



The Poverty Institute

at the Rhode Island College School of Social Work

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Contact: Ellen Frank (617-959-4116); efrank@ric.edu

Kate Brewster (486-9532); kbrewster@ric.edu

PRESS RELEASE

Poverty Institute releases 2007 State of Working Rhode Island

Report finds most workers continue to experience declining wages and benefits while income inequality has grown; state needs to invest in its workforce to meet demands of changing labor market and ensure economic competitiveness

As the state faces serious financial challenges, so do its workers, according to a newly released report by the Poverty Institute. The 2007 State of Working Rhode Island documents trends in wages, occupations, unemployment, and the state's workforce.

The study finds that Rhode Island workers face a triple whammy – slowing job growth, eroding wages and benefits, and growing income inequality. While Rhode Island out-performed other New England states during the last recession, recently job growth has slowed, unemployment has risen, and Rhode Island is the only state in New England where the median wage for working people fell between 2000 and 2006.

Rhode Island wages are also among the most unequal in the nation; since 1990, real wages for the lowest paid tenth of workers barely increased, rising only 3.5 percent, while the highest paid tenth of the workforce averaged wage gains of 27 percent.

The state's changing workforce and labor market highlight the need for investments in worker training. Rhode Island has lost a greater share of manufacturing jobs since 1990 than any state in the country. Low-skilled workers who could earn a decent salary at a manufacturing job cannot earn enough to support their families in the growing service sector and require additional education to move up the job ladder. In all types of jobs, employers are seeking workers who have the communication and problem solving skills that enable employees to learn on the job and adapt to rapidly changing working conditions. The state is also growing high-skilled, high-wage industries that will require increased education and skill levels. Although Rhode Island's workforce has become more educated over the past two decades, there remains 13% of the workforce that does not have a high school diploma and a full 41% of adults have never attended college. Furthermore, the number of workers with little or no English skills points to the need to invest in English language services for this important pool of workers.

“While it’s important to increase the number of highly skilled workers in our state, our residents with low-skills should be the primary focus for state policy and investment,” said Ellen Frank, Senior Economist at the Poverty Institute. “The return on investment will be high with more workers paying taxes and fewer needing to rely on state-funded work supports. A better educated workforce will make RI more competitive not only for high-wage jobs but in the growing service and tourism sectors.”

This year’s report includes a new section comparing Rhode Island’s work support programs (cash assistance, subsidized health care, and child care assistance) to benefits provided in the other New England states. In several areas Rhode Island lags behind its neighbors. The state has the second lowest eligibility level for children’s health insurance and cash assistance benefits in the region. The Ocean State now has the lowest eligibility limit for child care assistance as a result of the roll-back of eligibility enacted in the FY 2008 budget.

“As the report shows, RI is a relatively low-wage state and an increasing number of workers no longer have access to health insurance on the job. Until workers are able to earn sufficient wages to support their families and we come to a consensus on how to get to universal health care, RI must continue to provide RIte Care and subsidized child care to protect working families from falling further behind,” said Kate Brewster, Executive Director of the Poverty Institute.

The report is available online at the Poverty Institute’s website at www.povertyinstitute.org.

The Poverty Institute is a non-partisan organization that develops and promotes public policies to improve economic security for low-income Rhode Islanders and ensure tax and budget policies are equitable and adequate.

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