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August 6, 2008

Luly Massaro, Clerk
Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

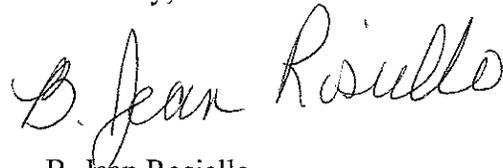
Re: Docket 3943

Dear Luly:

I enclose an original and seven copies of the *Pre-Filed Comments of George Wiley Center* in the above docket.

Thank you.

Sincerely,



B. Jean Rosiello

Encls.

RECEIVED
2008 AUG -6 PM 4:06
PUBLIC UTILITIES COMMISSION

PUBLIC UTILITIES COMMISSION

IN RE: REQUEST BY NATIONAL GRID :
FOR CHANGE OF GAS DISTRIBUTION :
RATES :

Docket No. 3943

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PUBLIC UTILITIES COMMISSION

PRE-FILED COMMENTS OF GEORGE WILEY CENTER

Introduction

George Wiley Center (the Center) opposes the proposed increase National Grid's (NG) return on equity (ROE), the proposed increase in customer charges and the proposed revenue decoupling mechanism (RDM). While the Center welcomes the proposed low-income discount and lauds NG's initiative, the discount proposal is ostentatiously inadequate in light of the need.

Because of financial limitations, the Center is unable to provide expert testimony on these issues. It appreciates the opportunity, however, to offer the following comments, summarized here and discussed more fully *infra*:

- It is neither reasonable nor just¹ to double National Grid's (NG) rate of return, and nearly to double its customer charge, given Rhode Island's recessionary economy, 7.5% unemployment, stagnating low-level wages, NG's record profits, and record-setting numbers of terminations.
- A low-income discount is good business practice, as it helps keep customers paying, cuts down on bad debt, and adds to NG's reputation as a good corporate citizen. It is good for other customers as well insofar as it helps to reduce the high cost of terminating and restoring thousands of customers every year who fall behind on bills they lack the income to pay.

¹ G.L. § 39 -2-1(a).

- A discount can have these beneficial effects, however, only if it is meaningful in size. The 10% distribution rate/customer charge discount offered here (worth \$54 on an average yearly bill of \$1512²) is too small to be meaningful. NG offers a far better discount to its electric customers, as well as far better discounts to its gas customers in its other subsidiaries (from 2 to 4 times as great), even though state and local authorities in those states provide public money to assist low-income customers that is wholly absent in Rhode Island, and even though payment plans in those states are far more flexible than is permitted here. The Wiley Center asks at a minimum that a gas discount be offered commensurate with the electric discount in Rhode Island.
- The proposed RDM will increase distribution rates as long as gas usage declines, which is what NG predicts as far into the future as it can see. The proposed RDM will therefore increase costs to consumers at time when they cannot afford the rates they are already being required to pay. At the same time, the proposal requires nothing of NG beyond what NG has already received an incentive to do. NG candidly promises nothing more. For this and other reasons listed below, the Wiley Center asks that the RDM as proposed here be rejected.

Low-Income Financial Crisis

The crisis faced by low-income gas consumers is not subject to reasonable debate:

- The number of terminations for non-payment remain at catastrophic levels. *See* “2008 Monthly Utility Shut Offs”, attached as *Appendix (App.) A* (4949 accounts terminated; only 1513 thereafter restored).

² *See* Data Request WILEY 1-7.

- The evidence is overwhelming that these terminations are not caused by unwillingness to pay. They are the product of inability to pay due to:

1. Stagnating, low-level wages which are unlikely to increase in the foreseeable future. *See, Rhode Island Only State in New England to Experience Decline in Median Wage, 2000-2006*, attached as *App. C*; *Rhode Island Share of Workers Earning Poverty Level Wages Second Highest in New England*, attached as *App. D*; *Rhode Island Suffered Worst Loss of Manufacturing Jobs in the Nation Since 1990*, attached as *App. E*; *Growth in Inequality in Rhode Island Among the Highest in the Nation*, attached as *App. F*; *Workers at Bottom of Wage Scale Fare Worse than US Average While Workers at Top Fare Better, 1990-2006*, attached as *App. G*; *Wages of Fifty Jobs with the Most Annual Openings, 2004-2014*, attached as *App. H*,³ Bureau of Labor Statistics, *County Employment and Wages in Rhode Island*, March 11, 2008, attached as *App. I*;
2. Loss of jobs (over 7 % unemployment), curtailment of work hours and recession. *See* Bureau of Labor Statistics, *Local Area Unemployment Statistics (Rhode Island)*, August 6, 2008, attached as *App. J*; *August Outlook: The State's Recession Could Continue into Next Year*, Providence Journal, August 1, 2008, attached as *App. K*; *Number of Jobless Rhode Islanders Continues to Grow*, Providence Journal, July 18, 2008, attached as *App. L*; *RI Economy at its Worst in 25 Years*, Providence Journal, July 15, 2008, attached as *App. M*; *Recession Report: RI Jobless Rate Soars to 7.2%, the Highest Rate in 14 Years*, Providence

³ Appendices C to H were produced by the Poverty Institute at Rhode Island College.

Journal, June 20, 2008, attached as *App. N*; *Job Market Recession Persists*,

Economic Policy Institute, August 1, 2008, attached as *App. O*;

3. Inflation / stagflation. *See Prices Rise 1.1 Percent in June, Double May's Increase*, Providence Journal, July 17, 2008, attached as *App. P*; *Is This Stagflation?*, Providence Journal, June 18, 2008, attached as *App. Q*.
4. Dramatically rising utility rates, which are more severe in New England than elsewhere in the country. *See Average New England Residential Natural Gas Prices*, National Consumer Law Center, August 2008, attached as *App. R*; *Elder Household Annual Energy Expenditures by Census Region by Home Heating Fuel*, National Consumer Law Center, attached as *App. S*.

- The number of terminated gas accounts that are not restored is also skyrocketing, indicating that more families living without utility service. By the end of May, 2008, only 31% (1513) of the 4949 terminated accounts had been restored. *See App. A*. By contrast, in 2007, 42% of these accounts had been restored in the same time frame (2303 restored out of 5447). *See 2007 Monthly Utility Shut-Offs*, attached as *App. B*. Terminated customers remain for up to a month or more without service on average.⁴ *See Data Request WILEY 2-7, 2-8*. In the last three years, 16,204 accounts were never restored at all.⁵ *See Data Request WILEY 2-7*.

⁴ Some accounts remain without service up to nearly a year. *See Data Request WILEY 2-11*. While NG theorizes that these probably not households that have remained without service for such a lengthy period, this theory does not appear to be the product of any investigation.

⁵ While NG speculates that some terminated customers are choosing not to restore gas service over the summer, waiting for the cold weather to resume in the fall (*see Data Request WILEY 2-4*), this, too, appears to be the product of speculation, not investigation. Even if true, it is hardly an acceptable alternative. Depending on their individual circumstances, terminated households may be forced to live through the summer months without cooking gas and/or hot water.

Discounts In Other NG Subsidiaries

The proffered discount is far from adequate, given the need. Low-income gas customers in Rhode Island get skimpier discounts, and less flexible payment plans, than the customers of other National Grid (NG) subsidiaries. In New York and Massachusetts, NG offers discounts, covered by other ratepayers, that are double to quadruple those offered here. NG also provides, in addition to these discounts: fuel assistance, forgiveness plans, payment plans based on ability to pay and, in some cases, special social services support.

These NG programs are provided in addition to public funding for low-income utility assistance in both states. Massachusetts has allocated \$20 million each year for the last three years to assist low-income utility customers. See LIHEAP Clearinghouse, “*Massachusetts State Funds*”⁶, attached as *App. T*. New York provides a “Home Energy Allowance” and a “Supplemental Home Energy Allowance” to public assistance recipients. See LIHEAP Clearinghouse, “*New York State and Local Funds*”, attached as *Appendix U*. It provides payments for utility arrears for public assistance recipients as well.⁷ *Id.* Rhode Island gas consumers get no public support at all.

The electric customers of NG in Rhode Island also get a far better discount than the tiny discount proffered here. And this help (offered since 1978, see Data Request WILEY 1-4) is

⁶ This chart is updated only through 2006. However, the Center understands that Massachusetts allocated \$20 million in 2007-2008 as well.

⁷ Rhode Island is thus not in any danger of becoming a magnet for public assistance recipients. Not only does it have no such utility supplements. Rhode Island’s welfare payments have not increased a single dime in the last 18 years, so that now they stand at between 35% and 38% of the federal poverty level—that is, public assistance recipients in Rhode Island are not just poor, but in poverty so dire that they are not given even one half of the income necessary to be “poor” by federal standards. See *2008 HHS Federal Poverty Guidelines*, attached as *App. V*.

Every New England state except Maine pays more. See *Comparison of Work Supports in Rhode Island and Other New England States*, attached as *App. W*.

offered to a larger category of low-income customers than NG proposes to reach in this docket: not only those who receive LIHEAP, but also those who receive Supplemental Security Income, Medicaid, Food Stamps, General Public Assistance or Family Independence Program assistance. See Data Request WILEY 1-3. The assistance programs in New York and Massachusetts reach a similarly broader group of customers. See Data Request WILEY 1-1, 1-2.

Even though, according to Michael D. Laflamme, NG tries “to maintain consistency throughout National Grid regulatory jurisdictions,” NG did not take the level of these discounts at its other subsidiaries into account when it decided on a 10% discount proposal. Data Request DIV 5-19.

The following charts summarize the NG policies in its New York and Massachusetts subsidiaries and for electric service in Rhode Island, using the information provided in Data Requests WILEY 1-1 to 1-3:

Discounts off monthly minimum charges for heating customers:

<u>Proposed NG Gas: RI</u>	<u>NG Electric (heating and non- heating): RI</u>	<u>Brooklyn (NG)</u>	<u>KeySpan Gas East (NG)</u>	<u>Niagra (NG)</u>	<u>Boston/Essex/ Colonial Gas (NG)</u>	<u>Energy North (NG)</u>
\$4.50	\$11.46	\$9.50; \$12.44 (winter)	\$9.50; \$17.03 (winter)	No discounts on charges; discounts offered on energy saving measures and arrearage forgiveness available to low- income	\$9.34 to \$10.67	\$19.00
Cost: \$829,338	Cost: Not available	Cost: \$ 7.35 million	Cost: \$ 4.77 million		Cost: \$ 6.77 million	Cost: \$1.178 million

Monthly assistance paying for the commodity and available payment plans
(weatherization not included):

<u>NG LIHEAP Supplement:</u> <u>RI</u>	<u>Brooklyn:</u> <u>(NG)</u>	<u>Keyspan Gas East (NG)</u>	<u>Niagra (NG)</u>	<u>Boston/Essex/Colonial Gas (NG)</u> ⁸
\$8.30 ave. / month	Up to \$200 grant	Up to \$200 grant for fuel, plus \$100 for fuel-related electricity and up to \$ 300 for cooling assistance	Payment plan available with arrearage forgiveness up to \$250/year (50% of arrears due) targeted to low-income customers with high energy usage	Arrearage forgiveness up to \$400 (estimated max. \$140,000)
Cost: \$1,585,000	\$180,000 maximum paid by NG shareholders	\$120,000 paid by NG shareholders last year		Arrearage Management Program available to low-income: up to \$1196 in arrears forgiveness for gas heat and \$400 arrears forgiveness for non-heat
Minimum arrearage downpayment after termination 25%-50%	For low-income customers, payments as low as \$10/month depending on ability to pay	For low-income customers, payments as low as \$10/month depending on ability to pay		50% downpayment required to restore service
Payment plans require minimums without regard to ability to pay	No specified percentage downpayment required on arrears	No specified percentage downpayment required on arrears		RAFT program to help low-income families avoid homelessness: will pay half of arrearage to restore service; one time availability
One time forgiveness of 37% of arrearage only for "very low income" following 3 years of consistent payment	Forgiveness up to \$400 available	Forgiveness available up to \$400		
	Customer support and social service referrals available to low-income	Customer support and social service referrals available to low-income		

⁸ Although asked, NG did not provide information on payment plans and commodity assistance for its North Energy subsidiary.

The proposed low-income discount, while welcome, is egregiously disproportionate both to the need and to NG's policies elsewhere. Wiley Center asks at a minimum that the discount be increased commensurate with NG's Rhode Island electric discount.

Customer Charge

NG proposes to increase the customer charge from \$9 to \$16 in one fell swoop, notwithstanding the harsh burden of recent increases in utility rates. This is both unjustifiable as a matter of equity and inappropriate as a matter of utility policy. A leap of this magnitude is contrary to principles of continuity and stability.

This proposal is particularly inopportune in light of the simultaneous RDM proposal. Customers cannot control the customer charge by reducing usage through conservation. Thus, it is not surprising that the June, 2008 report to the Minnesota Public Utilities Commission on decoupling recommends that customer charges be *reduced* in order better to relate the long-run costs of service to the demand. See *Minnesota Revenue Decoupling, Standards and Criteria (Minnesota Report)*, attached to *Comments of Environment Northeast Concerning the National Grid Decoupling Proposal (Environment Northeast Comments)* at 28.

Benefits of Discount to NG and Other Customers

A meaningful discount makes good business sense. NG benefits insofar as it keeps customers paying their bills and avoids uncollectible debt. NG has also historically enjoyed a reputation in Rhode Island as a worthy corporate citizen. The offer of a discount to low-income customers enhances that reputation at a time when NG has suffered bad publicity on account of the devastating recent increases in rates.

Other customers, too, benefit from the discount. Right now, NG customers are paying the price of terminating and then restoring thousands of accounts that have fallen behind due to

hard economic times. Every time NG terminates a customer for non-payment, it costs \$44.60, which is passed on to other NG customers. *See* Data Request WILEY 2-3. Every time NG then restores that customer, it costs other customers an additional \$ 74.51. *Id.* Anything that reduces the ugly cycle of low-income account termination/restoration/termination/restoration will save all NG customers in the long run. If just one quarter of last year's 11,078 terminated gas accounts had kept their service (2770 customers), NG's other customers would have saved \$330,000.

Then there is the question of the larger social fabric, in which all Rhode Islanders have an investment. If low-income customers can manage to keep their service, everyone benefits in an indirect way: teachers do not have to expend special attention on children who come to school stressed, or sick, or hungry, because they live in a home without heat, hot water or cooking gas; hospitals do not have to provide emergency care to adults and children who suffer illnesses brought on by lack of heat, hot water or cooking gas; businesses do not have to rely on employees who are unable to give their jobs their full attention because of the stress, ill-health or worry that accompanies lack of heat, hot water or cooking gas; fire fighters and communities do not have to risk conflagration caused by resort to risky sources of heat.

