former had a location quotient of 0.97, while the latter reported a quotient of 0.86. It is assumed that sector employers in these two New England states are not meeting local needs and



consumers may be forced to seek services out of state, particularly for New Hampshire.

Each of Rhode Island’s four Health Care & Social Assistance’s subsectors had location quotients above 1.00. The highest of these was Nursing & Residential Care Facilities, at 1.20, followed by Hospitals (1.08), Ambulatory Health Care Services (1.06), and Social Assistance (1.02). Maine was the only other regional state to report location quotients above 1.00 for all four of its subsectors.

Several Rhode Island industries showed very high concentration of employment relative to the region as a whole, most notably Vocational Rehabilitation Services (2.12). Its *concentration* of employment was over twice that of its New England neighbors. In contrast, Vermont (0.34), New Hampshire (0.45), and Massachusetts (0.87) all reported location quotients below the 1.00 threshold for this industry.

Medical & Diagnostic Laboratories employment was also highly concentrated in Rhode Island (1.36), as it was in Maine (1.23) and Connecticut (1.20).

It is assumed that these three states have industry employment in excess of what is required to meet local demand for services. This holds true for the Ocean State’s Outpatient Care Centers (1.15), Nursing Care Facilities (1.13), Offices of Physicians (1.07), and Child Day Care Services (1.05) industries as well. In regards to the latter, only New Hampshire reported a higher location quotient for that industry in 2005.

In comparison to the region, one of Rhode Island’s “weaknesses” was in Individual & Family Services, with a location quotient of just 0.67. This indicates that local employment is much less concentrated than it is throughout the region. It is likely that local demand for these services cannot be met at current employment levels. Each of the other New England states had greater concentrations of employment in this industry, particularly Vermont (2.11) and Maine (2.10). In 2005, the Individual & Family Services industry in New Hampshire (0.77) and Massachusetts (0.82) faced a similar situation as it did in the Ocean State, with location quotients below 1.00.

Employment in Rhode Island-based Offices of

State / Region Location Quotients for the Health Care & Social Assistance Sector - 2005							
	<u>RI</u>	<u>MA</u>	<u>CT</u>	<u>ME</u>	<u>NH</u>	<u>VT</u>	<u>New England</u>
Health Care & Social Assistance	1.09	0.99	0.97	1.18	0.86	1.04	1.00
Ambulatory Health Care Services	1.06	0.93	1.06	1.01	1.01	1.30	1.00
Offices of Physicians	1.07	0.91	1.10	1.01	1.08	1.11	1.00
Offices of Dentists	0.94	0.99	1.05	0.91	1.05	1.00	1.00
Offices of Other Health Practitioners	1.13	0.85	1.09	1.32	0.95	1.41	1.00
Outpatient Care Centers	1.15	0.99	0.65	0.91	1.15	2.72	1.00
Medical & Diagnostic Laboratories	1.36	0.93	1.20	1.23	0.76	0.16	1.00
Home Health Care Services	1.03	0.93	1.18	0.93	0.85	1.18	1.00
Other Ambulatory Health Care Services	0.97	0.98	1.13	0.98	0.72	1.13	1.00
Hospitals	1.08	1.12	0.77	1.13	0.87	0.82	1.00
Nursing & Residential Care Facilities	1.20	0.94	1.14	1.27	0.68	0.76	1.00
Nursing Care Facilities	1.13	0.94	1.24	1.05	0.66	0.78	1.00
Community Care Facilities for the Elderly	0.99	0.92	0.87	1.87	0.91	1.05	1.00
Social Assistance	1.02	0.90	1.01	1.50	0.83	1.41	1.00
Individual & Family Services	0.67	0.82	0.96	2.10	0.77	2.11	1.00
Emergency & Other Relief Services	0.97	1.20	0.88	0.66	0.62	1.08	1.00
Vocational Rehabilitation Services	2.12	0.87	1.17	1.24	0.45	0.34	1.00
Child Day Care Services	1.05	0.97	1.03	0.93	1.13	0.94	1.00

*Some industries may not be included due to BLS disclosure standards.

Dentists was also less concentrated than throughout the region. Its location quotient of 0.94 was one of the lowest in New England and may indicate that local employment is not generating enough services to meet consumer demand, relative to the entire region.

Location Quotients (National)

Using the United States as the reference economy, Rhode Island's Health Care & Social Assistance sector had a location quotient of 1.35, the second highest quotient reported in New England. This indicates that sector employment in the Ocean State is highly concentrated in comparison to the rest of the country and highlights how important Health Care & Social Assistance firms are to the economic well-being of Rhode Island. In fact, each of the region's six states reported location quotients above 1.00, signifying that the sector as a whole generates more services than demanded by New Englanders, assuming similar demand across the

United States. In 2005, Health Care & Social Assistance was the second most concentrated sector in New England, trailing only Educational Services (1.90).

Rhode Island's Vocational Rehabilitation Services (2.61) industry is even more highly concentrated when compared to the nation rather than just the region. Similarly, the Other Residential Care Facilities industry, which includes child group foster homes, homes for unwed mothers, and group homes

for the hearing and visually impaired, had a location quotient of 2.12, as did Residential Mental Health Facilities. However, it should be noted that these industries pay relatively low annual wages in Rhode Island, thus, the high concentration of jobs in these industries does not necessarily equate to high-quality, growth opportunities for Ocean State workers.

Just two industries in this sector had location quotients below 1.00 - Individual & Family Services (0.93) and Community Care Facilities for the Elderly (0.96). It is assumed that employment in these areas is insufficient to meet local demand for services. The former is of particular interest since both Connecticut (1.33) and Massachusetts (1.13), as well as the other New England states, had location quotients above 1.00.

State / Nation Location Quotients for the Health Care & Social Assistance Sector - 2005								
	RI	MA	CT	ME	NH	VT	New England	United States
Health Care & Social Assistance	1.35	1.23	1.21	1.46	1.07	1.29	1.24	1.00
Ambulatory Health Care Services	1.12	0.98	1.11	1.06	1.06	1.37	1.05	1.00
Offices of Physicians	1.07	0.91	1.10	1.01	1.08	1.11	1.00	1.00
Offices of Dentists	1.00	1.05	1.11	0.96	1.12	1.06	1.06	1.00
Offices of Other Health Practitioners	1.11	0.84	1.07	1.29	0.93	1.38	0.98	1.00
Outpatient Care Centers	1.57	1.35	0.88	1.24	1.57	3.72	1.37	1.00
Medical & Diagnostic Laboratories	1.30	0.89	1.15	1.17	0.73	0.15	0.96	1.00
Home Health Care Services	1.07	0.96	1.22	0.96	0.88	1.23	1.04	1.00
Other Ambulatory Health Care Services	1.21	1.22	1.40	1.22	0.89	1.41	1.24	1.00
Hospitals	1.44	1.50	1.02	1.51	1.16	1.09	1.33	1.00
General Medical & Surgical Hospitals	1.15	1.40	1.03	1.52	1.20	*	*	1.00
Psychiatric & Substance Abuse Hospitals	4.37	1.89	*	*	*	*	*	1.00
Other Hospitals	7.26	3.88	*	*	*	*	*	1.00
Nursing & Residential Care Facilities	1.66	1.30	1.58	1.76	0.94	1.05	1.39	1.00
Nursing Care Facilities	1.73	1.43	1.89	1.60	1.01	1.20	1.53	1.00
Residential Mental Health Facilities	2.12	1.32	1.59	2.27	0.75	*	*	1.00
Community Care Facilities for the Elderly	0.96	0.89	0.84	1.81	0.88	1.02	0.97	1.00
Other Residential Care Facilities	2.12	1.40	1.30	1.51	0.99	*	*	1.00
Social Assistance	1.33	1.18	1.32	1.96	1.09	1.84	1.31	1.00
Individual & Family Services	0.93	1.13	1.33	2.92	1.07	2.92	1.39	1.00
Emergency & Other Relief Services	1.40	1.72	1.26	0.95	0.89	1.55	1.44	1.00
Vocational Rehabilitation Services	2.61	1.07	1.44	1.52	0.56	0.42	1.23	1.00
Child Day Care Services	1.28	1.19	1.25	1.13	1.39	1.15	1.22	1.00

*Some industries may not be included due to BLS disclosure standards.

Manufacturing

Overview of the Sector

Rhode Island's Manufacturing firms generated an average of 55,000 jobs in 2005, the second largest private sector total behind Health Care & Social Assistance (72,775). This accounted for 13.3 percent of the state's total private sector employment. Despite long-term declines in employment, Manufacturing (734,156) remains New England's third largest employer behind the Health Care & Social Assistance (942,513) and Retail Trade (825,412) sectors.