ROE: NG's Financial Integrity

NG's requested increase in return on equity is unjustifiable in this economy. It is certainly not necessary to maintain NG's financial integrity. NG is financially robust, despite the flagging economy. On May 15, 2008, NG announced that "its pretax profit had grown 24 percent to 1.8 billion pounds (\$3.51 billion), while its outlook for the current year was positive." *See Reuters* report, May 15, 2008, attached as *App. X*. While NG's stock performance has moderated in line with the market in the last two months, NG will continue to bear virtually none

of the brunt of recent increases in gas and oil prices, which it is permitted by law to pass on to the consumer.⁹

Revenue Decoupling Mechanism

While the Wiley Center supports conservation efforts, it cannot support the RDM as proposed for a number of reasons:

- NG has made no effort to consider the impact of increased rates on customers already staggering under unaffordable utility bills. Data Request WILEY 2-23. As long as usage declines, the RDM will cause utility bills to increase. NG foresees declining usage for years to come for a variety of reasons: customers will continue to conserve in light of high commodity prices; NG is already undertaking conservation and efficiency programs under G.L. § 39-2-1.2(f); the economy is faltering. The RDM will thus increase rates for the foreseeable future. *See* Data Request WILEY 2-14, 2-15, 2-26, 2-27. For low-income customers, any further increase at all is beyond the pale.
- Under the proposed RDM, if a customer conserves greatly, s/he still pays the same amount until the end of the year, when the reduced usage is accounted for and any overpayments reimbursed. Low-income customers are not in a position to pay upfront and wait for a later reimbursement. They need every dollar, every month. The RDM neither takes this into account nor mitigates it.
- NG is asking for decoupling without offering anything in return. It is already being paid a shareholder incentive under § 39-2-1.2(f) to undertake certain conservation activities.

In exchange for the RDM, it is offering to do nothing more than carry out that mandate --

⁹ The nexus between profit level and termination for nonpayment is stark. Pascoag Utility District, a non-profit quasi-municipal utility, has terminated only one protected customer this year, when NG terminations remain at near-record levels. *See 2008 Monthly Utility Shut-Offs*, attached as *App. A*.

which it is already being paid to do. See Data Request WILEY 2-17.¹⁰ Asked whether it would guarantee any energy efficiency or conservation activity, the answer was “no.” Data Request WILEY 2-18. Asked whether the RDM proposal mandates that NG must do anything, the answer was “no.” Data Request WILEY 2-19. If decoupling is to come to Rhode Island, the Commission should require a promised, and thereafter measured and proven, change in behavior on NG’s part in exchange.¹¹

- Looked at another way, NG is double dipping. It is asking to for two separate incentives to do the same work, *i.e.*, the work identified under § 39-2-1.2(f).
- Nor does the proposal include any performance targets, or penalties for inaction, or service quality provisions. Compare *Minnesota Report* (attached to *Environment Northeast Comments*) at 28, 29 (concluding that decoupling proposals should include “performance targets, incentives, and penalties” as well as service quality standards).
- If, as many fear, the economy goes into free fall, this RDM proposal would put the burden of financial catastrophe entirely on the consumer, leaving NG without commensurate risk.
- NG’s discussion of the impact of the RDM on ROE is far from adequate.¹² According to the Massachusetts Department of Public Utilities (MDPU), “by definition, decoupling reduces earnings volatility... Assuming everything else remains the same, such reduction

¹⁰ Asked whether it proposes to change its energy conservation and efficiency activity , NG replied: “[T]here are no plans to change the programs [under § 39-2-1.2(f)] at this point in time since the programs are just being implemented.”

¹¹ G.L. § 39-2-1.2(f), by contrast, offers an incentive only in return for demonstrable conservation programs.

¹² See Data Request WILEY 2-32 (citing a single paragraph of Paul Moul’s testimony as an explanation of the ROE adjustment it is making in light of the RDM proposal, embellished by Attachment DIV 3-13).

in earnings volatility should reduce risks to shareholders and thereby should serve to reduce the required ROE.” *Massachusetts Department of Utilities (MDPU)*, # 07059-A (attached to *Environment Northeast Comments*) at 72-73. The MDPU has therefore concluded that any decoupling program “must include an analysis of the effects of decoupling on its required ROE ... a generalized statement that such risk has been considered in determining the proposed ROE will not be sufficient.” *Id.* at 74. This analysis must include both “the manner in which the company has taken into account in the determination of its proposed ROE” and “the effect that implementation of its proposed decoupling mechanism will have on its risk profile.” *Id.* at 85. The *Minnesota Report* agrees. *Minnesota Report* at 32. Such an analysis is lacking here.

The Wiley Center also supports the following comments of TEC-RI concerning the RDM:

- *Direct Testimony of John Farley* at pp. 18-19: The RDM shifts risk to the ratepayer without compensation and removes NG’s incentive to be concerned about the overall state economy;
- *Id.* at p. 20: Rate cases are an important safeguard to the interests of rate payers and the efficient functioning of regulation;
- *Id.* at p. 22: Instead of proposing new conservation efforts, NG is proposing to market gas so that more gas is consumed;
- *Id.* at p. 23: NG is trying to have it both ways: increasing the number of customers while insulating itself from declining sales;

- *Id.* at pp. 23-24: The RDM proposal is overbroad, and will reduce NG's incentive to keep the commodity price as low as possible;
- *Id.* at p. 25: Ratepayers should not be required to protect NG from lost profits caused by every factor that reduces gas usage;
- *Id.* at pp. 25-26: The proposal includes no protections for the ratepayer;
- *Id.* at pp. 34-35: If the RDM is adopted, a downward adjustment in ROE is required.

The RDM as proposed needs far more scrutiny. Massachusetts, for example, solicited two rounds of written comments and convened panel hearings on various topics before issuing a decision. *Massachusetts Report* (attached to *Environment Northeast Comments*) at 8. NG concedes that it has not considered rate caps or other protections for customers, nor has it considered alternative to decoupling. *See* Data Request WILEY 2-23, 2-29, 2-30. The Center respectfully asks that NG's proposal be denied in its current form.

Conclusion

George Wiley Center asks that:

- The requested increases in NG's ROE and in the customer charge be denied;
- The proposed discount be adopted, but increased to make it commensurate with the discount offered to NG's electric customers in Rhode Island;
- The proposed RDM be rejected.

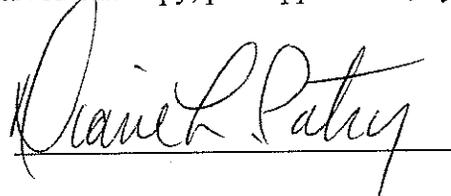
Respectfully submitted,
The George Wiley Center
By its attorney,

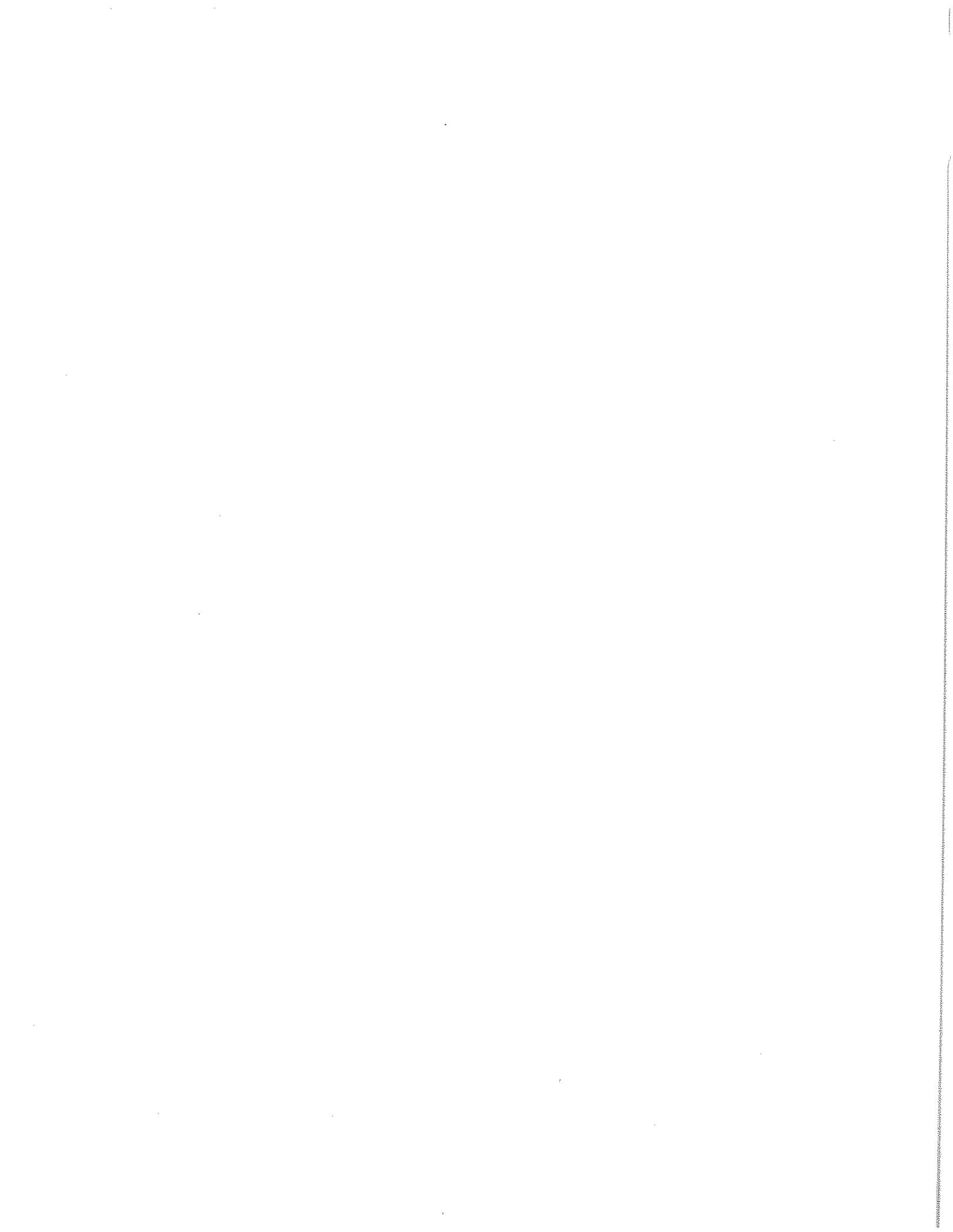


B. Jean Rosiello (#2886)
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CERTIFICATE OF SERVICE

I certify that on August 6, 2008 I served two hard copies of this document, plus appendices, on Jeffrey H. Gladstone, Esq. and Robert K. Taylor, Esq., Partridge, Snow & Hahn LLP, 180 South Main Street, Providence, RI 02903 and I served one copy, plus appendices, by email to each of the parties on the service list.





2492

MORE SHUTS
IN FIRST
MONTHS OF
CY THAN 07

12165 - SHUT OFF
6697 RESTORED
GAF
WIFI

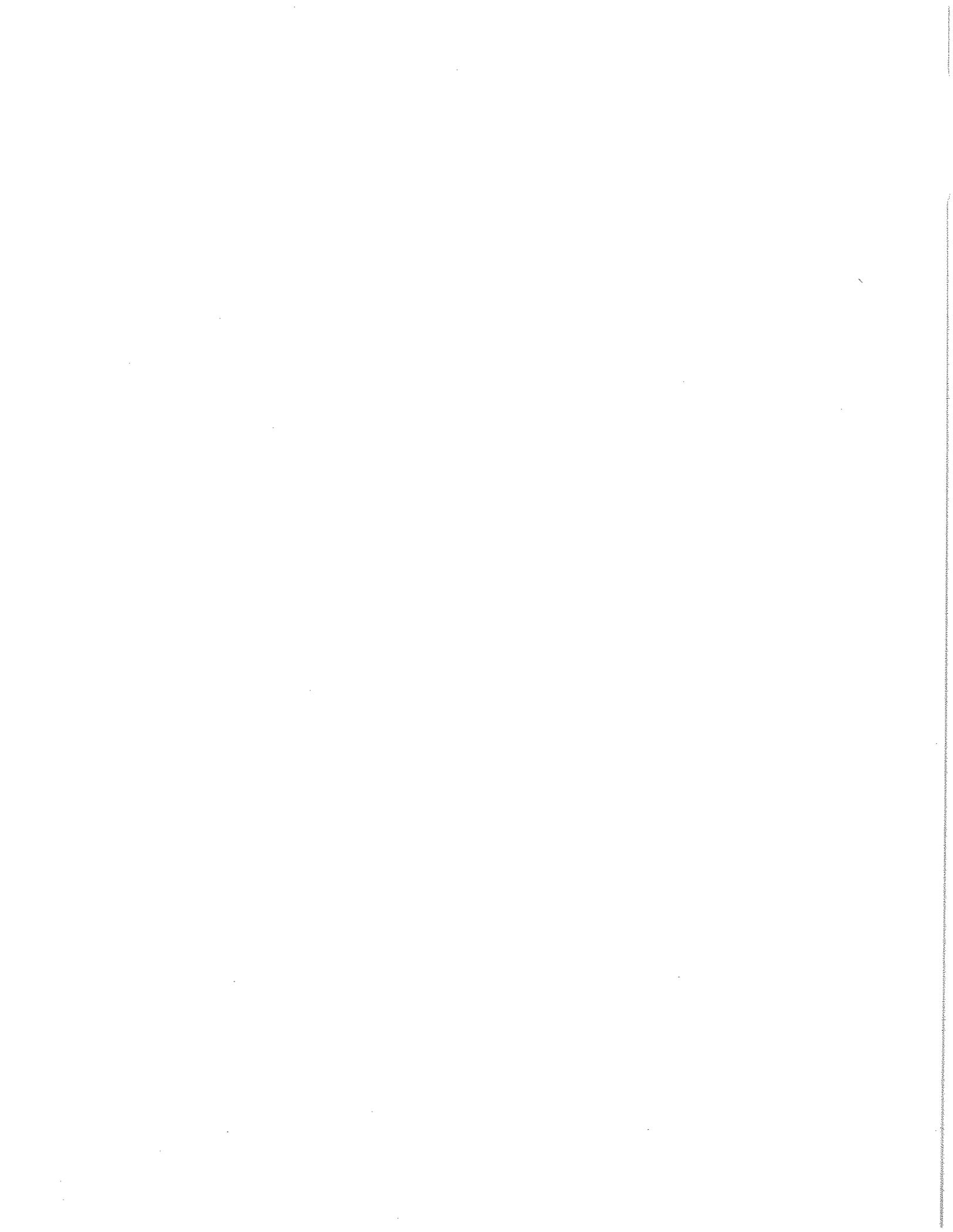
2008 MONTHLY UTILITY SHUT-OFFS

Month	S/O		Restored		S/O		Restored		S/O		Restored		Total S/O		Total Restored	
	S	P	S	P	S	P	S	P	S	P	S	P	S	P	S	P
JAN	183	0	78	87	0	0	11	0	10	0						
FEB	153	0	69	40	0	0	5	0	3	0						
MAR	485	0	128	3	0	0	6	0	4	0						
APR	1047	0	277	28	934	6	10	0	7	0						
MAY	1423	53	454	38	2920	34	82	0	59	0						
JUNE	1284	338	377	55	3145	37	45	1	44	0						
JULY																
AUG																
SEP																
OCT																
NOV																
DEC																
YTD TOTAL	4555	394	1381	232	6989	77	4794	63	127	0	11693	472	6302	295		
YTD AGG.	4849		1613		7078	140	4857		127		12165		6697			

P = Protected Customer - A residential customer who is elderly, handicapped, seriously ill, receiving unemployment compensation, receiving federal housing assistance or qualifies as a financial hardship. Financial hardship customers have a combined income at or below 75% of the RI median income as determined by the US Department of Health and Human Services.