In 2005, the Ocean State had a slightly higher concentration of Manufacturing employment (13.3%) than both the region (12.5%) and the nation (12.8%). However, on a state-by-state basis, it was the fourth highest concentration in New England, trailing New Hampshire (14.9%), Vermont (14.8%), and Connecticut (13.9%). Overall, Rhode Island accounted for 7.5 percent of all Manufacturing jobs in New England. The region as a whole generated 5.2 percent of the nation's Manufacturing employment in 2005.

Location Quotients (Regional)

Using New England as the reference economy, Rhode Island's Manufacturing sector had a location quotient of 1.06 in 2005, indicating that industry employers and their workers were generating enough goods to meet local demand and export to non-local areas. This was particularly true for Textile Mills (3.28), which had an

employment concentration three times that of the region as a whole. The Miscellaneous Manufacturing (2.60, including Jewelry & Silverware), Furniture & Related Product Manufacturing (1.70), Textile Product Mills (1.63), and Chemical Manufacturing (1.40) industries also reported high concentrations of employment relative to all of New England. These industries are assumed to be state "specializations," with excess employment capable of producing more goods than required to meet local demand.

Among the New England states, Rhode Island had the fourth highest Manufacturing location quotient behind New Hampshire (1.19), Vermont (1.18), and Connecticut (1.11). Maine's (0.99) Manufacturers are assumed to have produced enough goods to meet local demand in 2005. However, Massachusetts' location quotient of 0.88 indicates that its concentration of sector employment (relative to the region) was not enough to meet local demand, increasing the necessity for the importation of Manufactured goods from non-local areas.

In New England, usable location quotient data exists for nineteen Manufacturing subsectors. In the Ocean State, ten out of the nineteen subsectors had a location quotient of 1.00 or greater in 2005. Only New Hampshire (12) reported a higher total. In contrast, Massachusetts and Connecticut had just 4 subsectors and 6 subsectors, respectively, with location quotients at 1.00 and above. These data indicate that Rhode Island's Manufacturing sector remains highly diversified on a regional basis, despite long-term declines in overall employment. It also signifies that the Rhode Island economy remains highly leveraged in the Manufacturing sector and a significant portion of the state's employment base relies upon the health of these industries. On one hand, these high concentrations are a positive for the state - a majority of the state's Manufacturing subsectors pay annual average wages above the private sector average. On the other hand, high location quotients can also signify industries that face a high degree of national and international competitive pressures. Jobs in these



economic segments are increasingly difficult to hold on to.

The Ocean State had an extremely high concentration of employment in Textile Mills (3.28) when compared to its neighbors, indicating employment well in excess of what is required to produce enough goods to simply meet local demand. Maine reported the second highest location quotient for this industry at 1.13.

Similarly, in 2005, Rhode Island had an employment concentration in Miscellaneous Manufacturing more than double that of New England, with a location quotient of 2.60. New Hampshire (1.16) was the only other regional state with a location quotient above 1.00 in this subsector. It is well known that the Ocean State economy has long specialized in Jewelry & Silverware Manufacturing, a component of the Miscellaneous subsector. With a location quotient of 9.86, Rhode Island had an employment concentration nearly ten

times that of its regional neighbors. In fact, the next highest location quotient for Jewelry & Silverware Manufacturing was Massachusetts' 0.52. Roughly 70 percent of all New England jobs in this industry are generated by Rhode Island-based firms.

Another industry that Rhode Island specialized in was Furniture & Related Product Manufacturing. The state's location quotient of 1.70 in 2005 was the second highest in the region behind Vermont (3.09). Industry employment concentrations in Massachusetts (0.77), New Hampshire (0.84), and Connecticut (0.88) were below what is expected for the region. Yet, at \$35,366, this industry paid an annual average wage below the private sector average in 2005.

Likewise, Rhode Island's Chemical Manufacturing industry, which includes pharmaceutical manufacturing, posted the second highest location quotient in New England, at 1.40. The state's

concentration was less than that found in Connecticut (1.64), but higher than in Massachusetts (0.84). This location quotient points to an industry specialization with "excess" employment capable of producing more goods than required by the local population - essentially, goods for export - relative to the rest of the region. This industry specialization and high concentration is complemented by high-paying occupations. In 2005, Rhode Island's Chemical Manufacturing firms paid an annual average wage of \$60,066. It was the second highest wage within the Manufacturing sector and 162 percent of the state's private sector average.

Interestingly, the Ocean State reported a location quotient of just 0.71 in Transportation Equipment Manufacturing, which includes boat building. When compared to regional neighbors such as Connecticut (2.39) and Maine (1.45),

State / Region Location Quotients for the Manufacturing Sector - 2005							
	RI	MA	CT	ME	NH	VT	New England
Manufacturing	1.06	0.88	1.11	0.99	1.19	1.18	1.00
Food Manufacturing	0.88	1.07	0.68	1.65	0.52	1.96	1.00
Beverage & Tobacco Product Mfg.	1.28	0.84	0.69	1.91	1.42	1.36	1.00
Textile Mills	3.28	1.06	0.25	1.13	1.10	0.27	1.00
Textile Product Mills	1.63	0.95	0.84	2.15	0.39	0.51	1.00
Apparel Manufacturing	0.57	1.49	0.29	0.59	0.63	1.93	1.00
Wood Product Mfg.	0.57	0.41	0.43	4.37	1.76	3.17	1.00
Paper Manufacturing	0.58	0.84	0.65	3.36	0.89	0.96	1.00
Printing & Related Support Activities	0.90	0.99	0.99	0.88	1.16	1.20	1.00
Chemical Manufacturing	1.40	0.84	1.64	0.43	0.44	0.76	1.00
Plastics & Rubber Products Mfg.	1.18	0.97	0.90	0.78	1.67	0.61	1.00
Nonmetallic Mineral Product Mfg.	0.56	0.87	0.72	1.10	1.77	2.91	1.00
Primary Metal Manufacturing	1.47	0.74	1.20	0.27	2.35	0.51	1.00
Fabricated Metal Product Mfg.	1.13	0.79	1.45	0.57	1.33	0.72	1.00
Machinery Manufacturing	0.61	0.83	1.39	0.47	1.49	1.31	1.00
Computer & Electronic Product Mfg.	0.55	1.26	0.51	0.34	1.69	1.51	1.00
Electrical Equipment & Appliance Mfg.	1.03	0.77	1.43	0.34	1.63	0.98	1.00
Transportation Equipment Mfg.	0.71	0.40	2.39	1.45	0.34	0.75	1.00
Furniture & Related Product Mfg.	1.70	0.77	0.88	1.16	0.84	3.09	1.00
Miscellaneous Manufacturing	2.60	0.90	0.90	0.44	1.16	0.83	1.00
Jewelry & Silverware Manufacturing	9.86	0.52	0.10	0.10	0.15	0.32	1.00

*Some data may not be available due to disclosure standards.

and assuming similar levels of demand, it's likely that Rhode Island's level of subsector employment cannot produce enough goods to meet local demand. This increases the potential for importation from surrounding areas.

Another "weak" industry in the Rhode Island economy, relative to New England, was Computer & Electronic Product Manufacturing. Rhode Island's location quotient of 0.55 in 2005 was the lowest among all of its Manufacturing subsectors. This shortcoming is further magnified by the fact that it is also one of the highest paying Manufacturing industries in the area. Existing Ocean State-based Computer & Electronic Product Manufacturing firms paid an average wage of \$59,712 in 2005, or 161 percent of Rhode Island's annual average private sector wage.

Location Quotients (National)

Using the United States as the reference economy, Rhode Island's Manufacturing sector had a location quotient of 1.03, the fourth highest among the New England states. This indicates that the state's Manufacturing firms have slightly more sector employment than expected when compared to the rest of the nation. It is assumed that, as a whole, Ocean State-based companies meet the needs of local consumers and produce enough goods for export to outside areas. However, its employment concentration also leaves the state more susceptible to external pressures when compared to Maine (0.97) and Massachusetts (0.86), both of whom had location quotients below 1.00. Overall, New England had a Manufacturing location quotient of 0.98, indicating a concentration of sector employment slightly below that of the entire United States.

Among the New England states, Rhode Island reported the highest location quotients in Textile Mills (4.42) and Miscellaneous Manufacturing (4.29), indicating local specializations. Although highly concentrated when compared to the nation, jobs in these two industries paid annual average wages below the state's private sector average in 2005.

The Ocean State also showed a specialization in

Fabricated Metal Product Manufacturing, which had a location quotient of 1.35 in 2005. This was higher than the region as a whole (1.20), as well as Maine (0.69), Vermont (0.86), and Massachusetts (0.94) on a state-by-state basis. It is assumed that industry employment is capable of producing goods in quantities beyond that demanded by local consumers.

Even on a national basis, the Rhode Island economy showed evidence of high employment concentration and industry specialization in Chemical Manufacturing (1.31). This is particularly important for economic development personnel, as the Ocean State has marketed itself as a destination for industry firms looking to expand their production capabilities, particularly in pharmaceuticals. Companies in this industry generally pay above-average wages and offer good benefits and career opportunities to their employees - a positive for the Rhode Island worker. Currently, Rhode Island has the second highest subsector location quotient in New England. Although this lags behind Connecticut (1.53), it is well ahead of the other New England states, particularly Massachusetts (0.79). This data highlights a key competitive advantage that Rhode Island maintains over much of the region in attracting new subsector business to the area.

Although Rhode Island had a low concentration of Transportation Equipment Manufacturing jobs relative to the United States, the state specialized in the Ship & Boat Building industry. This industry had a location quotient of 6.45, indicating that local employment was six times as concentrated as it is nationally. Throughout the region, Maine had a location quotient of 10.34 in Ship & Boat Building, while Massachusetts' industry employment concentration (0.12) was significantly below that of the Ocean State. Data for nearby Connecticut was non-discloseable.

At 4.29, Rhode Island's concentration of Miscellaneous Manufacturing employment was more than four times greater than expected based upon national data. Again, this is primarily due to the state's specialization in Jewelry & Silverware Manufacturing, which had an off-the-charts location quotient of 45.90. However, these jobs generally pay

below private sector average wages and, as an export-oriented industry, it is highly susceptible to external economic forces.

Overall, of the 21 Manufacturing sectors measured in 2005, Rhode Island had a state-to-nation location quotient above 1.00 in seven of them. This was one more than found in Massachusetts and Connecticut. Although total Manufacturing employment has been on a steady decline throughout the region, high concentrations of sector jobs are not necessarily a bad thing for the state's economy. Despite its size, Rhode Island has the opportunity to specialize in niche areas that attract new businesses by capitalizing on advances in technology, innovative pro-growth policies, and a skilled workforce. The Ocean State is

already showing some signs of this in industries such as Chemical Manufacturing, building the employment capacity - a workforce with applicable skill sets and experience - to compete with its larger neighbors. The key for policymakers will be to leverage our existing advantages toward those industries that offer the potential for expansion and have limited exposure to destructive national and international forces.

State / Nation Location Quotients for the Manufacturing Sector - 2005								
	RI	MA	CT	ME	NH	VT	New England	United States
Manufacturing	1.03	0.86	1.08	0.97	1.16	1.15	0.98	1.00
Food Manufacturing	0.51	0.62	0.40	0.96	0.30	1.14	0.58	1.00
Beverage & Tobacco Product Mfg.	0.81	0.53	0.44	1.21	0.90	0.86	0.63	1.00
Textile Mills	4.42	1.43	0.33	1.53	1.48	0.36	1.35	1.00
Textile Product Mills	1.14	0.66	0.59	1.50	0.27	0.35	0.70	1.00
Apparel Manufacturing	0.23	0.59	0.12	0.23	0.25	0.76	0.39	1.00
Leather & Allied Product Mfg.	1.23	2.58	0.69	12.54	1.84	*	*	1.00
Wood Product Mfg.	0.34	0.25	0.26	2.65	1.07	1.92	0.61	1.00
Paper Manufacturing	0.75	1.10	0.85	4.38	1.16	1.25	1.30	1.00
Printing & Related Support Activities	0.89	0.98	0.98	0.87	1.15	1.18	0.99	1.00
Petroleum & Coal Products Mfg.	0.12	0.46	0.26	0.84	0.35	*	*	1.00
Chemical Manufacturing	1.31	0.79	1.53	0.40	0.41	0.71	0.93	1.00
Plastics & Rubber Products Mfg.	0.97	0.80	0.74	0.64	1.38	0.50	0.82	1.00
Nonmetallic Mineral Product Mfg.	0.35	0.53	0.44	0.67	1.09	1.79	0.61	1.00
Primary Metal Manufacturing	0.93	0.47	0.76	0.17	1.48	0.32	0.63	1.00
Fabricated Metal Product Mfg.	1.35	0.94	1.74	0.69	1.60	0.86	1.20	1.00
Machinery Manufacturing	0.54	0.74	1.23	0.42	1.32	1.16	0.88	1.00
Computer & Electronic Product Mfg.	0.96	2.22	0.90	0.59	2.99	2.67	1.76	1.00
Electrical Equipment & Appliance Mfg.	1.36	1.02	1.90	0.45	2.16	1.30	1.33	1.00
Transportation Equipment Mfg.	0.58	0.33	1.93	1.17	0.27	0.61	0.81	1.00
Ship & Boat Building	6.45	0.12	*	10.34	*	0.06	*	1.00
Furniture & Related Product Mfg.	0.91	0.41	0.47	0.62	0.45	1.64	0.53	1.00
Miscellaneous Manufacturing	4.29	1.48	1.49	0.73	1.91	1.37	1.65	1.00
Jewelry & Silverware Manufacturing	45.90	2.40	0.45	0.49	0.70	1.49	4.65	1.00

*Some data may not be available due to disclosure standards.

Retail Trade

Overview of the Sector

Rhode Island's Retail Trade establishments employed an average of 52,500 people in 2005, making it the third largest employer in the state's private sector. It accounted for 12.7 percent of all private sector jobs in the Ocean State, behind Health Care & Social Assistance (17.5%) and Manufacturing (13.3%). This was the lowest concentration of sector employment in the New England region, trailing New Hampshire (18.2%), Maine (17.6%), Vermont (16.2%), Connecticut (13.6%), and Massachusetts (12.9%).

In fact, Retail Trade is the largest private sector employer in New England, accounting for 13.8 percent (825,412) of regional jobs. Rhode Island-based establishments comprised 6.4 percent of this total. Overall, in 2005, New England hosted 5.4 percent of all Retail Trade employment in the United States.

Location Quotients (Regional)

Using New England as the reference economy, Rhode Island's Retail Trade sector had a location quotient of 0.90 in 2005, the lowest in New England. This indicates that the state had less Retail Trade employment than expected, relative to the region as a whole. It could also signify that local consumer demand can not be entirely met by current employment levels, perhaps leading some to look toward non-local businesses for their goods and

services. High concentrations of employment in New Hampshire (1.29), Maine (1.25), and Vermont (1.15) help drive the region's Retail Trade economy. Their location quotients indicate "excess" sector employment capable of meeting local demand, while generating goods and services for non-local consumers as well. The thousands of shoppers who flock to these states' outlet stores (i.e. North Conway, NH; Kittery, ME) on special bus trips and during vacations support this point. Meanwhile, similar to Rhode Island, Connecticut (0.97) and Massachusetts (0.92) had Retail Trade location quotients below 1.00.

The Retail Trade sector can be broken down into twelve subsectors. The Ocean State had location quotients above 1.00 in just two of them. The first was Health & Personal Care Stores, which includes pharmacies and cosmetic/beauty supply stores. Its location quotient of 1.40 was by far the highest in New England, well ahead of Connecticut (1.03) and Massachusetts (1.02). This indicates a concentration of employment beyond what is required to meet local demand.

In 2005, the state's second highest concentrated Retail Trade subsector was General Merchandise Stores. Its location quotient of 1.30 trailed that of New Hampshire (1.48) and Maine (1.32), but still indicated that local employment could generate excess services for consumption by non-residents. Within the General Merchandise Stores subsector, the state's Department Stores had a location quotient of 0.80, one of the lowest in the region. Local Department Stores employment was less concentrated in Rhode Island than expected in 2005, relative to all of New England.