S = Standard Customer - A residential customer who does not qualify as a protected customer.

SHUT OFFS N.G. 12026
PASCONE E. 139



2007 MONTHLY UTILITY SHUT-OFFS

Month	S/O			Restored			S/O			Restored			S/O			Restored			Total S/O			Total Restored		
	S	P	S/O	S	P	Restored	S	P	S/O	S	P	Restored	S	P	S/O	S	P	Restored	S	P	S/O	S	P	Restored
JAN	86	0	0	112	60	0	0	0	0	1	0	0	1	0	0	87	0	0	87	0	0	113	60	0
FEB	149	0	0	98	41	0	0	0	0	2	0	0	2	0	0	151	0	0	151	0	0	95	41	0
MAR	473	0	0	139	69	0	0	0	0	3	0	0	3	0	0	476	0	0	476	0	0	142	69	0
APR	1241	0	0	443	27	0	1100	0	0	13	0	0	13	0	0	2354	0	0	2354	0	0	1294	27	0
MAY	1621	362	0	582	92	0	1681	571	0	53	0	0	53	0	0	3355	983	0	3355	983	0	1889	582	0
JUNE	1245	170	0	428	116	0	1972	599	0	33	0	0	33	0	0	3250	869	0	3250	869	0	1896	610	0
JULY	932	366	0	339	90	0	2384	663	0	38	0	0	38	0	0	3354	1029	0	3354	1029	0	2110	650	0
AUG	985	326	0	408	117	0	2390	702	0	65	0	0	65	0	0	3440	1028	0	3440	1028	0	2306	699	0
SEP	685	351	0	435	247	0	2296	708	0	44	0	0	44	0	0	3025	1059	0	3025	1059	0	2310	856	0
OCT	1211	601	0	679	1024	0	3014	687	0	47	0	0	47	0	0	4272	1288	0	4272	1288	0	3217	1617	0
NOV	102	16	0	405	337	0	0	0	0	0	0	0	0	0	0	102	16	0	102	16	0	405	337	0
DEC	56	0	0	127	75	0	0	0	0	0	0	0	0	0	0	56	0	0	56	0	0	127	75	0
YTD TOTAL	8786	2292	0	4190	2295	0	14837	3930	0	299	0	0	299	0	0	23922	6222	0	23922	6222	0	15904	5623	0
YTD AGG.	11078	6485	18767	14763	11435	3328	299	279	0	279	0	0	279	0	0	30144	21527	0	30144	21527	0	21527	0	0

Non-Protected Utility Disables Combined		
Shut Off		
S	P	Restored
15136	3930	3328
11714	11714	3328

P = Protected Customer - A residential customer who is elderly, handicapped, seriously ill, receiving unemployment compensation, receiving federal heating assistance or qualifies as a financial hardship. Financial hardship customers have a combined income at or below 75% of the RI median income as determined by the US Department of Health and Human Services.

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B.

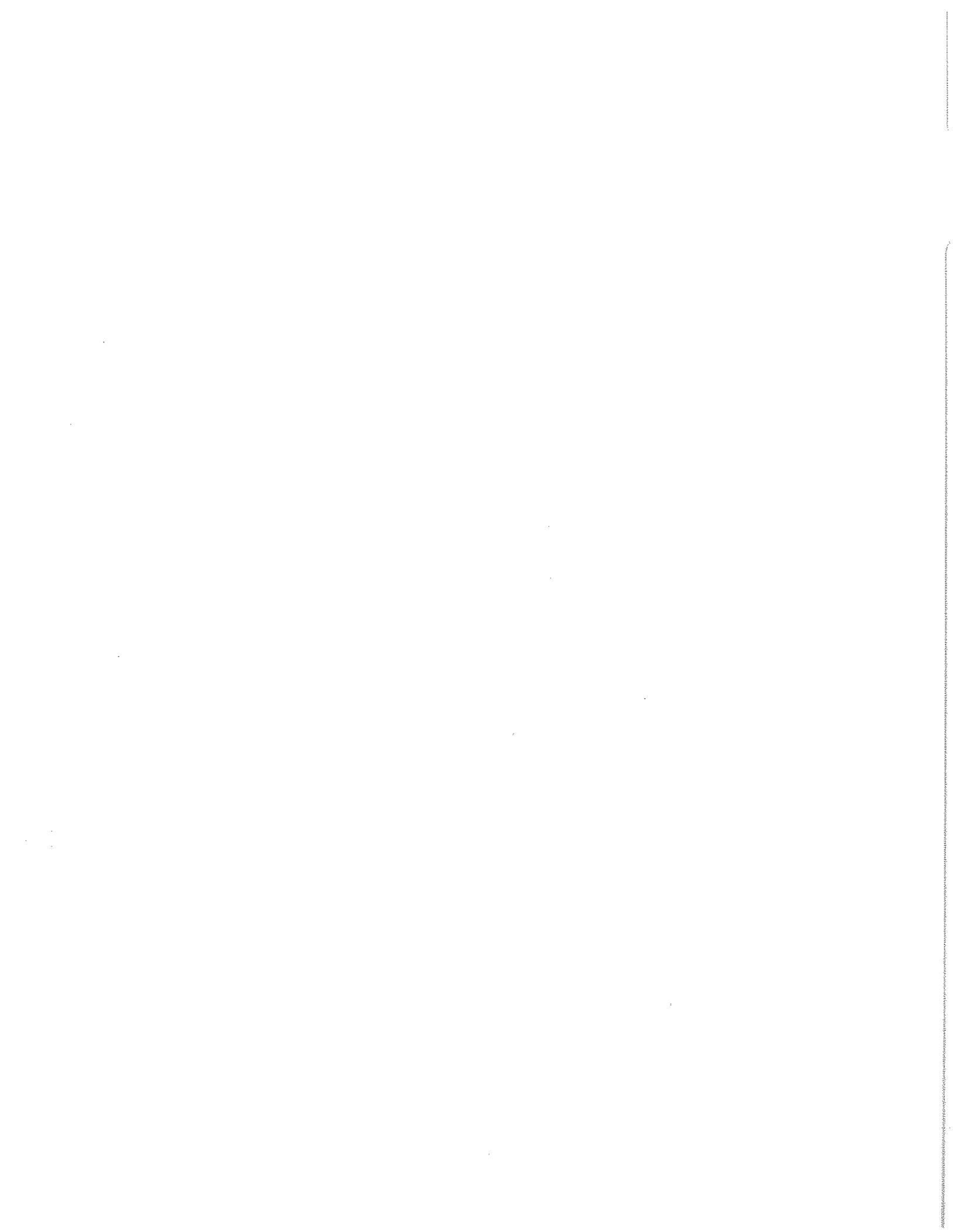
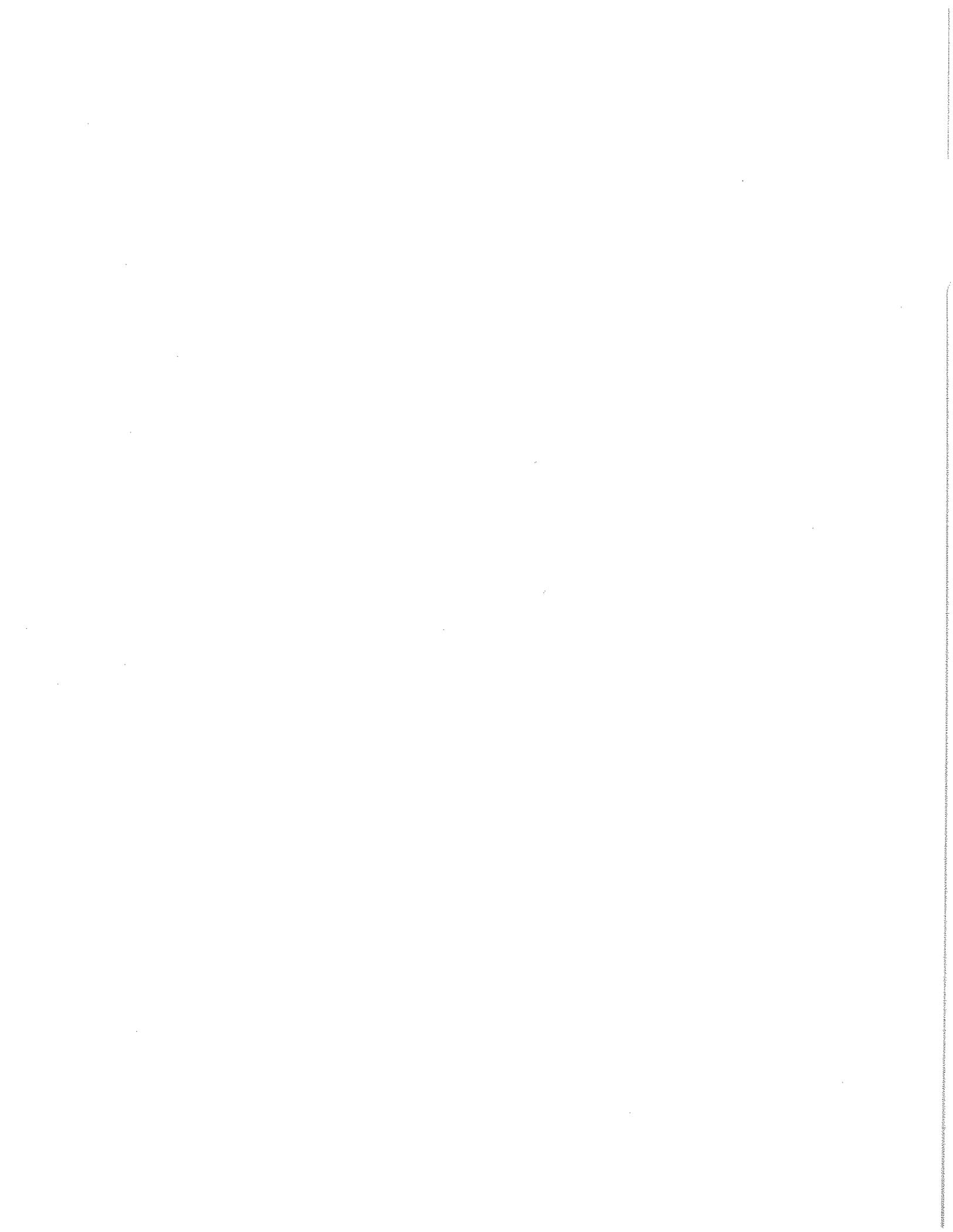
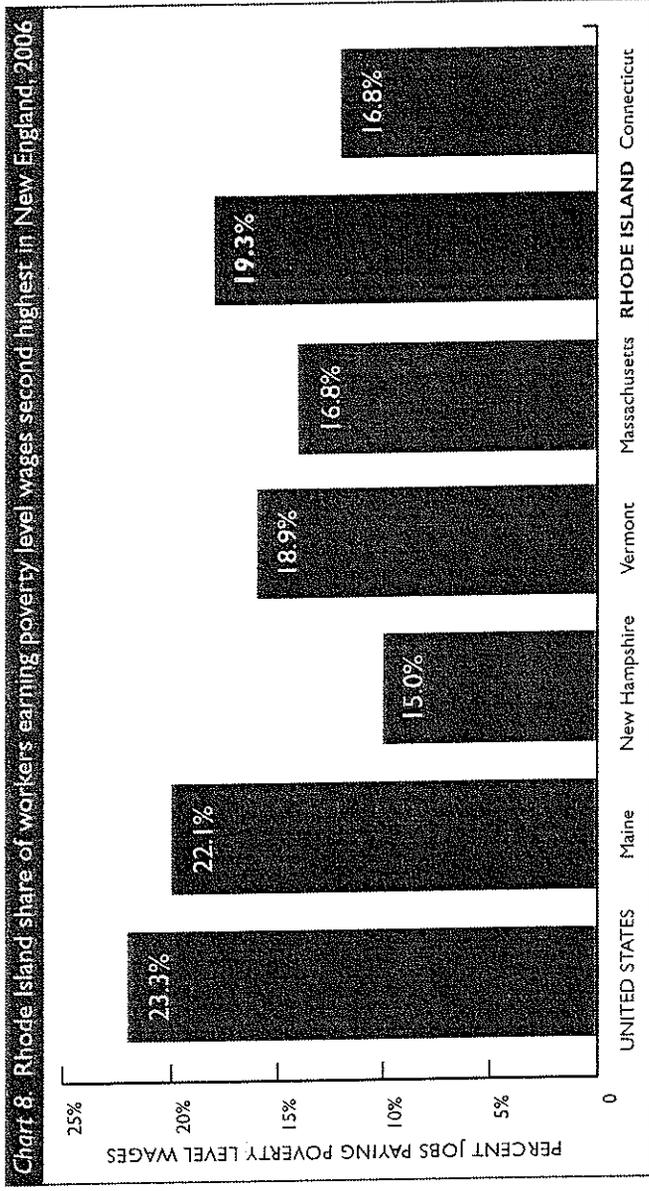


Table 4: Rhode Island only state in New England to experience decline in median wage, 2000-2006

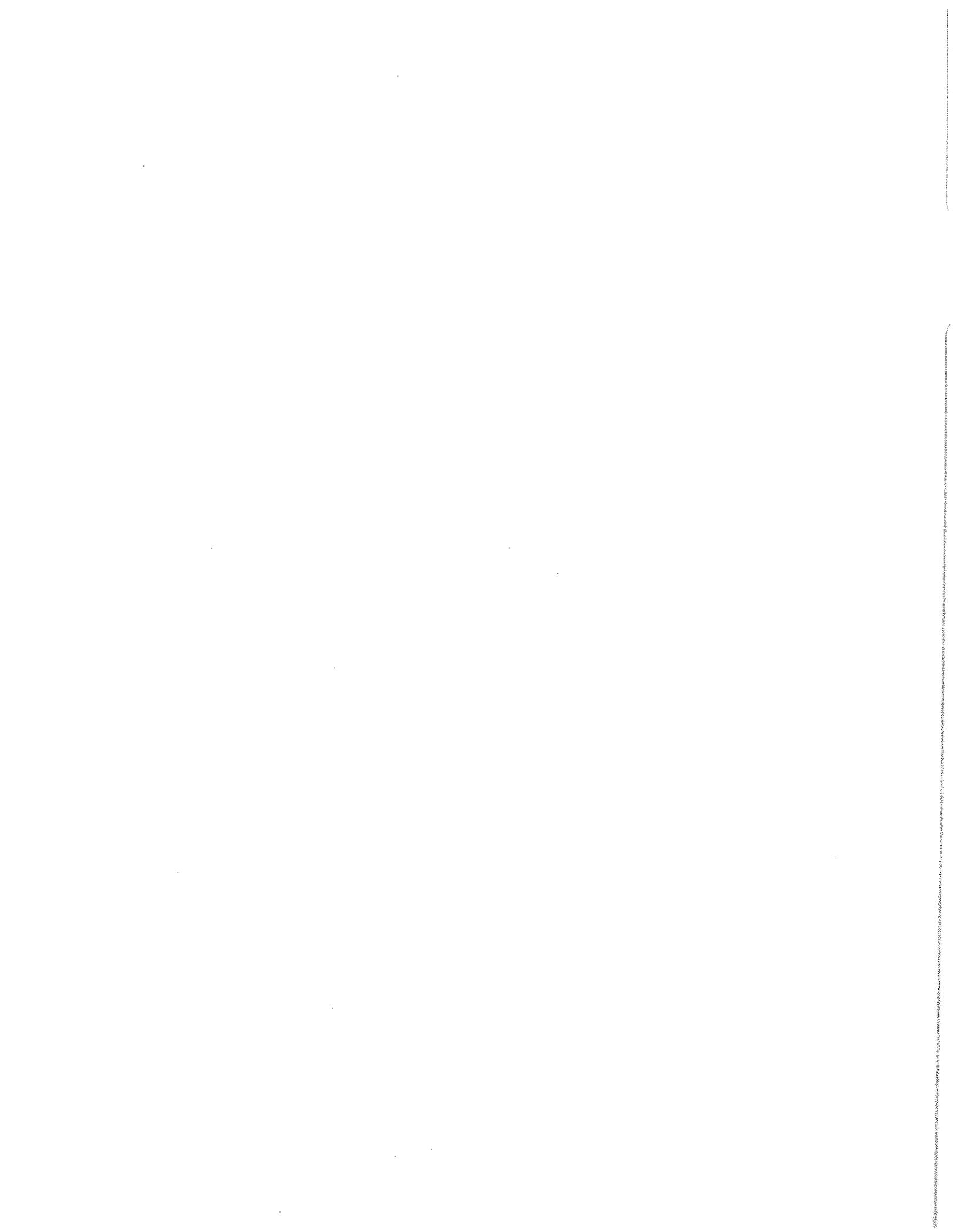
	2000	2001	2002	2003	2004	2005	2006	2000-2006
UNITED STATES	\$14.33	\$14.63	\$14.75	\$14.93	\$14.93	\$14.75	\$14.81	3.35%
NEW ENGLAND	\$16.14	\$16.41	\$16.77	\$16.95	\$16.80	\$16.44	\$16.70	3.47%
MAINE	\$12.94	\$13.56	\$14.13	\$13.60	\$13.59	\$13.59	\$13.94	7.73%
NEW HAMPSHIRE	\$15.38	\$15.71	\$15.92	\$16.48	\$16.54	\$16.45	\$16.61	8.00%
VERMONT	\$13.69	\$14.18	\$14.17	\$14.93	\$14.72	\$14.59	\$14.95	9.20%
MASSACHUSETTS	\$16.49	\$16.79	\$17.04	\$17.76	\$17.49	\$16.89	\$17.24	4.55%
RHODE ISLAND	\$15.39	\$15.04	\$15.60	\$15.45	\$15.35	\$15.37	\$15.29	-0.65%
CONNECTICUT	\$17.54	\$18.36	\$18.25	\$18.68	\$18.50	\$17.82	\$17.75	1.20%

Source: Economic Policy Institute analysis of Current Population Survey data. ** Using CPI-U-RS.





Source: Economic Policy Institute analysis of Current Population Survey data.



2. CHANGING WORK

An analysis of job openings in both newly created positions and replacement jobs shows that the 50 occupations expected to add the most new jobs over the decade impose significant demands on the skills and training of the workforce. Close to half (44%) require a bachelor's degree or higher and another 16% entail some college or specialized training. In only one-third of fast-growing occupations is short to moderate term on-the-job training sufficient to meet employer needs. (Chart 3)

Nevertheless, for Rhode Islanders seeking work over the next decade, the majority of jobs will not be found in the new and growing occupations, but in the relatively low skilled service sector, which will continue to generate thousands of replacement jobs each year. These jobs will account for more than half of all projected job openings. Many Ocean State workers will continue to find work as waiters, cooks, child care workers or retail clerks, occupations that require only limited on-the-job training. Still, nearly one-third of these jobs (32%)—including nurses, nursing assistants, carpenters, chefs and electricians—require either extensive experience or specialized vocational or college training. (Chart 4) Furthermore, many occupations entailing only limited training, like retail clerks and customer service representatives, expect workers to possess good English language and communications skills.

2. RHODE ISLAND'S WORKFORCE

Rhode Island's labor force of 578,000 is older, more diverse and better educated than it was twenty or even ten years ago. Since 1986, there has been a substantial decline in the percentage of workers who have not completed high school and a fifty percent increase in the number of workers with a bachelor's or advanced degree. (Chart 5) The percentage of Hispanic workers in Rhode Island's labor force has risen more than six-fold since 1986. (Chart 6)

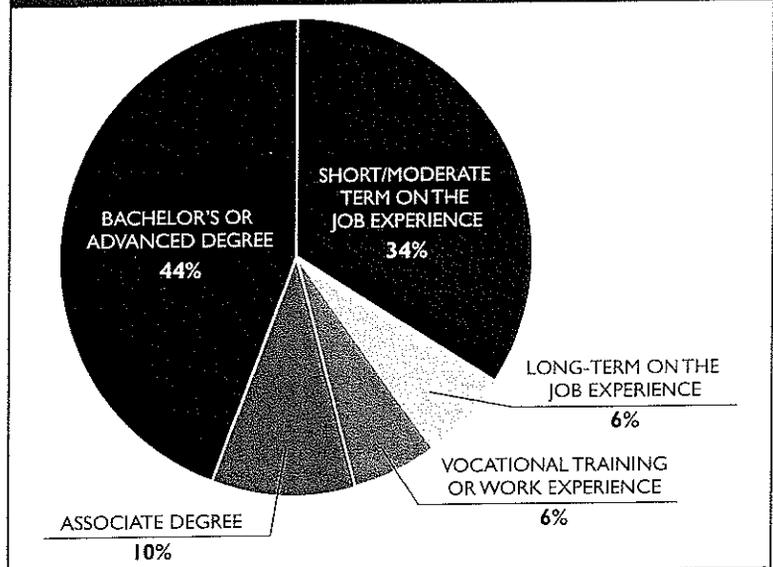
Also striking is the increase in workers aged 55 and older, the beginning of a population shift as the baby-boom generation ages. From 2000 to 2030, the population aged 65 and

Table 1. Rhode Island suffered worst loss of manufacturing jobs in the nation since 1990

State	% Change	Rank
CONNECTICUT	-35.6	46
MAINE	-35.3	45
MASSACHUSETTS	-37.8	47
NEW HAMPSHIRE	-21.7	30
RHODE ISLAND	-44.6	50
VERMONT	-15.5	26

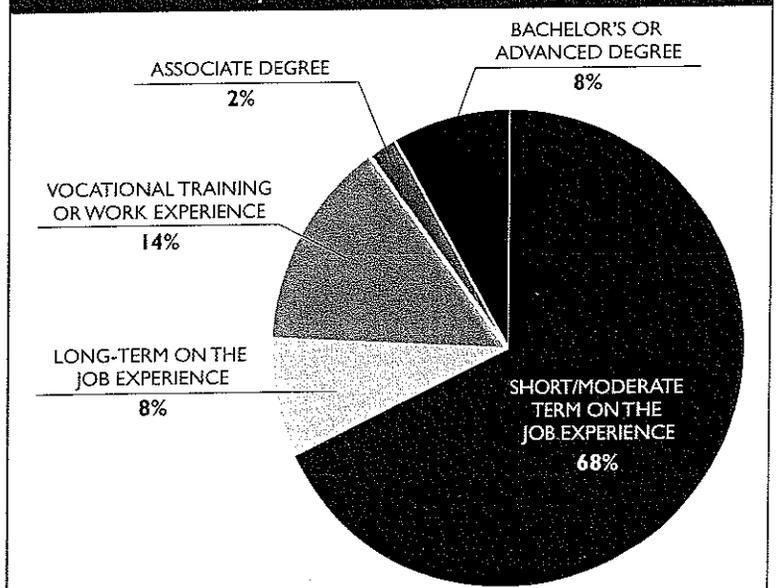
Source: Economic Policy Institute analysis of Current Employment Statistics survey data and Poverty Institute calculations

Chart 3. Fastest growing jobs demand increased skill levels

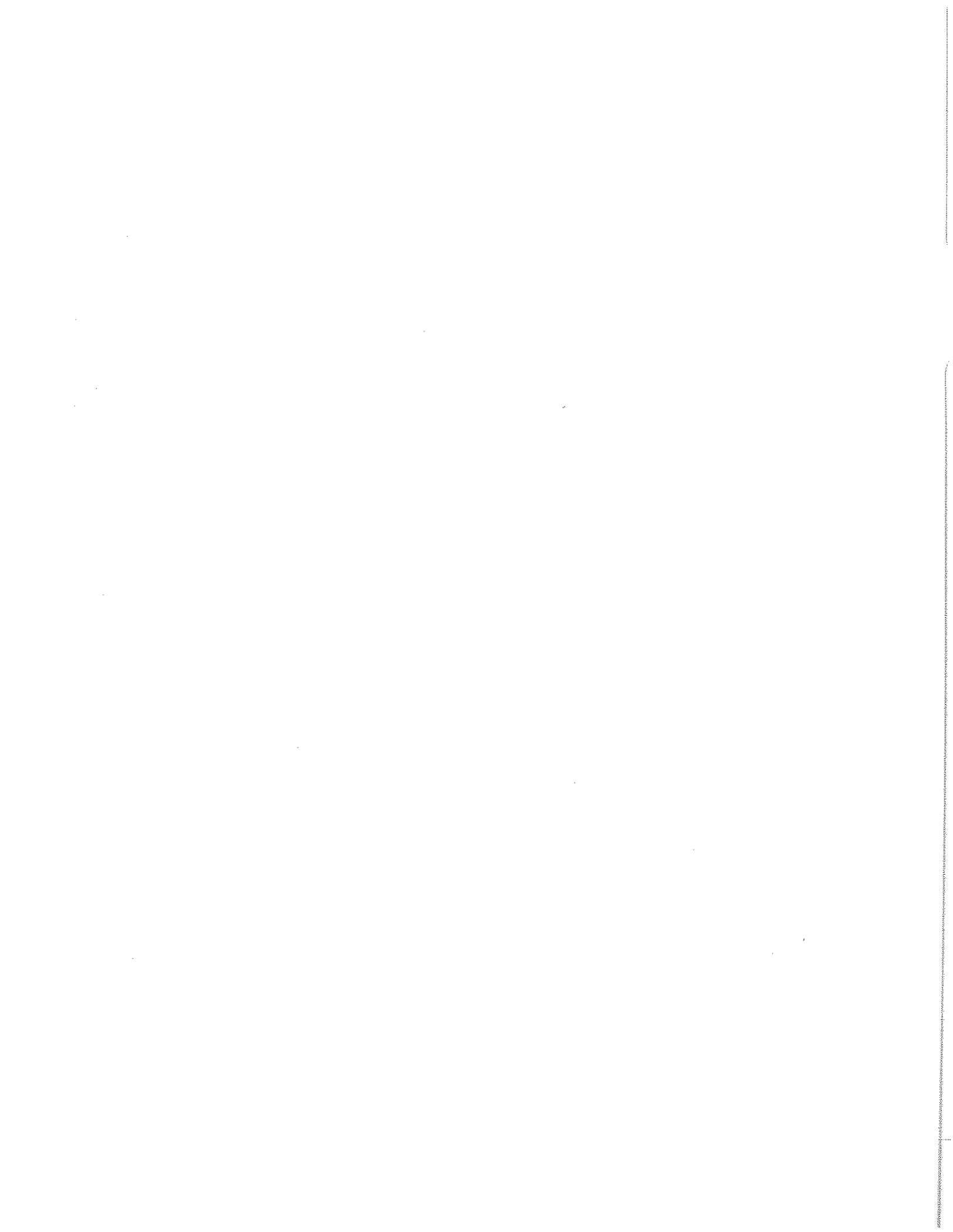


Source: RI Department of Labor and Training and Poverty Institute analysis (www.dlt.ri.gov/lmi)

Chart 4. Majority of job openings require only limited on-the-job training



Source: Rhode Island Department of Labor and Training and Poverty Institute analysis



4. GROWING INEQUALITY

Wages in Rhode Island have become increasingly unequal. Table 7 shows the ratio of wages for the highest-earning ten percent of workers compared to the lowest-earning ten-percent of workers. From 1990-2006, this ratio rose from 3.6 to 4.4. This is the fifth highest rate of growth in inequality of wages in the nation. (Massachusetts is number 1 and Connecticut number 3 in the nation). This trend—due, no doubt, to the rise of the service sector, especially finance and health care, where highly unequal wages between top earners like physicians or executives and low-earners like certified nursing assistants or call center operators are the norm—is unhealthy for Rhode Island's economic and civic future. Economic studies over the past decade are concluding that inequality suppresses economic growth while exacerbating social and political tensions.⁷



Table 7. Growth in inequality in Rhode Island among the highest in the nation, 1990-2006

	1990 Inequality Ratio	2006 Inequality Ratio	% Change 1990-2006	Rank of Percent Change*
CONNECTICUT	3.8	4.8	25.0%	3
MAINE	3.2	3.7	14.6%	9
MASSACHUSETTS	3.8	4.9	29.8%	1
NEW HAMPSHIRE	3.8	4.1	10.1%	13
RHODE ISLAND	3.6	4.4	23.0%	5
VERMONT	3.5	3.7	5.8%	20

Source: Economic Policy Institute analysis of Current Population Survey data and Poverty Institute calculations.

*1= worst inequality growth

Chart 11 compares the rise in wages by decile for Rhode Island and the United States from 1990-2006. Rhode Island workers with incomes below the median wage have fared much worse than in the nation as a whole, while those at the upper end of the wage scale recorded income gains that far outstripped national averages.

F.