In six of the remaining ten Retail Trade subsectors, Rhode Island reported the lowest location quotients in New England - Food & Beverage Stores (0.65), Sporting Goods, Hobby, Book & Music Stores (0.72), Electronics & Appliance Stores (0.76), Furniture & Home Furnishings Stores (0.77), Building Material & Garden Supply Stores (0.84), and Miscellaneous Store Retailers (0.88; i.e. florists, offices supplies, used



State / Region Location Quotients for the Retail Trade Sector - 2005							
	RI	MA	CT	ME	NH	VT	New England
Retail Trade	0.90	0.92	0.97	1.25	1.29	1.15	1.00
Motor Vehicle & Parts Dealers	0.91	0.85	0.99	1.31	1.46	1.22	1.00
Furniture & Home Furnishings Stores	0.77	0.94	1.14	0.92	1.24	0.98	1.00
Electronics & Appliance Stores	0.76	1.01	0.97	0.81	1.50	0.77	1.00
Building Material & Garden Supply Stores	0.84	0.87	0.95	1.24	1.53	1.31	1.00
Food & Beverage Stores	0.65	1.00	0.95	1.17	1.14	1.19	1.00
Health & Personal Care Stores	1.40	1.02	1.03	0.72	0.81	0.93	1.00
Gasoline Stations	0.77	0.70	0.71	2.40	1.54	2.45	1.00
Clothing & Clothing Accessories Stores	0.95	1.03	1.07	0.74	1.01	0.87	1.00
Sporting Goods, Hobby, Book & Music Stores	0.72	0.95	0.95	1.11	1.36	1.30	1.00
General Merchandise Stores	1.30	0.85	0.98	1.32	1.48	0.61	1.00
Department Stores	0.80	0.94	1.14	0.85	1.48	0.50	1.00
Miscellaneous Store Retailers	0.88	0.93	0.90	1.21	1.31	1.47	1.00
Nonstore Retailers	0.72	0.61	0.96	2.70	1.52	1.53	1.00

*Some data may not be available due to disclosure standards.

merchandise). When compared to the region, these subsectors should not be considered “specializations” of the Rhode Island economy. However, this “weakness” also means that the state has a smaller concentration of what are generally part-time, lower-paying jobs relative to the region as a whole. In 2005, most Retail Trade industries paid annual wages well-below the state’s private sector average of \$37,064, ranging from \$16,251 in Sporting Goods Stores to \$31,703 in Electronics & Appliance Stores.

In the Motor Vehicle & Parts Dealers industry, Rhode Island had a location quotient of 0.91. This was the second lowest quotient in the region, ahead of only Massachusetts (0.85). What makes this subsector notable is the fact that it was the only one in Retail Trade to pay an annual wage above the state’s private sector average. In 2005, workers in Rhode Island’s Motor Vehicle & Parts Dealers establishments earned an average of roughly \$38,800, compared to \$37,000 for all private sector workers statewide.

Location Quotients (National)

Using the United States as the reference economy, Rhode Island’s Retail Trade sector had a location quotient of 0.92 in 2005, the lowest in New England and slightly behind Massachusetts (0.93). This indicates that both the Ocean State and the Bay State

had less Retail Trade employment than expected, relative to the country as a whole. It is assumed that sector employment levels in these areas are unable to meet local demand, and therefore goods and services are being purchased in non-local areas. Connecticut’s location quotient of 0.99 likely signifies that its employers have the workforce necessary to meet local demand.

New Hampshire (1.32), Maine (1.27), and Vermont (1.17) each reported “excess” Retail Trade employment when compared against the nation as a whole. These three states are assumed to have the employment levels necessary to both meet local demand and generate additional services for non-local consumption. In both New Hampshire and Maine, Retail Trade had the second highest location quotient in their respective private sector economies.

Overall, New England had a Retail Trade location quotient of 1.02. It was one of nine sectors (out of 17) with an employment concentration above what was expected when compared to the United States as a whole.

Whereas in the state/region comparison Rhode Island had two subsectors (Health Care & Personal Care Stores and General Merchandise Stores) with location

quotients above 1.00, the Ocean State had three high-concentration subsectors on a state/national basis. In 2005, Health Care & Personal Care Stores posted a location quotient of 1.56 - the highest in New England - indicating a local employment concentration 1.5 times greater than found throughout the United States.

Rhode Island-based Nonstore Retailers, including electronic shopping and mail-order houses, vending machine operators, and direct selling establishments, had a location quotient of 1.29. In fact, each of the six New England states had high concentrations of Nonstore Retail employment when compared to the nation as a whole. The region posted a location quotient of 1.79 in this subsector, led by Maine (4.84). Rhode Island's notable concentration of Nonstore employment was accentuated by the fact that it paid relatively high wages for a retail-based industry. In 2005, Ocean State-based Nonstore Retailers paid the second highest annual average wage within Retail Trade, at \$36,292.

The third subsector with a location quotient above 1.00 in Rhode Island was Clothing & Clothing Accessories Stores (1.04). In comparison to the fifty states, Rhode Island had more workers in this subsector than would be expected. However, unlike

Nonstore Retailers, jobs in this industry paid an annual average wage of just \$17,640 in 2005, or less than half of the private sector average (\$37,064). This low wage reflects the seasonal and part-time nature of many retail industries and occupations.

Rhode Island reported the lowest location quotient among the New England states in six Retail Trade subsectors: Electronics & Appliance Stores (0.71), Furniture & Home Furnishings Stores (0.77), Food & Beverage Stores (0.82), Sporting Goods, Hobby, Book & Music Stores (0.83), Building Material & Garden Supply Stores (0.87), and Miscellaneous Store Retailers (0.93). In these areas of the economy, Rhode Island had less employment than would be expected when compared to national concentrations. It is assumed that local demand for services in these subsectors cannot be met at current employment levels, driving Ocean State consumer dollars toward non-local retailers.

	<u>RI</u>	<u>MA</u>	<u>CT</u>	<u>ME</u>	<u>NH</u>	<u>VT</u>	New England	United States
Retail Trade	0.92	0.93	0.99	1.27	1.32	1.17	1.02	1.00
Motor Vehicle & Parts Dealers	0.86	0.80	0.93	1.23	1.38	1.15	0.94	1.00
Furniture & Home Furnishings Stores	0.77	0.93	1.12	0.91	1.22	0.97	0.99	1.00
Electronics & Appliance Stores	0.71	0.95	0.91	0.76	1.41	0.73	0.94	1.00
Building Material & Garden Supply Stores	0.87	0.90	0.97	1.27	1.57	1.34	1.02	1.00
Food & Beverage Stores	0.82	1.26	1.19	1.48	1.43	1.49	1.26	1.00
Health & Personal Care Stores	1.56	1.14	1.15	0.80	0.90	1.03	1.12	1.00
Gasoline Stations	0.62	0.56	0.57	1.94	1.24	1.98	0.81	1.00
Clothing & Clothing Accessories Stores	1.04	1.13	1.17	0.81	1.11	0.95	1.10	1.00
Sporting Goods, Hobby, Book & Music Stores	0.83	1.10	1.10	1.29	1.58	1.50	1.16	1.00
General Merchandise Stores	0.92	0.60	0.69	0.93	1.05	0.44	0.71	1.00
Department Stores	0.73	0.85	1.04	0.77	1.34	0.46	0.91	1.00
Miscellaneous Store Retailers	0.93	0.98	0.95	1.28	1.39	1.56	1.06	1.00
Nonstore Retailers	1.29	1.09	1.73	4.84	2.72	2.73	1.79	1.00

*Some data may not be available due to disclosure standards.

Accommodation & Food Services

Overview of the Sector

Rhode Island's Accommodation & Food Services firms employed an average of 42,700 people in 2005, making it the state's fourth largest private sector employer. It accounted for 10.3 percent of all private sector jobs in the Ocean State, behind Health Care & Social Assistance (17.5%), Manufacturing (13.3%), and Retail Trade (12.7%). This overall concentration of Accommodation & Food Services employment was on par with what was reported in Maine (10.3%). Only Vermont (11.7%) had a higher concentration of sector employment among the six New England states. Smaller concentrations were reported in New Hampshire (9.8%), Massachusetts (8.9%), and Connecticut (7.5%), as well as throughout the United States (9.8%).

In 2005, the Ocean State accounted for 8.1 percent of all sector jobs in New England. Overall, the six state region comprised 4.8 percent of the nation's Accommodation & Food Services workforce.

Location Quotients (Regional)

Using New England as the reference economy, Rhode Island's Accommodation & Food Services sector had a location quotient of 1.14 in 2005. This was the second highest location quotient among the seventeen private sectors measured, behind Educational Services (1.15). It was also the third highest in New England, trailing the Accommodation & Food Services sectors in Vermont (1.30) and Maine (1.15). New Hampshire

(1.09) also had a location quotient above the 1.00 threshold, while Massachusetts (0.99) and Connecticut (0.83) were below it.

Rhode Island's location quotient of 1.14 indicates that the state has more sector employment than would be expected when compared against the New England region as a whole. These "excess" employees are assumed to provide a quantity of services above what is demanded by the local population - this extra capacity is made available to consumers from non-local areas. Thus, when compared to neighboring states, particularly Massachusetts and Connecticut, it would seem that the Ocean State has the workforce concentration necessary to meet the needs of visitors and build upon its reputation as a premier tourist destination in the northeast.

Accommodation & Food Services is broken into two subsectors. The first - Accommodation - includes hotels, motels, bed and breakfasts, RV parks, and rooming and boarding houses. The second - Food Services & Drinking Places - is comprised of restaurants, caterers, and taverns. It is in the latter that Rhode Island enjoys notable employment concentration relative to the region. This should be no surprise to anyone familiar with the Ocean State's culinary flair. The state prides itself on the diversity of its many great restaurants, a highly marketable feature that attracts tourists from near and far. These dining establishments - offering both full- and limited-services - require thousands of workers to operate, particularly during the summer months when business increases.

Rhode Island's Food Services & Drinking Places subsector had a location quotient of 1.23 in 2005. It was the highest quotient among the New England states, ahead of Maine (1.06), New Hampshire (1.06), and Massachusetts (1.01). Vermont (0.97) and Connecticut (0.87) reported subsector location quotients below the 1.00 threshold. Employment concentrations were greater than would be expected (on a regional basis) in Ocean State-based Full-service



State / Region Location Quotients for the Accommodation & Food Services Sector - 2005							
	<u>RI</u>	<u>MA</u>	<u>CT</u>	<u>ME</u>	<u>NH</u>	<u>VT</u>	New England
Accommodation & Food Services	1.14	0.99	0.83	1.15	1.09	1.30	1.00
Accommodation	0.68	0.88	0.61	1.66	1.27	3.16	1.00
Traveler Accommodation	0.69	0.91	0.61	1.51	1.20	3.27	1.00
RV Parks & Recreational Camps	0.26	0.43	0.63	3.93	2.27	2.06	1.00
Rooming & Boarding Houses	1.98	1.29	0.12	1.18	1.18	0.41	1.00
Food Services & Drinking Places	1.23	1.01	0.87	1.06	1.06	0.97	1.00
Full-service Restaurants	1.12	1.00	0.84	1.16	1.16	1.04	1.00
Limited-service Eating Places	1.27	1.00	0.89	1.07	1.11	0.79	1.00

*Some data may not be available due to disclosure standards.

Restaurants (1.12) and Limited-service Eating Places (1.27). These location quotients indicate that Food Services industries provide a quantity of services beyond what is demanded by the local population, with a workforce that can adequately accommodate visitors from non-local areas. In contrast, it is assumed that Full-service Restaurants (0.84) and Limited-service Eating Places (0.89) in Connecticut had concentrations of employment below what would be required to fully satisfy local demand, assuming similar demand throughout the region.

While the aforementioned industries have high concentrations of employment relative to other New England states and generate millions of dollars in revenue and taxes, they are also comprised of many lower-skilled, lower-paying occupations that offer near-minimum wages and few benefits. In 2005, Full-service Restaurants in Rhode Island paid an annual average wage of \$15,374, while Limited-service establishments paid \$11,928.

In the Accommodation subsector, Rhode Island had one of the lowest location quotients in New England, at 0.68. In the Traveler Accommodation industry, which includes hotels, motels, and bed and breakfast inns, the state's location quotient was 0.69 in 2005. Only Connecticut (0.61 and 0.61) reported smaller concentrations of subsector and industry employment relative to the region. Elsewhere, Accommodation employment in Vermont (3.16), Maine (1.66), and New Hampshire (1.27) was significantly more concentrated than in the Ocean State.

Rhode Island's RV Parks & Recreational Camps and Rooming & Boarding Houses industries employ very few people - 94 and 113 in 2005, respectively. However, relative to the size of its private sector economy, the latter had an employment concentration nearly double that of the region as a whole. Local Rooming & Boarding Houses had a location quotient of 1.98, the highest in New England. On the other hand, RV Parks had the lowest quotient (0.26) among the New England states.

Location Quotients (National)

Using the United States as the reference economy, Rhode Island's Accommodation & Food Services sector had a location quotient of 1.05 in 2005. Along with Maine, it was the second highest location quotient in New England, trailing Vermont (1.19). Both Massachusetts (0.91) and Connecticut (0.76) had location quotients below 1.00, indicating that they had less employment than would be expected based upon the nation's job concentration in this sector. Overall, New England had a location quotient of 0.91 in Accommodation & Food Services.

On a national basis, Rhode Island was the only New England state to have a location quotient above 1.00 in Food Services & Drinking Places. At 1.14, the Ocean State had a subsector employment concentration greater than that found throughout the United States, indicating an economic specialization.

Ocean State-based Drinking Places, including bars, cocktail lounges, taverns, and some night clubs, had an

employment concentration (1.91) nearly double that of the United States. In fact, Rhode Island was the only New England state to report a location quotient above 1.00 in this industry. Although Drinking Places might represent a specialization in this regard, it is also the lowest paying industry within the Accommodation & Food Services sector, paying an annual average wage of just \$11,913 in 2005.

Similarly, when compared to the nation, local employment was highly concentrated in Special Food Services. This industry includes food service contractors, caterers, and mobile food services, such as ice cream trucks and other street vendors. In 2005, Rhode Island's location quotient for this industry was 1.67, greater than that reported in Vermont (1.54), Connecticut (1.50), Massachusetts (1.44), and Maine (0.67).

Rhode Island also had notable employment concentrations in Full-service (1.12) and Limited-service (1.02) dining establishments. In regards to the latter - an industry that includes fast-food restaurants, pizza delivery services, delicatessens, coffee shops, and cafeterias - the Ocean State was the only New England state to have a location quotient above 1.00. Overall, in 2005, New England had location quotients of 1.00 and 0.81, respectively, in these industries.

A lack of specialization was indicated in the Ocean State's Accommodation subsector. Rhode Island had

a location quotient of 0.57 in 2005, the second lowest in New England. The region itself had a subsector quotient of just 0.84. This indicates that subsector employment in the state and New England as a whole was less concentrated than would be expected.

To account for seasonal factors, location quotients were also analyzed for August 2005, a month that generally represents the period of peak employment for Rhode Island's many hotels and other accommodation establishments. The state's location quotient during this month increased slightly to 0.67, while New England's subsector location quotient was 0.95. Thus, even during the region's busiest season, employment concentration in Accommodation industries was less than expected when compared against the entire United States.

	<u>RI</u>	<u>MA</u>	<u>CT</u>	<u>ME</u>	<u>NH</u>	<u>VT</u>	New England	United States
Accommodation & Food Services	1.05	0.91	0.76	1.05	1.00	1.19	0.91	1.00
Accommodation	0.57	0.74	0.51	1.38	1.06	2.64	0.84	1.00
Traveler Accommodation	0.56	0.73	0.49	1.21	0.96	2.62	0.80	1.00
RV Parks & Recreational Camps	0.49	0.80	1.18	7.31	4.23	3.84	1.86	1.00
Rooming & Boarding Houses	2.80	1.82	0.18	1.66	1.67	0.58	1.41	1.00
Food Services & Drinking Places	1.14	0.94	0.81	0.98	0.98	0.90	0.93	1.00
Full-service Restaurants	1.12	1.01	0.84	1.17	1.16	1.05	1.00	1.00
Limited-service Eating Places	1.02	0.81	0.71	0.86	0.90	0.64	0.81	1.00
Special Food Services	1.67	1.44	1.50	0.67	*	1.54	*	1.00
Drinking Places, Alcoholic Beverages	1.91	0.89	0.53	0.55	*	0.97	*	1.00

*Some data may not be available due to disclosure standards.

Financial Activities

Overview of the Sector

Rhode Island's Financial Activities establishments employed an average of 32,600 people in 2005, making it the fifth largest private sector employer in the Ocean State. It accounted for 7.9 percent of all private sector jobs in Rhode Island, behind Health Care & Social Assistance (17.5%), Manufacturing (13.3%), Retail Trade (12.7%), and Accommodation & Food Services (10.3%). This was the third highest concentration of sector employment in the New England region, trailing Connecticut (10.1%) and Massachusetts (8.0%). New Hampshire (7.0%), Maine (6.7%), and Vermont (5.2%) each reported smaller shares of Financial Activities employment than Rhode Island.