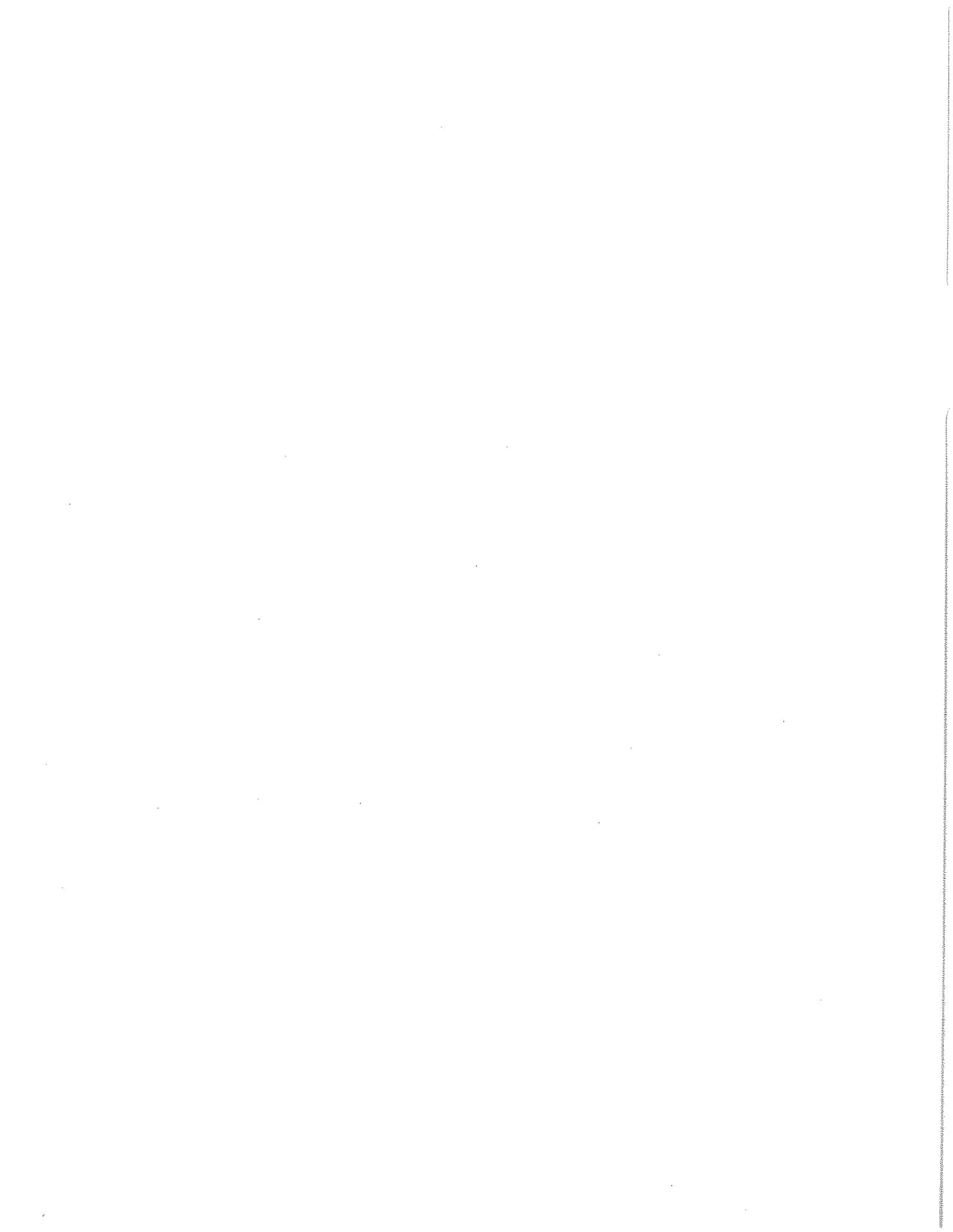
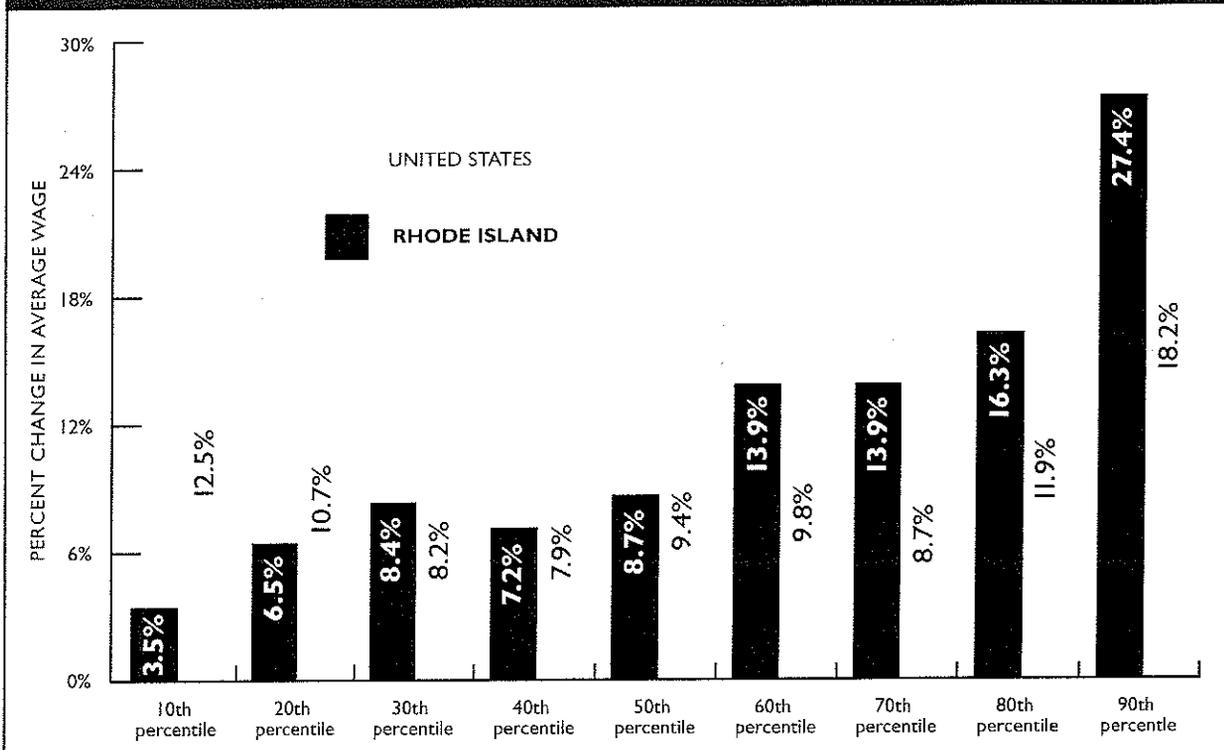
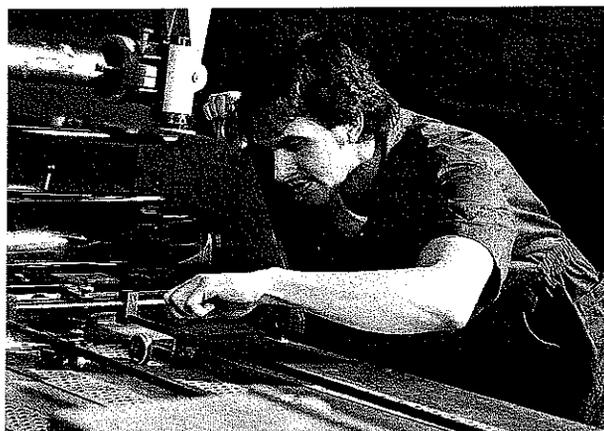


Chart 11. Workers at bottom of wage scale fare worse than US average while workers at top fare better, 1990-2006



Source: Economic Policy Institute analysis of Current Population Survey data.



G.

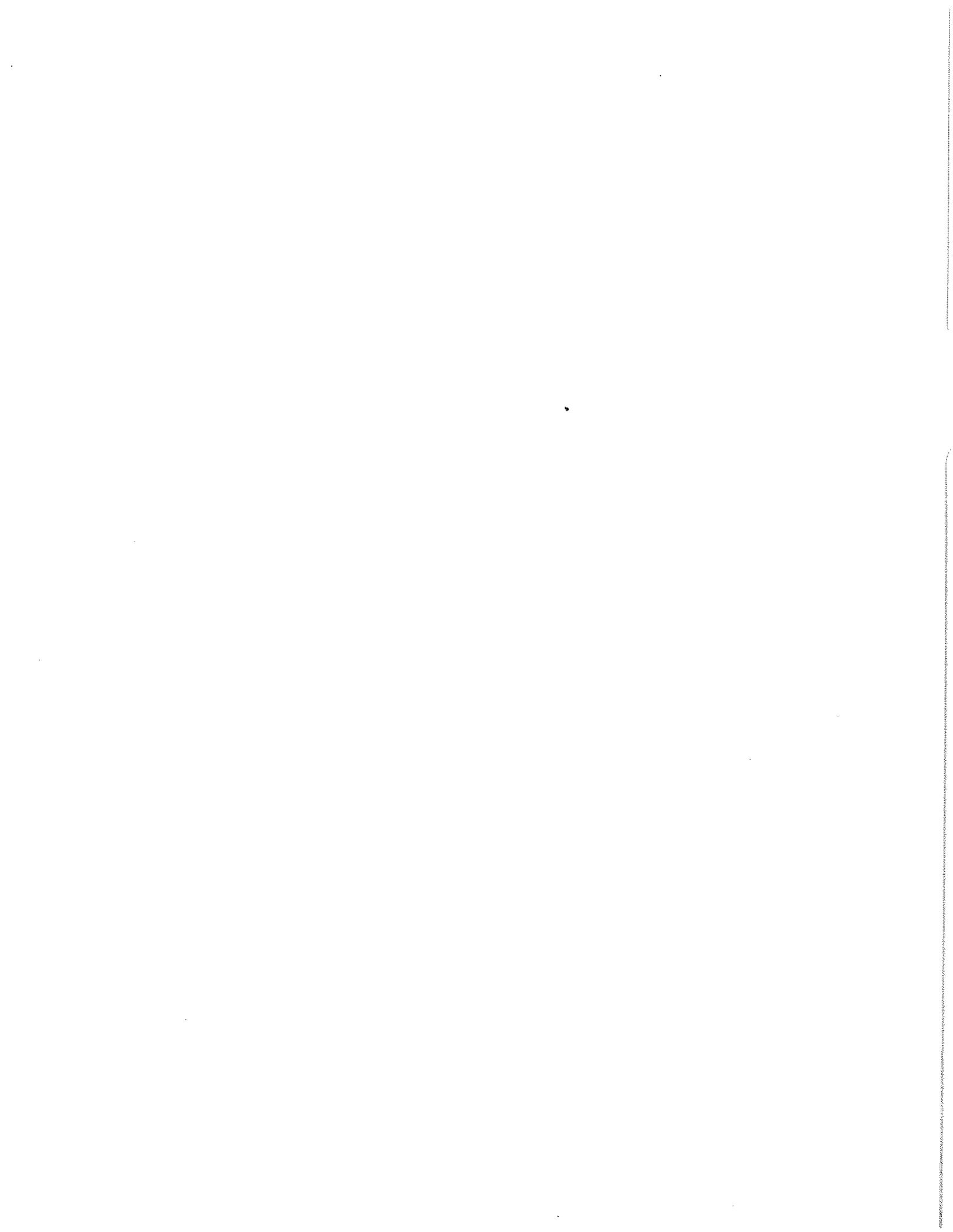
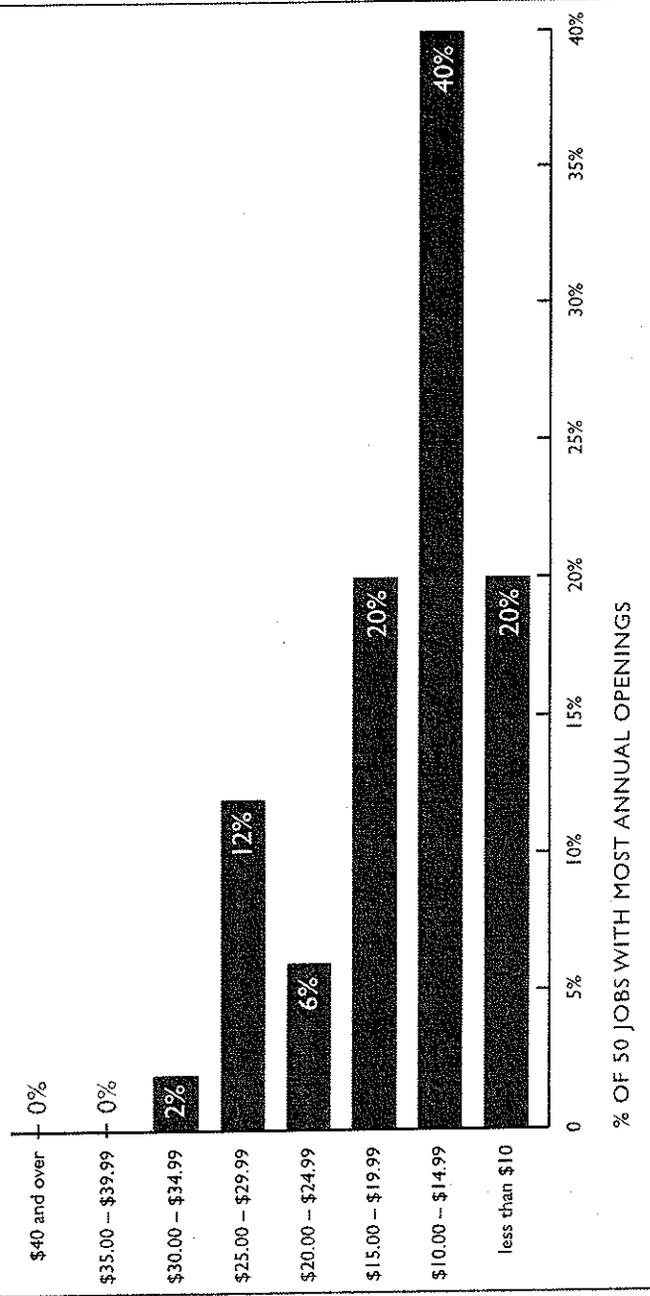
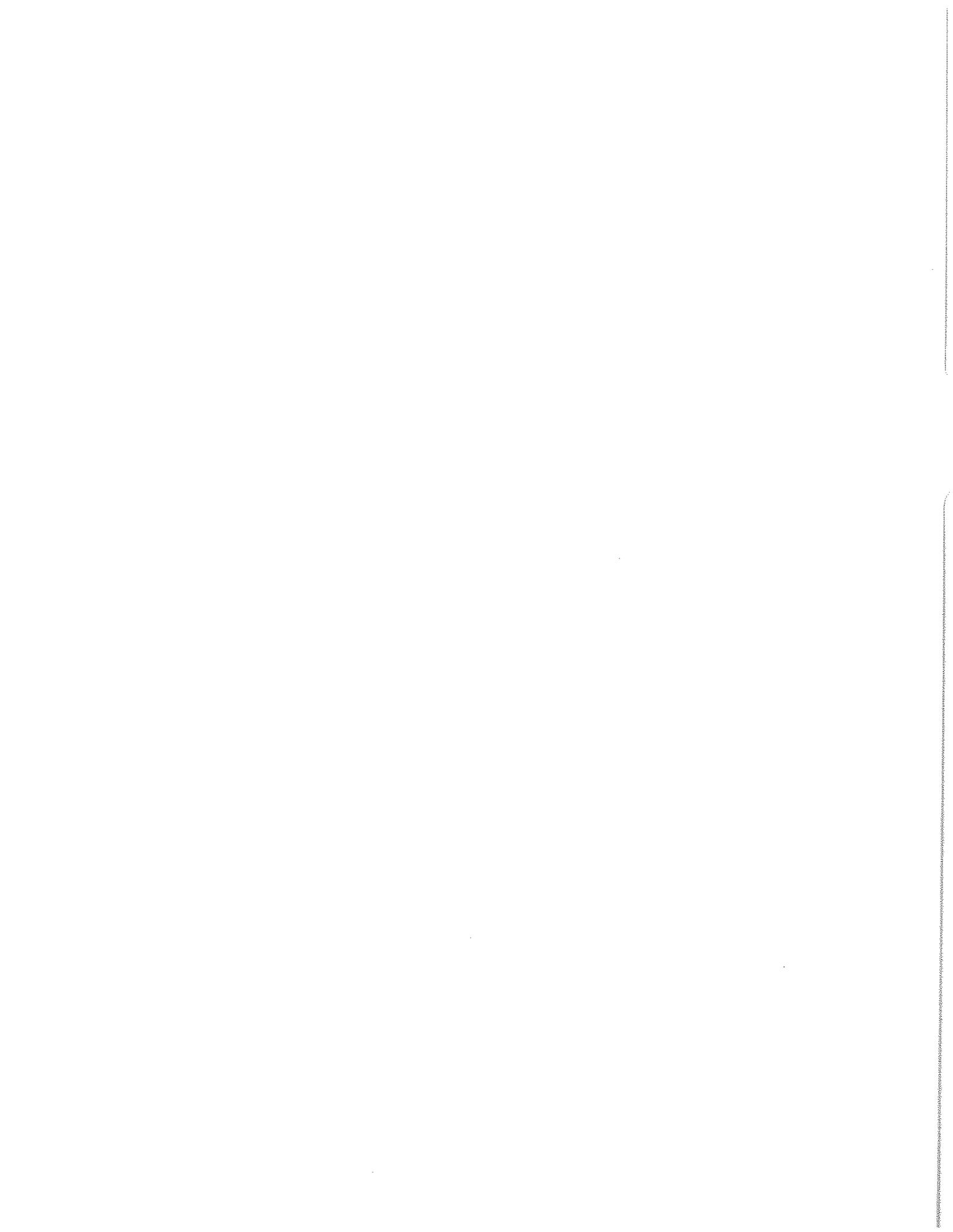


Chart 9. Wages of fifty jobs with the most annual openings, 2004-2014



Source: Poverty Institute analysis of RIDLT data.