The Ocean State accounted for 6.8 percent of all Financial Activities jobs in New England. Overall, in 2005, 8.2 percent of the New England region's private sector workforce was in this sector. In comparison, Financial Activities comprised 7.3 percent of all private sector jobs in the United States.

Location Quotients (Regional)

Using New England as the reference economy, Rhode Island's Financial Activities sector had a location quotient of 0.96 in 2005, the third highest in New England. This indicates that the state had fewer Financial Activities jobs than would be expected based on regional trends. It is assumed that current sector employment levels are not fully meeting local demand

for Financial Activities services.

Only one New England state - Connecticut (1.24) - had a location quotient above 1.00 in 2005, signifying "excess" employment capable of generating services for export to non-local areas. Massachusetts (0.98) had an employment concentration that is assumed to have come close to meeting local demand for financial services, while sector location quotients in New Hampshire (0.85), Maine (0.81), and Vermont (0.63) were less than that found in Rhode Island.

Financial Activities is divided into two subsectors: Finance & Insurance and Real Estate & Rental & Leasing. The first of these had a location quotient of 0.94, the third highest in the region behind Connecticut (1.30) and Massachusetts (0.97). Within Finance & Insurance, Rhode Island specialized in Credit Intermediation & Related Activities (1.40). This industry includes establishment engaged in commercial banking, savings institutions, credit unions, sales financing, and mortgage loan brokers. Only one other New England state - Maine (1.17) - had a location quotient above 1.00 in this industry. It is assumed that Ocean State employers had more workers than would be expected when compared to the region, capable of generating enough services to meet local demand and the needs of some non-local consumers. This is of particular interest due to the above-average wages paid to many Credit Intermediation workers. In 2005, the industry's annual average wage in Rhode Island was \$50,241, or 136 percent of the state's private sector average.

Despite recent employment gains in the Securities, Commodity Contracts, Investment industry, particularly in Smithfield, the state posted a location quotient of just 0.67. Industry employment was highly concentrated, relative to the region, in Massachusetts (1.26) and Connecticut (1.03). New Hampshire (0.92) also had an industry location quotient greater than Rhode Island in 2005. This indicates a lack of employment specialization relative to regional neighbors. However, it remains important for the



State / Region Location Quotients for the Financial Services Sector - 2005							
	RI	MA	CT	ME	NH	VT	New England
Financial Activities	0.96	0.98	1.24	0.81	0.85	0.63	1.00
Finance & Insurance	0.94	0.97	1.30	0.79	0.82	0.58	1.00
Credit Intermediation & Related Activities	1.40	0.98	0.98	1.17	0.75	0.88	1.00
Securities, Commodity Contracts, Investments	0.67	1.26	1.03	0.23	0.92	0.24	1.00
Insurance Carriers & Related Activities	0.74	0.82	1.64	0.77	0.86	0.53	1.00
Real Estate & Rental & Leasing	1.04	1.05	0.95	0.93	0.99	0.84	1.00
Real Estate	1.01	1.09	0.94	0.85	0.94	0.76	1.00

*Some data may not be available due to disclosure standards.

state to capitalize on recent gains in Securities- and Commodities-related employment. This segment of the economy generally pays wages well-above the private sector average, offers good benefits, and presents career pathways for advancement. In fact, at \$82,265, the Securities, Commodity Contracts, Investments industry paid the second highest annual average wage of any industry in the Ocean State, trailing only Management of Companies & Enterprises (\$84,573).

In 2005, the Ocean State had one of the smallest concentrations of Insurance Carriers & Related Activities employment in New England. Its location quotient of 0.74 was next to last in the region. Connecticut's location quotient of 1.64 was by far the highest in the region. In fact, no other New England state had an industry location quotient above 1.00.

The remaining Financial Activities subsector - Real Estate & Rental & Leasing - posted a location quotient of 1.04 in 2005, indicating a strength in the state's economy relative to New England. Massachusetts (1.05) reported a similar location quotient for this subsector, while the remaining states had employment concentrations below what would be expected if regional demand stayed constant.

Location Quotients (National)

Using the United States as the reference economy, Rhode Island's Financial Activities sector had a location quotient of 1.08 in 2005, the third highest in New England behind Connecticut (1.39) and Massachusetts (1.10). This indicates that the tri-state area had more employment than would be expected

based upon the nation's job concentration in this sector. It is assumed that firms in these areas have sufficient employment to meet local demand, while also generating excess services for consumption by non-residents. New Hampshire (0.96), Maine (0.92), and Vermont (0.71) all posted sector location quotients below 1.00 in 2005. Overall, New England had a location quotient of 1.13 in the Financial Activities sector, suggesting that the region specializes in many of its industries relative to the rest of the United States.

When compared against national employment concentrations, Rhode Island specialized in the Credit Intermediation & Related Activities (1.25), Securities, Commodity Contracts, Investments (1.24), and Insurance Carriers & Related Activities (1.09) industries. In Credit Intermediation, the Ocean State had the highest employment concentration (relative to the nation) within New England. Only one other state - Maine (1.04) - had a location quotient above 1.00. These two states had "excess" employment relative to the United States, assumed to be generating enough services to meet local demand and then some.

Securities-related employment was highly concentrated throughout the region. Its location quotient for New England was 1.86 and even higher in Massachusetts (2.35) and Connecticut (1.91). Two states in the region - Vermont (0.45) and Maine (0.42) - posted location quotients well-below 1.00, indicating local demand was not being met by existing employment levels.

Within the Insurance Carriers industry, Vermont (0.77) was the only New England state with a location

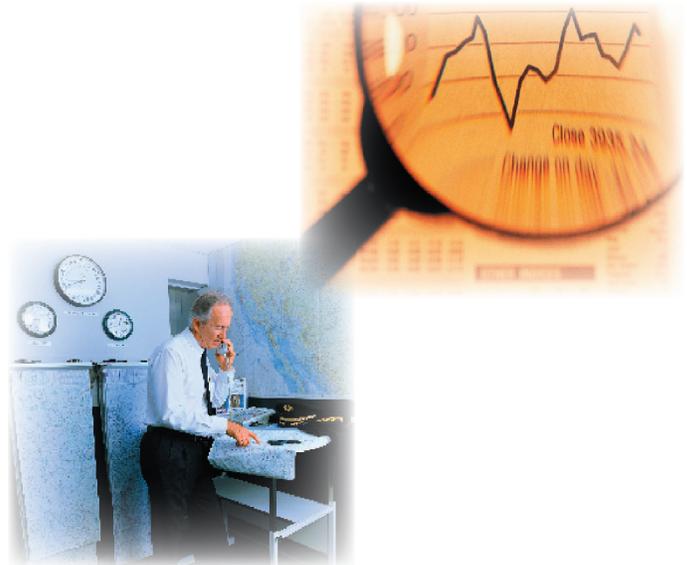
quotient below 1.00 in 2005. Connecticut had an employment concentration 2.4 times greater than the nation as a whole.

Although the region specialized in Finance & Insurance industries, it showed signs of weakness in Real Estate & Rental & Leasing. Overall, New England had a location quotient of 0.81 in 2005. Each of the six New England states had employment concentrations below what would be expected if national demand remained constant. The highest subsector location quotients were noted in Massachusetts (0.85) and Rhode Island (0.84), followed by New Hampshire (0.80), Connecticut (0.77), Maine (0.75), and Vermont (0.68). It is assumed that regional employment was at levels incapable of meeting local demand for these services.

Rhode Island had notable employment in two industries within this subsector: Real Estate and Rental & Leasing Services. Combined, these industries generated an average of 6,700 jobs in 2005. The state had a Real Estate location quotient of 0.82, slightly above what the region as a whole reported (0.80) in 2005. In Rental & Leasing Services, which includes car rental, consumer goods rental, and office equipment leasing firms, the state's location quotient was 0.91, second only to New Hampshire (0.92). These location quotients indicate that employment levels in the Real Estate and Rental & Leasing Services industries were not enough to entirely meet

local demand, based on national job concentrations.

Less than 100 people worked in the state's Lessors of Nonfinancial Intangible Assets industry, including patent leasing, brand name licensing, and franchise agreements. The bulk of the region's industry employment was in Connecticut, whose job concentration (2.29) was more than two times that of the entire United States. Rhode Island posted a location quotient of 0.68 in this industry.