News

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COUNTY EMPLOYMENT AND WAGES IN RHODE ISLAND

Second Quarter 2007

In the second quarter of 2007, average weekly wages in Kent County increased by 3.9 percent over-the-year, the higher rate among Rhode Island's two counties with 75,000 or more jobs as measured by 2006 annual average employment. In Providence County, the average wage rate posted a 2.0-percent wage gain over the previous year. Providence County's average weekly wage level of \$801 exceeded Kent County's \$717 wage level. (See table 1.) Regional Commissioner Denis McSweeney noted that wage rates for these two large Rhode Island counties were less than the national rate of 4.6 percent and their average wages were below the national level of \$820.

County Wage Levels

Among Rhode Island's two large counties, no county had average weekly wage levels in the top third nationally among the 328 large counties in the second quarter of 2007. Average weekly wages in Kent County were 13.0-percent below the national level, ranking in the bottom third nationally (221st) among the 328 largest counties in the U.S. In Providence County, wages were 2.0-percent below that for the nation, ranking in the top half nationally (132nd). Providence and Kent counties had wages falling \$19 and \$103, respectively, below the national average.

Average weekly wages were higher than the national average in 110 of the largest 328 U.S. counties in the second quarter of 2007. New York County, N.Y. held the top position among the highest-paid large counties with an average weekly wage of \$1,540. Santa Clara, Calif. was second with an average weekly wage of \$1,504, followed by Clayton, Ga. (\$1,358), Washington, D.C. (\$1,357), and Arlington, Va. (\$1,352). Three of the 10 counties with the highest wages in the U.S. were located in the greater New York metropolitan area (New York, N.Y., Somerset, N.J., and Fairfield, Conn.); 3 others were located in or around the San Francisco area (Santa Clara, Calif., San Francisco, Calif., and San Mateo, Calif.), while 2 others were located in or around the Washington D.C. metropolitan area (Arlington, Va. and Washington, D.C.). Rounding out the top 10 were Clayton, Ga., part of the Atlanta metropolitan area and Suffolk County, Mass., part of the Boston metropolitan area.

There were 218 counties with an average weekly wage below the national average in the second quarter of 2007. The lowest average weekly wage was reported in Cameron County, Texas (\$515), followed by the counties of Hidalgo, Texas (\$518), and Horry, S.C. and Webb, Texas (\$545 each) and Yakima, Wash. (\$555). The average weekly wage in the lowest-paid county, Cameron, was approximately one-third the wage in the highest-paid county, New York.

County Wage Changes

Rhode Island's two large counties recorded wage growth below the national increase of 4.6 percent in the second quarter of 2007. (See table 1.) As mentioned, Kent County's 3.9-percent wage gain was the larger increase in the State, ranking 163rd highest in the nation, followed by Providence County's 2.0-percent increase, which ranked in the bottom fifth nationally at 288th.

Among the largest counties, Clayton County, Ga. led the nation in growth in average weekly wages with an increase of 87.3 percent from the second quarter of 2006. Clayton County had the largest over-the-year gain in average weekly wages in the second quarter of 2007 due to increases in wage disbursements in the trade, transportation, and utilities supersector during the quarter. Queens, N.Y. was second with growth of 12.7 percent, followed by the counties of Rockingham, N.H., (10.1 percent), Ventura, Calif. (9.2 percent), and Lake, Ill. (9.1 percent).

Six counties experienced over-the-year declines in average weekly wages. Saginaw, Mich. had the largest decline, -5.2 percent, followed by the counties of Orleans, La. (-2.9 percent), Lake, Fla. (-1.1 percent), and Genesee, Mich. (-1.0 percent). The two counties with the smallest over-the-year declines were Lorain, Ohio. (-0.9 percent) and Orange, Fla. (-0.1 percent).

State Average Weekly Wages

At the State level, the average weekly wage in Rhode Island was \$774, \$46 below the nationwide figure. Rhode Island had the 22nd highest wage among the 50 states and the District of Columbia. (See table 2.) Nationally, 9 of the 16 areas in which the average weekly wage levels surpassed the U.S. average fell in a contiguous band along the east coast stretching from Virginia to New Hampshire. The five highest wage levels in the nation were in the District of Columbia (\$1,357), Connecticut (\$1,033), New York (\$1,020), Massachusetts (\$1,008), and New Jersey (\$989). Average weekly wages in this group were 32 percent above that for the nation. During this same period, three states had wage levels averaging less than 75 percent of national earnings: South Dakota (\$590), Mississippi (\$609), and Montana (\$611).

Wyoming experienced wage growth of 8.0 percent from the second quarter of 2006 to the second quarter of 2007, higher than any other state. Utah was second with 6.6 percent wage growth, followed by Georgia at 6.5 percent. Connecticut was fourth averaging 6.4 percent. Montana and New Hampshire were fifth highest at 6.3 percent each. Rhode Island recorded one of the smallest wage gains, 2.5 percent, ranking the 49th highest increase among the 50 states and the District of Columbia. Delaware posted the smallest wage gain, up 2.2 percent. No state experienced over-the-year declines.

Average weekly wage data by county are compiled under the Quarterly Census of Employment and Wages (QCEW) program, also known as the ES-202 program. The data are derived from reports submitted by employers subject to state and federal unemployment insurance (UI) laws. The nearly 9 million employer reports cover 137.0 million full- and part-time workers. The average weekly wage values are calculated by dividing quarterly total wages by the average of the three monthly employment levels. This number then is divided by 13, the number of weeks in a quarter. It is to be noted, therefore, that over-the-year wage changes for geographic areas may reflect shifts in the composition of employment by industry, occupation, and such other factors as hours of work. Thus, wages may vary among counties, metropolitan areas, or states for reasons other than changes in the average wage level. Data for all states, Metropolitan Statistical Areas (MSAs), counties, and the nation are available on the BLS Web site at <http://www.bls.gov/cew/>; however, data in QCEW press releases have been revised (see Technical Note below) and may not match the data contained on the Bureau's Web site.

Additional statistics and other information

An annual bulletin, *Employment and Wages*, features comprehensive information by detailed industry on establishments, employment, and wages for the nation and all states. The 2006 edition of this bulletin will contain selected data produced by Business Employment Dynamics (BED) on job gains and losses, as well as selected data from the first quarter 2007 version of the national news release. As with the 2005 edition, this edition will include the data on a CD for enhanced access and usability with the printed booklet containing selected graphic representations of QCEW data; the data tables themselves will be published exclusively in electronic formats as PDFs. *Employment and Wages Annual Averages, 2006* will be available for sale in early 2008 from the United States Government Printing Office, Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250, telephone (866) 512-1800, outside Washington, D.C. Within Washington, D.C., the telephone number is (202) 512-1800. The fax number is (202) 512-2104.

QCEW-based news releases issued by other regional offices have been placed at one convenient BLS Web site location, <http://www.bls.gov/cew/cewregional.htm>.

For personal assistance or further information on the Quarterly Census of Employment and Wages Program, as well as other Bureau programs, contact the Boston Information Office at (617) 565-2327 from 8:30 a.m. to 12:00 p.m. and 1:30 p.m. to 4:00 p.m. ET.

TECHNICAL NOTE

QCEW data are the sums of individual establishment records reflecting the number of establishments that exist in a county or industry at a point in time. For this reason, county and industry data are not designed to be used as a time series.

The preliminary QCEW data presented in this release may differ from data released by the individual states as well as from the data presented on the BLS Web site. The potential differences result from several causes. Differences between BLS and State published data may be due to the continuing receipt, review and editing of UI data over time. On the other hand, differences between data in this release and the data found on the BLS Web site are the result of adjustments made to improve over-the-year comparisons. Specifically, these adjustments account for administrative (noneconomic) changes such as a correction to a previously reported location or industry classification. Adjusting for these administrative changes allows users to more accurately assess changes of an economic nature (such as a firm moving from one county to another or changing its primary economic activity) over a 12-month period. Currently, adjusted data are available only from BLS press releases.

Table 1. Covered (1) employment and wages in the United States and the 2 largest counties in Rhode Island, second quarter 2007(2)

Area	Employment		Average Weekly Wage (3)			
	June 2007 (thousands)	Percent change, second quarter 2006-07 (5)	Average weekly wage	National ranking by level (4)	Percent change, second quarter 2006-07 (5)	National ranking by percent change (4)
United States (6)	137,018.2	1.2	\$820	--	4.6	--
Rhode Island	492.9	0.3	774	22	2.5	49
Kent, RI	83.2	-0.4	717	221	3.9	163
Providence, RI	291.2	0.1	801	132	2.0	288

(1) Includes workers covered by Unemployment Insurance (UI) and Unemployment Compensation for

(2) Data are preliminary.

(3) Average weekly wages were calculated using unrounded data.

(4) Ranking does not include the county of San Juan, Puerto Rico.

(5) Percent changes were computed from quarterly employment and pay data adjusted for

(6) Totals for the United States do not include data for Puerto Rico or the Virgin Islands.

Table 2. Covered (1) employment and wages by state, second quarter 2007(2)

State	Employment		Average weekly wage (3)			
	June 2007 (thousands)	Percent change, second quarter 2006-07	Average weekly wage	National ranking by level	Percent change, second quarter 2006-07	National ranking by percent change
United States (4)	37,018.2	1.2	\$820	-	4.6	-
Alabama	1,965.4	1.1	697	38	3.6	38
Alaska	325.8	-0.5	832	13	5.6	9
Arizona	2,612.4	1.2	786	20	4.4	23
Arkansas	1,186.5	0.3	639	46	4.2	28
California	15,832.5	0.8	935	6	5.4	11
Colorado	2,326.9	2.2	832	13	4.8	15
Connecticut	1,714.2	0.9	1,033	2	6.4	4
Delaware	430.2	0.0	870	9	2.2	51
District of Columbia	683.2	0.8	1,357	1	4.3	26
Florida	7,894.2	0.2	743	23	3.2	45
Georgia	4,091.5	1.4	792	19	6.5	3
Hawaii	631.2	1.4	736	27	4.2	28
Idaho	679.1	3.0	626	47	2.3	50
Illinois	5,956.3	0.8	874	8	4.4	23
Indiana	2,933.4	0.5	702	33	2.6	48
Iowa	1,518.6	0.9	664	42	3.9	35
Kansas	1,370.7	2.0	702	33	4.8	15
Kentucky	1,828.2	1.7	700	35	4.2	28
Louisiana	1,880.2	3.2	711	31	4.1	31
Maine	619.6	0.6	658	44	4.1	31
Maryland	2,584.9	0.7	899	7	5.3	12
Massachusetts	3,300.7	1.2	1,008	4	4.8	15
Michigan	4,252.9	-1.4	807	17	2.9	46
Minnesota	2,730.9	0.0	834	12	5.6	9
Mississippi	1,137.4	0.9	609	50	3.6	38
Missouri	2,764.6	0.8	727	29	3.4	43
Montana	449.8	1.7	611	49	6.3	5
Nebraska	930.9	1.6	654	45	3.5	42
Nevada	1,297.9	1.0	776	21	3.7	36
New Hampshire	643.7	0.7	823	16	6.3	5
New Jersey	4,066.7	0.4	989	5	4.3	26
New Mexico	833.3	1.1	686	39	5.2	13
New York	8,688.8	1.3	1,020	3	5.9	7
North Carolina	4,090.5	3.0	718	30	4.1	31
North Dakota	347.7	1.5	619	48	4.7	19
Ohio	5,384.6	-0.1	740	25	3.4	43
Oklahoma	1,538.5	1.6	665	40	4.1	31
Oregon	1,761.6	1.7	742	24	4.5	22
Pennsylvania	5,740.3	1.1	802	18	4.6	20
Rhode Island	492.9	0.3	774	22	2.5	49
South Carolina	1,917.4	3.0	665	40	2.9	46
South Dakota	404.3	2.1	590	51	4.8	15
Tennessee	2,768.7	0.7	729	28	3.6	38
Texas	10,296.1	3.4	827	15	5.9	7
Utah	1,233.7	4.4	698	36	6.6	2
Vermont	306.6	-0.5	698	36	5.0	14
Virginia	3,731.5	1.0	859	10	4.4	23
Washington	2,989.8	2.7	835	11	4.6	20
West Virginia	717.1	0.3	659	43	3.6	38
Wisconsin	2,845.8	0.4	709	32	3.7	36
Wyoming	288.3	3.3	739	26	8.0	1
Puerto Rico	1,020.7	-1.6	460	(5)	6.0	(5)
Virgin Islands	46.9	3.4	707	(5)	4.1	(5)

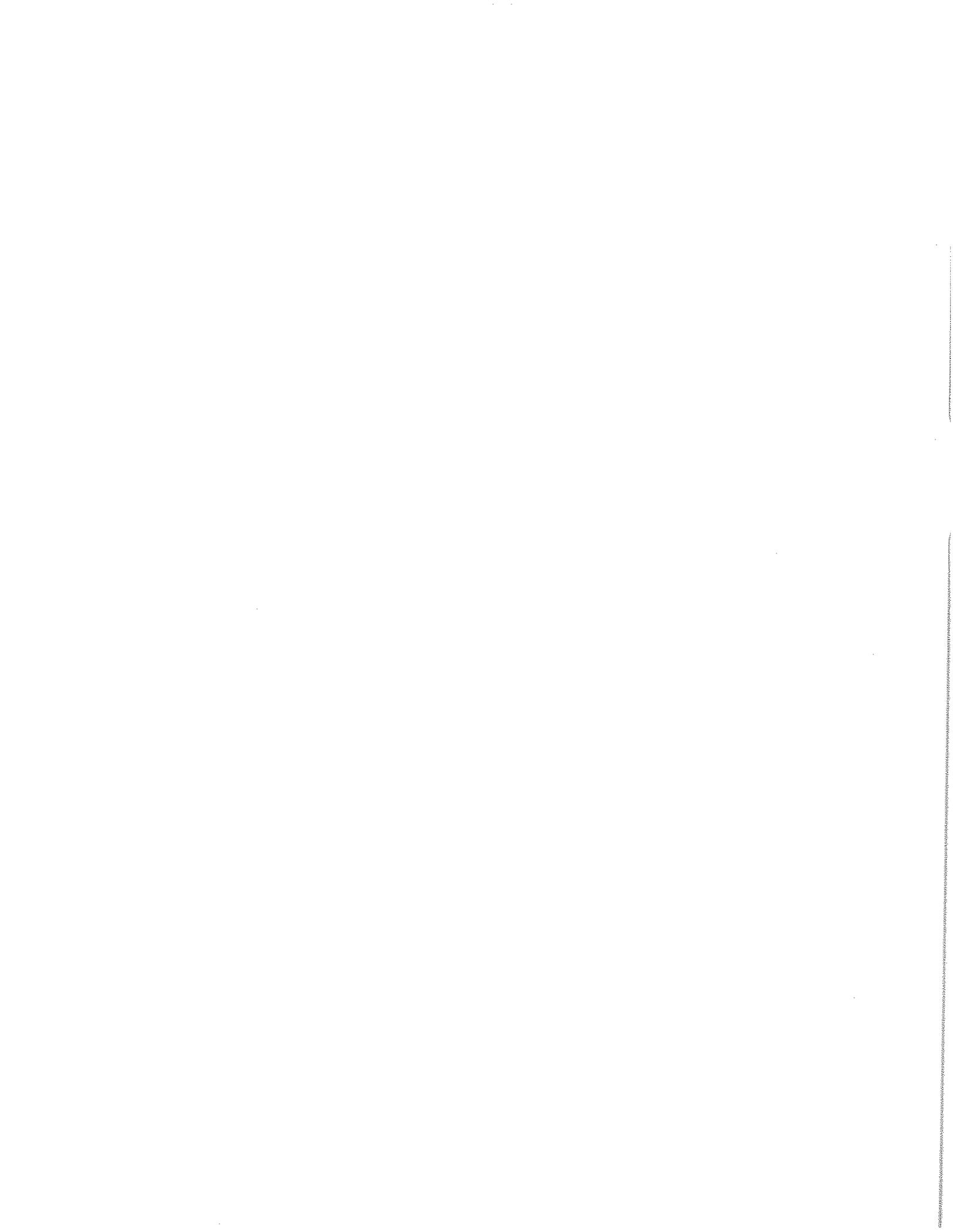
(1) Includes workers covered by Unemployment Insurance (UI) and Unemployment Compensation for Federal Employees (UCFE) programs.

(2) Data are preliminary.

(3) Average weekly wages were calculated using unrounded data.

(4) Totals for the United States do not include data for Puerto Rico or the Virgin Islands.

(5) Data not included in the national ranking.





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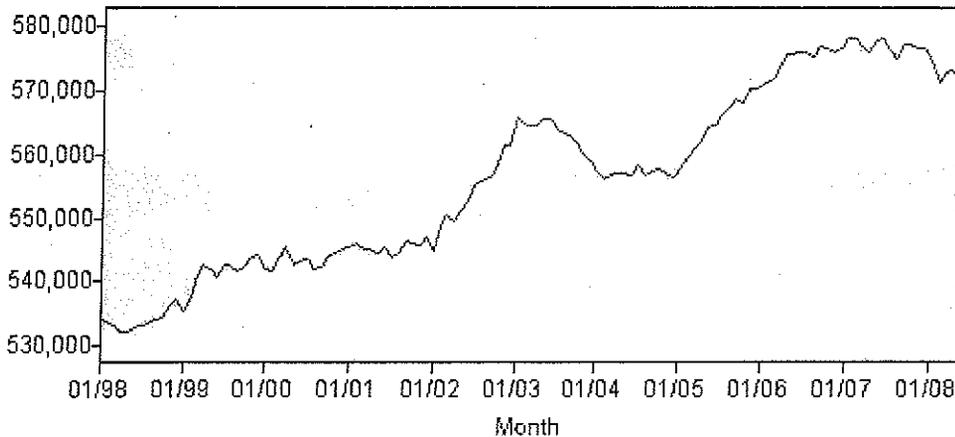
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Local Area Unemployment Statistics

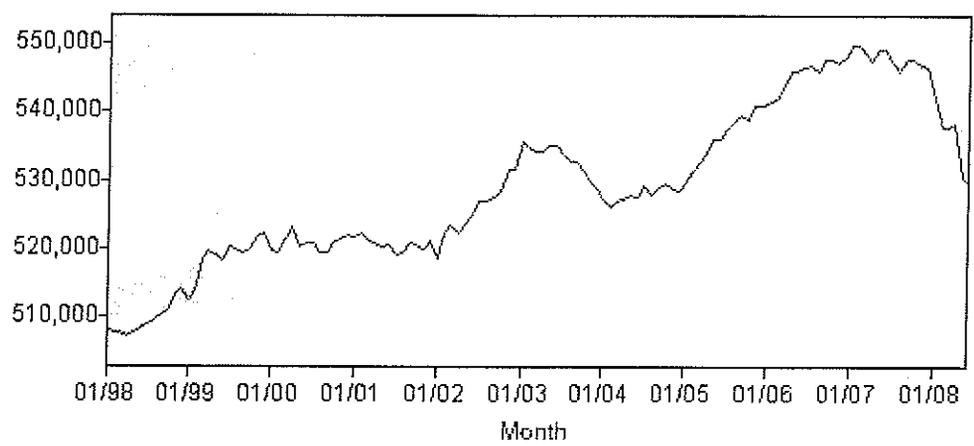
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labor force

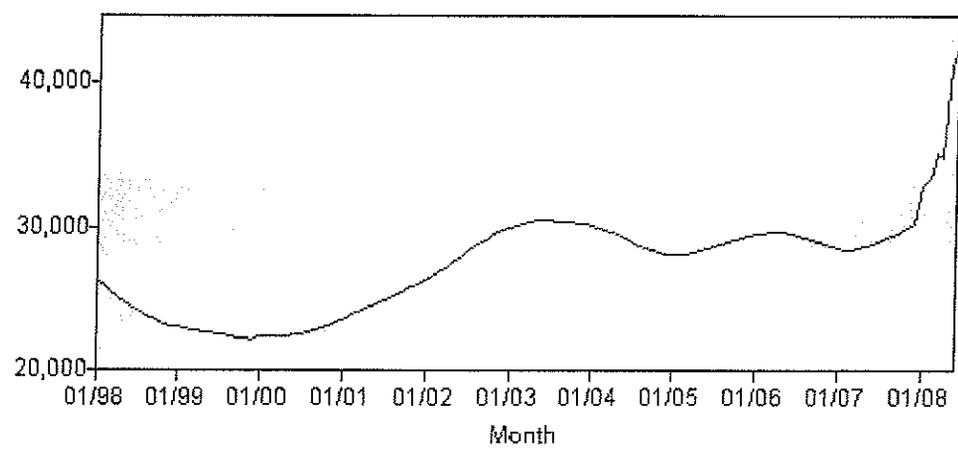


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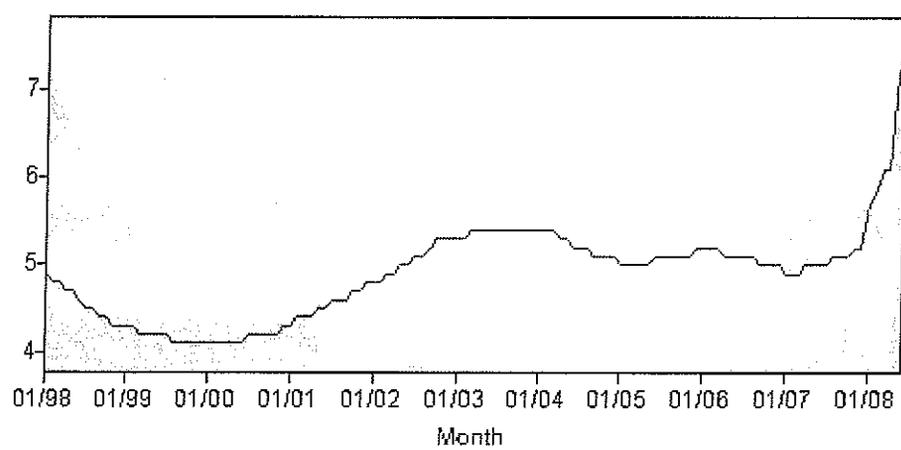
employment



unemployment



unemployment rate

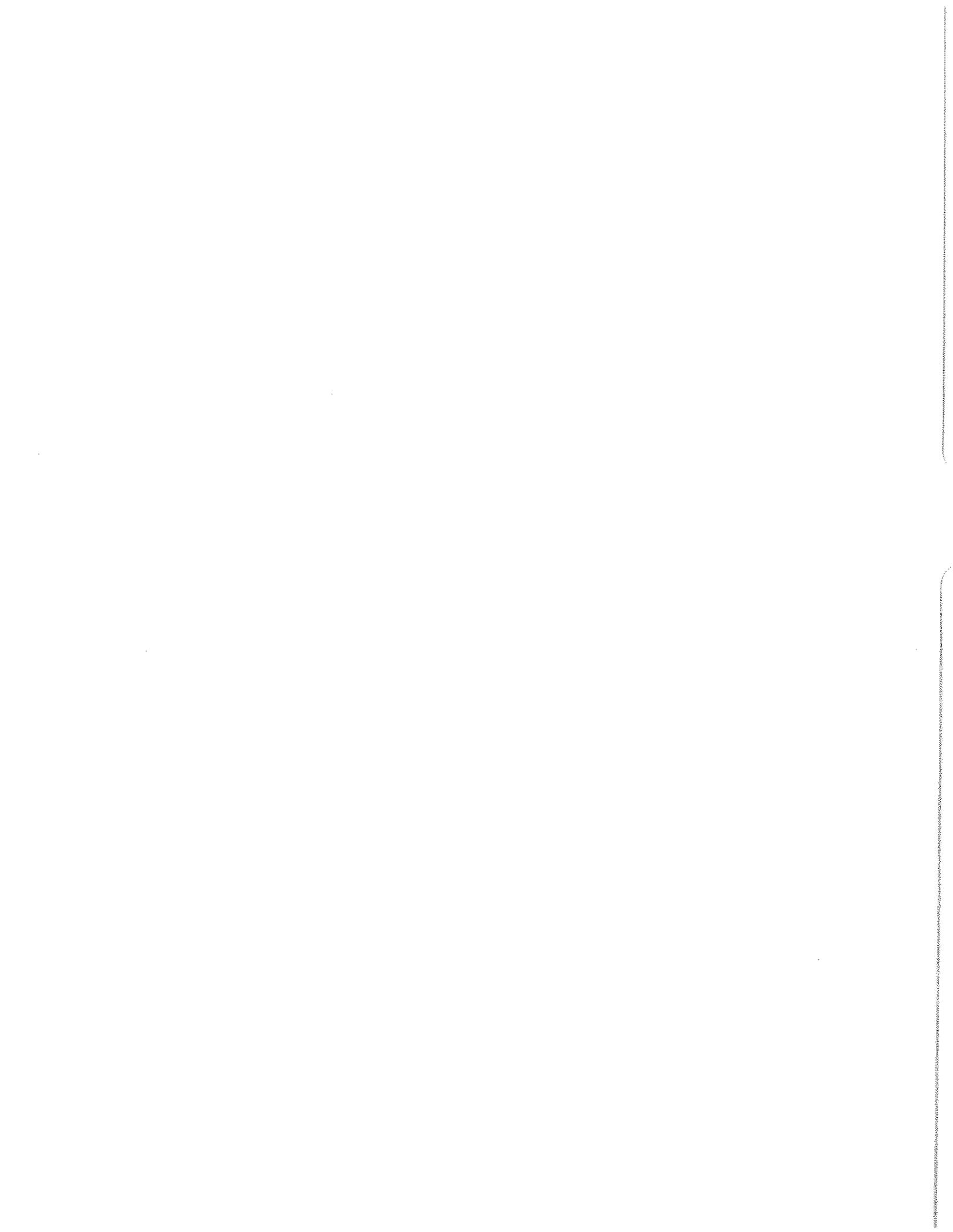


Year	Period	labor force	employment	unemployment	unemployment rate
1998	Jan	534610	508335	26275	4.9
1998	Feb	533680	507808	25872	4.8
1998	Mar	533268	507784	25484	4.8
1998	Apr	532221	507107	25114	4.7
1998	May	532456	507689	24767	4.7
1998	Jun	532798	508350	24448	4.6
1998	Jul	533204	509042	24162	4.5
1998	Aug	533440	509539	23901	4.5
1998	Sep	534065	510400	23665	4.4
1998	Oct	534558	511106	23452	4.4
1998	Nov	536459	513195	23264	4.3
1998	Dec	537368	514255	23113	4.3
1999	Jan	535467	512456	23011	4.3
1999	Feb	537716	514809	22907	4.3
1999	Mar	541217	518404	22813	4.2
1999	Apr	542508	519769	22739	4.2
1999	May	541931	519254	22677	4.2
1999	Jun	540767	518150	22617	4.2
1999	Jul	542773	520219	22554	4.2
1999	Aug	542521	520041	22480	4.1
1999	Sep	541714	519323	22391	4.1
1999	Oct	542205	519915	22290	4.1
1999	Nov	543811	521634	22177	4.1
1999	Dec	544245	522195	22050	4.1
2000	Jan	542136	519775	22361	4.1
2000	Feb	541860	519517	22343	4.1
2000	Mar	543779	521435	22344	4.1
2000	Apr	545624	523258	22366	4.1
2000	May	542754	520344	22410	4.1
2000	Jun	543194	520719	22475	4.1
2000	Jul	543552	520987	22565	4.2
2000	Aug	542077	519402	22675	4.2
2000	Sep	542192	519390	22802	4.2
2000	Oct	543784	520830	22954	4.2
2000	Nov	544599	521468	23131	4.2
2000	Dec	545304	521975	23329	4.3
2001	Jan	545410	521868	23542	4.3
2001	Feb	546043	522274	23769	4.4
2001	Mar	545020	521019	24001	4.4
2001	Apr	545079	520849	24230	4.4
2001	May	544669	520213	24456	4.5
2001	Jun	545365	520688	24677	4.5