State / Nation Location Quotients for the Financial Services Sector - 2005

	RI	MA	CT	ME	NH	VT	New England	United States
Financial Activities	1.08	1.10	1.39	0.92	0.96	0.71	1.13	1.00
Finance & Insurance	1.17	1.20	1.61	0.97	1.02	0.72	1.24	1.00
Credit Intermediation & Related Activities	1.25	0.87	0.87	1.04	0.66	0.78	0.89	1.00
Securities, Commodity Contracts, Investments	1.24	2.35	1.91	0.42	1.72	0.45	1.86	1.00
Insurance Carriers & Related Activities	1.09	1.21	2.40	1.13	1.26	0.77	1.46	1.00
Funds, Trusts & Other Financial Vehicles	0.22	*	*	0.15	0.39	*	*	1.00
Real Estate & Rental & Leasing	0.84	0.85	0.77	0.75	0.80	0.68	0.81	1.00
Real Estate	0.82	0.88	0.76	0.68	0.76	0.61	0.80	1.00
Rental & Leasing Services	0.91	0.79	0.74	*	0.92	0.86	*	1.00
Lessors of Nonfinancial Intangible Assets	0.68	0.62	2.29	*	0.14	0.12	*	1.00

*Some data may not be available due to disclosure standards.

Other Regional Highlights

Overview

The preceding pages of this report examined the employment concentrations of Rhode Island's largest private sector employers against those found in New England and throughout the United States. This final section will highlight location quotients for the economy's remaining industries, including Government, on a regional basis. A chart has been provided outlining the location quotients for more than three dozen sectors and industries that have a presence throughout the region.

Construction

With a location quotient of 1.01 in 2005, it is assumed that Rhode Island's Construction sector had a concentration of employment capable of generating the goods and services demanded by local consumers. Further north, location quotients in Construction were a bit higher, including Vermont (1.30), Maine (1.19), and New Hampshire (1.06). Closer to home, both Massachusetts (0.97) and Connecticut (0.90) had less Construction employment than would be expected when compared against all of New England. This data may signify that local demand for Construction goods and services in those two states was not being adequately met.

Since Rhode Island's employment capacity was slightly above the 1.00 threshold, it could indicate that Ocean State firms filled some of the void between supply and demand in neighboring states. This is particularly true in the Construction of Buildings industry, where Rhode Island posted a location quotient of 1.10 compared to 0.95 in Massachusetts and 0.80 in Connecticut.

It should be noted that Construction industries generally pay above-average wages. In 2005, the average Construction worker in Rhode Island earned \$44,792, or 121 percent of the private sector average.

Transportation & Warehousing

Rhode Island's location quotient of 0.85 was the

lowest in New England, indicating that current employment levels, relative to the region, are not meeting local demand for Transportation & Warehousing services. Three states - Connecticut (1.12), Maine (1.08), and Vermont (1.06) - reported "excess" employment in this sector.

The Ocean State had a notable concentration of employment in Scenic & Sightseeing Transportation, whose location quotient of 1.77 led the region. In Support Activities for Transportation, an industry that includes port and harbor operations, marine cargo handling, motor vehicle towing, and airport operations, Rhode Island had a location quotient of 1.00. It is assumed that establishments in this industry had sufficient employment to meet local demand.

Rhode Island posted sub-1.00 location quotients in the sector's remaining industries, including Couriers & Messengers (0.96), Truck Transportation (0.84), Transit & Ground Passenger Transportation (0.84), Warehousing & Storage (0.71), and Air Transportation (0.59). This data may signify weaknesses in the state's economy, where local demand for services outstrips those generated by existing employment levels.

Information

Just one New England state - Massachusetts (1.12) - had a location quotient over 1.00 in 2005. In fact, the Bay State accounted for nearly 53 percent of all Information jobs in the region. Rhode Island had a location quotient of 0.92, indicating a lack of industry specialization relative to its regional neighbors.

Of the five Information industries measured, the Ocean State had just one with a location quotient above 1.00 - ISP, Search Portals & Data Processing (1.95). Local employment concentration was nearly double that of New England in this industry, which paid an annual average wage of \$69,630, or 188 percent of the state's 2005 private sector average (\$37,064).

Although Rhode Island showed a specialization in the ISP, Search Portals & Data Processing industry, it had

a weakness in Motion Picture & Sound Recording Industries. Its location quotient of 0.85 was the lowest in the region, trailing Maine (1.31), Massachusetts (1.03), Vermont (0.95), Connecticut (0.92) and New Hampshire (0.92).

Management of Companies & Enterprises

In 2005, the Ocean State had a location quotient of 1.09 in this sector, the second highest in New England behind Massachusetts (1.24). They were the only two states to report employment concentrations greater than the region as a whole. This indicates an economic specialization relative to other areas of New England. In Rhode Island, this industry paid the highest annual average wage within the private sector. At \$84,573, Management of Companies & Enterprises establishments paid well over two-times the state's private sector average (\$37,064). The sector includes corporate offices, district/regional offices, and financial holding companies.

Administrative & Waste Services

With a location quotient of 1.08 in 2005, employment in Rhode Island's Administrative & Waste Services sector was highly concentrated in comparison to New England as a whole. Only Connecticut (1.09) had a location quotient greater than that reported in the Ocean State. Along with Massachusetts (1.05), this tri-state area is assumed to specialize in this sector when compared to the entire region.

The Administrative & Waste Services sector is broken into two subsectors. The first - Administrative & Support Services - includes a variety of business types, including management services, temporary help agencies, call centers, collection agencies, travel agencies, private security, janitorial services, and convention organizers. At 1.09, Rhode Island had the highest location quotient for this industry in New England, indicating "excess" employment capable of generating services for export to non-local consumers. However, it is also an industry that pays below-average wages. In 2005, annual average pay for Administrative & Support Services jobs was \$24,353, or 66 percent of the state's private sector average. At \$42,841, the second subsector in Administrative & Waste Services - Waste Management & Redemption Services - paid a notably higher annual average wage

in 2005. However, Rhode Island posted a location quotient (0.97) below the 1.00 threshold, indicating that employment concentration in this industry may not be meeting local demand relative to the region as a whole. Industry employers in Connecticut (1.19) and Vermont (1.14), including waste collection, treatment and disposal firms, reported employment levels beyond what would be expected for their economies.

Educational Services

The Educational Services sector includes private schools, colleges and universities, and sports and recreation instruction. In 2005, it accounted for 4.2 percent of all private sector jobs statewide. During that year, Educational Services had the highest location quotient in Rhode Island's private sector, at 1.15. It was also the highest quotient in New England for this segment of the economy, on par with neighboring Massachusetts (1.15). This indicates an economic specialization relative to the region as a whole, as the remaining four states had location quotients below 1.00. Part of this strength lies in the state's private Colleges & Universities workforce, where Rhode Island's location quotient of 1.15 was second in the region only to Massachusetts (1.28). With an annual average wage of \$39,088 in 2005, Educational Services jobs paid slightly above the state's private sector average (\$37,064). An even higher annual average wage was paid by Colleges & Universities (\$45,241) throughout the Ocean State.

Arts, Entertainment & Recreation

Location quotient data indicates that the state specialized in the Arts, Entertainment & Recreation industries. New Hampshire (1.18) and Rhode Island (1.04) reported the highest location quotients in this sector, followed by Connecticut (1.00).

Arts, Entertainment & Recreation is divided into three subsectors. In 2005, Rhode Island was the only New England state to post a location quotient of 1.00 or greater in each of these three divisions. However, each of these subsectors paid annual average wages below the state's private sector average. The sector's \$21,062 average wage was roughly 57 percent of the average wage paid for all private sector jobs in 2005. In Performing Arts & Spectator Sports, Rhode Island's location quotient of 1.00 indicated that

State / Region Location Quotients for Selected Sectors - 2005							
	<u>RI</u>	<u>MA</u>	<u>CT</u>	<u>ME</u>	<u>NH</u>	<u>VT</u>	New <u>England</u>
Natural Resources & Mining	0.58	0.68	0.94	2.48	1.01	2.60	1.00
Utilities	0.63	0.80	1.39	0.88	1.18	1.56	1.00
Construction	1.01	0.97	0.90	1.19	1.06	1.30	1.00
Construction of Buildings	1.10	0.95	0.80	1.31	1.12	1.63	1.00
Heavy & Civil Engineering Construction	0.99	0.93	0.87	1.33	1.15	1.50	1.00
Specialty Trade Contractors	0.98	0.99	0.94	1.13	1.02	1.15	1.00
Wholesale Trade	0.86	1.03	1.01	0.92	1.09	0.86	1.00
Merchant Wholesalers-Durable	0.98	1.02	1.00	0.91	1.02	0.92	1.00
Merchant Wholesalers-Nondurable	0.75	1.06	0.96	1.04	0.88	1.20	1.00
Electronic Markets & Agents & Brokers	0.74	0.98	1.11	0.74	1.69	0.08	1.00
Transportation & Warehousing	0.85	0.96	1.12	1.08	0.91	1.06	1.00
Air Transportation	0.59	1.46	0.64	0.39	0.64	0.57	1.00
Truck Transportation	0.84	0.90	0.79	1.91	1.06	1.58	1.00
Transit & Ground Passenger Transport.	0.84	0.98	1.35	0.47	0.90	0.87	1.00
Scenic & Sightseeing Transportation	1.77	1.04	0.41	1.45	1.45	0.74	1.00
Support Activities for Transportation	1.00	0.94	1.18	1.23	0.71	0.79	1.00
Couriers & Messengers	0.96	0.96	1.16	0.88	0.90	1.07	1.00
Warehousing & Storage	0.71	0.77	1.47	1.18	1.01	0.96	1.00
Information	0.92	1.12	0.95	0.80	0.84	0.88	1.00
Publishing Industries (ex. Internet)	0.66	1.28	0.72	0.60	1.02	0.78	1.00
Motion Picture & Sound Recording Ind.	0.85	1.03	0.92	1.31	0.92	0.95	1.00
Broadcasting (ex. Internet)	0.77	0.86	1.42	1.12	0.59	1.20	1.00
Telecommunications	0.88	1.00	1.20	0.85	0.81	0.79	1.00
ISPs, Search Portals & Data Processing	1.95	1.07	0.87	0.64	0.59	0.94	1.00
Professional & Technical Services	0.73	1.22	0.91	0.67	0.73	0.74	1.00
Management of Companies & Enterprises	1.09	1.24	0.93	0.59	0.72	0.06	1.00
Administrative & Waste Services	1.08	1.05	1.09	0.78	0.82	0.62	1.00
Administrative & Support Services	1.09	1.06	1.08	0.77	0.82	0.58	1.00
Waste Management & Redemption Svcs.	0.97	0.94	1.19	0.93	0.85	1.14	1.00
Educational Services	1.15	1.15	0.89	0.50	0.87	0.99	1.00
Arts, Entertainment & Recreation	1.04	0.98	1.00	0.94	1.18	0.90	1.00
Performing Arts & Spectator Sports	1.00	1.03	1.05	0.68	1.07	0.94	1.00
Museums, Historical Sites, Zoos & Parks	1.13	1.17	0.90	0.56	0.66	1.05	1.00
Amusements, Gambling & Recreation	1.05	0.94	1.00	1.06	1.27	0.88	1.00
Other Services	1.08	1.07	0.98	0.81	0.87	0.89	1.00
Repair & Maintenance	1.02	0.95	1.00	1.00	1.19	1.08	1.00
Personal & Laundry Services	1.06	1.04	1.09	0.68	0.93	0.70	1.00
Membership Associations & Orgs.	1.53	1.03	0.88	0.87	0.83	1.05	1.00
Private Households	0.28	1.40	0.90	0.61	0.27	0.62	1.00
Government*	0.96	0.92	1.04	1.21	0.99	1.24	1.00
State Government*	1.01	0.91	1.03	1.17	0.96	1.51	1.00

* Government location quotients were calculated using total employment (private + public) as the denominator.

Some data may not be available due to disclosure standards.

local employment concentration was sufficient to meet demand for services. New Hampshire (1.07), Connecticut (1.05), and Massachusetts (1.03) had location quotients above 1.00 in this industry.

Rhode Island had a high concentration of employment in Museums, Historical Sites, Zoos & Parks relative to the region as a whole. Its location quotient of 1.13 was second only to Massachusetts (1.17).

Rhode Island-based Amusements, Gambling & Recreation establishments, such as amusement parks, arcades, bingo halls, golf courses, marinas, skiing facilities, fitness centers, and bowling centers, reported employment levels assumed to be sufficient to meet local demand in 2005. With a location quotient of 1.05, industry employers had “excess” employment relative to the entire region.

Other Services

Another specialization of the Rhode Island economy is the Other Services sector. Its location quotient of 1.08 in 2005 was the highest reported among the New England states. In fact, only one other state - Massachusetts (1.07) - posted a location quotient above 1.00 that year. This indicates “excess” employment relative to the entire region, capable of meeting local demand and generating services for export. However, Other Services firms paid the third lowest wage in Rhode Island’s private sector economy. At \$24,188, sector workers earned just 65 percent of the state’s 2005 private sector average wage.

Relative to New England, the Ocean State had a particularly high concentration of employment in Membership Associations & Organizations, including places of worship, grantmaking foundations, social advocacy groups, and professional organizations. The industry’s location quotient of 1.53 was by far the highest in the region. This means that local employment concentration in Membership Associations & Organizations was 1.5 times greater than it was for the six-state region as a whole. However, workers in this industry were paid an annual average wage of just \$22,344 in 2005, much less than Rhode Island’s private sector average (\$37,064).

The Ocean State posted a location quotient of 1.06 in the Personal & Laundry Services industry and 1.02 in the Repair & Maintenance industry. This data signifies that Rhode Island had employment levels capable of meeting local demand, while generating some of these services for non-locals as well.

Government

Rhode Island had one of the lowest concentrations of Government employment in the region. This is important because many people see the Ocean State as overly burdened by public sector workers. Location quotient data shows that, relative to the New England region, Rhode Island has less Government employment than would be expected.

In 2005, federal, state, and local Government employers accounted for 13.1 percent of the state’s total employment. This was the second smallest concentration reported in New England, as Vermont (17.0%), Maine (16.6%), Connecticut (14.3%), and New Hampshire (13.6%) each had higher concentrations of Government jobs in their respective economies. Moreover, Rhode Island State Government accounted for 3.5 percent of total employment in 2005, on par with the regional average and a smaller concentration than found in Vermont (5.3%), Maine (4.1%), and Connecticut (3.6%).

Location quotients reinforce these data. Vermont (1.24) and Maine (1.21) had employment concentrations in Government notably greater than the region as a whole. Connecticut (1.04) also posted a location quotient over 1.00, indicating that the state had more employment than expected, relative to all of New England. New Hampshire’s location quotient of 0.99 signifies that its concentration of public sector jobs was on par with that of the region in 2005. The lowest quotients were reported in Rhode Island (0.96) and Massachusetts (0.92).

In regards to State Government employment, three New England states posted location quotients above Rhode Island’s 1.01 in 2005, including Vermont (1.51), Maine (1.17), and Connecticut (1.03).

Data Notes

Employment and Wage Data: Private sector employment and wage data used in this report is from the Quarterly Census of Employment and Wages (QCEW) program. The data is developed through a cooperative effort between the State of Rhode Island and the U.S. Bureau of Labor Statistics. QCEW, also known as ES-202, provides monthly employment and quarterly wages by industry, location, and size of employer. QCEW data is derived from quarterly tax reports submitted by employers subject to the state's Unemployment Insurance law. Employment data for the remaining five New England states and the nation as a whole are taken from the Bureau of Labor Statistics website.

Data is current as of February 13, 2007. Employment changes may be influenced by non-economic code changes resulting from industry revisions and/or changes in employers' reporting methods. For more information on Rhode Island's QCEW program, including detailed statistics on a statewide and community basis, please visit: www.dlt.ri.gov/lmi/es202.htm.



Industry profiles are derived from North American Industry Classification System, Office of Management and Budget, 2002.

All data within this report is subject to revision and may not be additive due to rounding variations, confidentiality restrictions, and the exclusion of unclassified establishments.

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Other Rhode Island Labor Market Information Publications

Health Care & Social Assistance in the Ocean State
Rhode Island Job Vacancy Survey
Rhode Island Employee Benefits Report
Expanding & Declining Industries in Rhode Island
State of the State: Statistical Profiles of Rhode Island Cities & Towns
Rhode Island Ten Year Profile: 1996-2005
Rhode Island Occupational Wage Report
Multiple Jobholders in Rhode Island
Women's Earnings in the Ocean State
Union Membership in Rhode Island
Rhode Island's Occupational Outlook for 2014

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At LMI, our mission is to conduct economic research and analysis that promotes a better understanding of the Rhode Island economy. We are dedicated to ensuring the highest degree of accuracy and integrity in our labor market information. The information we provide assists jobseekers, business owners, policy makers, planners, researchers and the general public in making informed economic decisions. Our data, including a variety of publications, are available on-line at: www.dlt.ri.gov/lmi.

We welcome your comments and suggestions! Please contact us at (401) 462-8740 or lmi@dlt.ri.gov.

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