2001	Jul	543976	519088	24888	4.6
2001	Aug	544386	519292	25094	4.6
2001	Sep	546313	521002	25311	4.6
2001	Oct	546211	520663	25548	4.7
2001	Nov	545894	520090	25804	4.7
2001	Dec	547162	521081	26081	4.8
2002	Jan	544918	518665	26253	4.8
2002	Feb	548923	522376	26547	4.8
2002	Mar	550447	523591	26856	4.9
2002	Apr	549438	522255	27183	4.9
2002	May	550968	523443	27525	5.0
2002	Jun	552771	524894	27877	5.0
2002	Jul	555158	526914	28244	5.1
2002	Aug	555698	527084	28614	5.1
2002	Sep	556461	527490	28971	5.2
2002	Oct	557844	528542	29302	5.3
2002	Nov	561333	531732	29601	5.3
2002	Dec	561528	531665	29863	5.3
2003	Jan	565765(b)	535797(b)	29968(b)	5.3(b)
2003	Feb	565006(b)	534857(b)	30149(b)	5.3(b)
2003	Mar	564674(b)	534386(b)	30288(b)	5.4(b)
2003	Apr	564677(b)	534290(b)	30387(b)	5.4(b)
2003	May	565599(b)	535150(b)	30449(b)	5.4(b)
2003	Jun	565506(b)	535033(b)	30473(b)	5.4(b)
2003	Jul	564450(b)	533987(b)	30463(b)	5.4(b)
2003	Aug	563221(b)	532793(b)	30428(b)	5.4(b)
2003	Sep	563115(b)	532736(b)	30379(b)	5.4(b)
2003	Oct	561811(b)	531484(b)	30327(b)	5.4(b)
2003	Nov	560180(b)	529911(b)	30269(b)	5.4(b)
2003	Dec	558954(b)	528760(b)	30194(b)	5.4(b)
2004	Jan	557270(b)	527171(b)	30099(b)	5.4(b)
2004	Feb	556115(b)	526136(b)	29979(b)	5.4(b)
2004	Mar	556770(b)	526938(b)	29832(b)	5.4(b)
2004	Apr	556965(b)	527309(b)	29656(b)	5.3(b)
2004	May	557193(b)	527741(b)	29452(b)	5.3(b)
2004	Jun	556920(b)	527694(b)	29226(b)	5.2(b)
2004	Jul	558272(b)	529289(b)	28983(b)	5.2(b)
2004	Aug	556683(b)	527942(b)	28741(b)	5.2(b)
2004	Sep	557295(b)	528778(b)	28517(b)	5.1(b)
2004	Oct	557866(b)	529537(b)	28329(b)	5.1(b)
2004	Nov	557203(b)	529011(b)	28192(b)	5.1(b)
2004	Dec	556582(b)	528473(b)	28109(b)	5.1(b)
2005	Jan	557630(b)	529555(b)	28075(b)	5.0(b)

2005	Feb	559445(b)	531351(b)	28094(b)	5.0(b)
2005	Mar	560748(b)	532589(b)	28159(b)	5.0(b)
2005	Apr	562239(b)	533982(b)	28257(b)	5.0(b)
2005	May	564384(b)	536002(b)	28382(b)	5.0(b)
2005	Jun	564636(b)	536105(b)	28531(b)	5.1(b)
2005	Jul	566103(b)	537415(b)	28688(b)	5.1(b)
2005	Aug	567571(b)	538729(b)	28842(b)	5.1(b)
2005	Sep	568540(b)	539551(b)	28989(b)	5.1(b)
2005	Oct	568001(b)	538880(b)	29121(b)	5.1(b)
2005	Nov	570122(b)	540874(b)	29248(b)	5.1(b)
2005	Dec	570173(b)	540802(b)	29371(b)	5.2(b)
2006	Jan	570810(b)	541322(b)	29488(b)	5.2(b)
2006	Feb	571380(b)	541804(b)	29576(b)	5.2(b)
2006	Mar	572875(b)	543248(b)	29627(b)	5.2(b)
2006	Apr	575535(b)	545901(b)	29634(b)	5.1(b)
2006	May	575613(b)	546017(b)	29596(b)	5.1(b)
2006	Jun	575944(b)	546430(b)	29514(b)	5.1(b)
2006	Jul	576035(b)	546642(b)	29393(b)	5.1(b)
2006	Aug	575226(b)	545982(b)	29244(b)	5.1(b)
2006	Sep	576851(b)	547773(b)	29078(b)	5.0(b)
2006	Oct	576510(b)	547599(b)	28911(b)	5.0(b)
2006	Nov	575886(b)	547133(b)	28753(b)	5.0(b)
2006	Dec	576485(b)	547874(b)	28611(b)	5.0(b)
2007	Jan	578200(b)	549705(b)	28495(b)	4.9(b)
2007	Feb	578259(b)	549819(b)	28440(b)	4.9(b)
2007	Mar	576936(b)	548490(b)	28446(b)	4.9(b)
2007	Apr	575907(b)	547395(b)	28512(b)	5.0(b)
2007	May	577761(b)	549138(b)	28623(b)	5.0(b)
2007	Jun	577971(b)	549196(b)	28775(b)	5.0(b)
2007	Jul	576106(b)	547144(b)	28962(b)	5.0(b)
2007	Aug	574959(b)	545782(b)	29177(b)	5.1(b)
2007	Sep	577180(b)	547766(b)	29414(b)	5.1(b)
2007	Oct	577274(b)	547599(b)	29675(b)	5.1(b)
2007	Nov	576597(b)	546644(b)	29953(b)	5.2(b)
2007	Dec	576690(b)	546448(b)	30242(b)	5.2(b)
2008	Jan	574627	541750	32877	5.7
2008	Feb	571207	537741	33466	5.9
2008	Mar	572793	537686	35107	6.1
2008	Apr	573241	538357	34884	6.1
2008	May	571560	530384	41176	7.2
2008	Jun	572105(p)	529473(p)	42632(p)	7.5(p)

b : Reflects revised population controls, seasonal factors, and model reestimation for 2003-07.
p : Preliminary.





Ed Mazze

August outlook: The state's recession could continue into next year

08:04 AM EDT on Friday, August 1, 2008

By Edward M. Mazze

Distinguished University Professor of Business Administration The University of Rhode Island

Rhode Island's economy continued to decline in July, 2008 following 500 jobs lost in June. Rhode Island is in a recession which may continue well into 2009.

The number of Rhode Islanders employed in June was 529,500. Jobs declined by 11,900 between June 2007 and June 2008 according to the Rhode Island Department of Labor and Training. In looking back to 2007 (where employment data is now finalized), Rhode Island was the only state in New England and one of six states in the United States to have lost jobs and had one of the worst declines in overall economic activity in the region. In June 2008, the state's unemployment rate was 7.5 percent, the highest in the New England states and 2 percent higher than the national rate.

The effects of the number of foreclosures, the credit crunch, the increase in the price of energy and the lack of consumer and business confidence about the state's ability to get out of this dismal situation has caused consumers and businesses to hold back on purchases and hiring decisions. There seems to be little economic leadership from the federal, state and local government to solve our economic problems. There is suspicion that the state budget will be balanced until Election Day followed by a shortfall in revenue and FY2009 budget targets not being met causing tax increases in 2009.

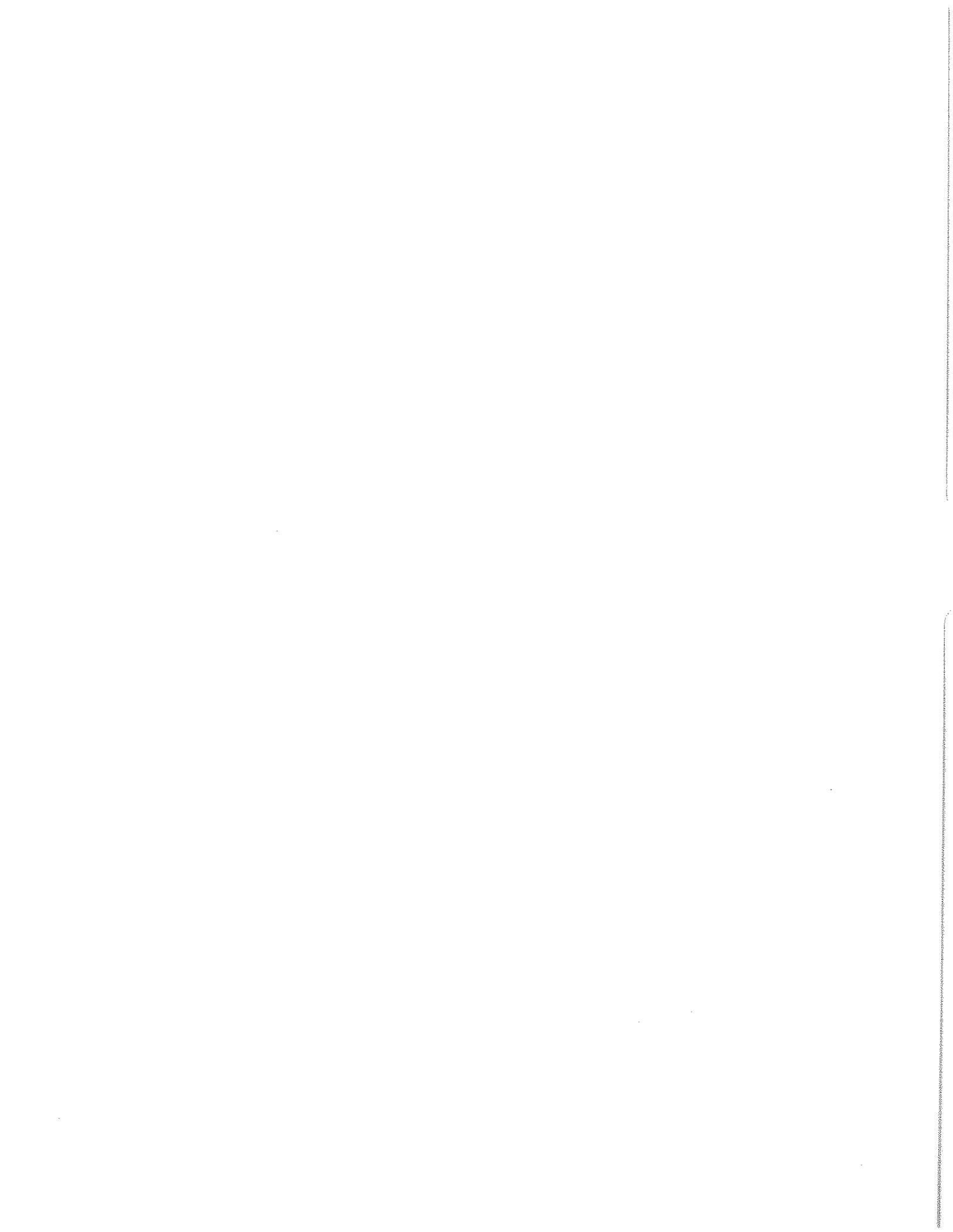
There is no better time than now to take advantage of the state's strategic location to create jobs and increase tax revenues. Rhode Island is easily accessible to over 50 million people. These prospective tourists, a source of tax revenue, live within driving distance. Three Amtrak Train Stations and a modern airport make the Rhode Island market attractive to tourists and businesses. Rhode Island is known nationally and internationally as a hospitality state because of its historic sites, great restaurants, friendly bed and breakfasts, inns and hotels, and beaches. The leisure and hospitality industry creates jobs in other sectors in the state.

Once individuals visit Rhode Island for education, holidays, medical care or a job, they discover the quality of living here. Our nationally and internationally recognized colleges and universities attract tens of thousands of out-of-state students each year as does the state's health care facilities. Although most Rhode Island graduates leave the state to find a job, many return for holidays and some buy vacation homes here later in their careers. When visitors have had a good experience, they talk to others about coming here for a vacation and may persuade some to bring their businesses to Rhode Island.

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Here is how you can help economic development by becoming an ambassador for the state: (1) take advantage of what Rhode Island has to offer, travel throughout the state and support Rhode Island businesses, activities and events, (2) make sure your community and its retailers are welcoming visitors, street and store fronts should be clean and inviting, store operating hours should be consistent and parking should be available, (3) support your local chamber of commerce in making the community a "magnet" for tourism and business, (4) remember that visitors add to the local and state economy and should be sought after rather than looked at as an inconvenience, and (5) shop locally so business owners will reinvest in their businesses.

Your involvement will keep businesses in the state, attract new businesses and create job opportunities at all salary levels in employment sectors such as leisure and hospitality, education and health services, professional and business services, information services, construction, financial services and high-tech. Business location decisions are made for many reasons including where management would like to live. The objective should be to make Rhode Island a place where senior executives want to live since this is where they like to vacation.





Business

Number of jobless Rhode Islanders continues to grow

01:00 AM EDT on Friday, July 18, 2008

By Lynn Arditi

Journal Staff Writer

Rhode Island's recession continues to deepen, as payrolls shrink and the ranks of residents unable to find work grows.

The state unemployment rate last month climbed to 7.5 percent, two percentage points above the national average, and payroll jobs fell for the sixth straight month, according to a report to be released today by the state Department of Labor and Training.

So far this year, Rhode Island has shed 8,600 payroll jobs and the ranks of unemployed residents have swelled to 42,600—the largest in 15 years, the state reported.

Yet, just over the border, in Massachusetts, payroll jobs last month rose by 2,800 following a 1,900-job gain in May, according to a report yesterday by Massachusetts' Office of Labor and Workforce Development.

Massachusetts' unemployment rate rose from 4.9 percent in May to 5.2 percent in June, less than the national unemployment rate of 5.5 percent.

"Rhode Island makes Massachusetts look good by comparison," said Andres Carbacho-Burgos, an economist at Moody's Economy.com, a research and forecasting firm based in West Chester, Pa. "I wouldn't say Massachusetts is doing great right now, but at least it's growing."

Fallout from the global mortgage market crisis has hit especially hard in Rhode Island, where 1 in 41 mortgages, on average, were in foreclosure at the end of last year, the seventh highest rate in the nation, according to a report released last month by Harvard University's Joint Center for Housing Studies.

The real estate market meltdown, coupled with state budget cuts, has hobbled Rhode Island's already weak labor market, experts say, which lacks Massachusetts' high-growth industries, such as technology and pharmaceuticals, leaving the state uniquely vulnerable.

"This downturn hits you right in your portfolio," said Jared Bernstein, labor economist at the Economic Policy Institute in Washington. "You see the fingerprints of the housing bubble and it spills over into

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financial markets, all of which are important sectors for Rhode Island.”

Rhode Island is among 11 states in the country — and the only one in New England — that economists say is officially in a recession. The only other New England states that are “at risk” of a recession are Connecticut and New Hampshire, according to Global Insight.

Connecticut yesterday reported it added 3,600 jobs last month and its unemployment rate remained unchanged at 5.4 percent.

In Rhode Island, the last major recession — during the 1990s — began with the collapse of the commercial real estate markets and dragged down just about every sector of the state’s economy. It lasted three years. (Rhode Island skirted the worst effects of the technology bubble bursting in 2001, which hit Massachusetts hard.)

In this latest economic downturn, Rhode Island, with its shrinking manufacturing base, low-wage service jobs and older cities, looks more like its Midwest peers.

Last month’s 500 job-loss was a fraction of May’s 2,000-job decline, but the cumulative effect remains severe. Rhode Island in May posted the second highest unemployment rate in the country, after Michigan — and that unflattering distinction may again prove true once all the state rates are tabulated. (Michigan reported its unemployment rate remained unchanged in June at 8.5 percent.)

“We have no new industries coming in.” said Edward M. Mazze, business administration professor at the University of Rhode Island. “We’re asleep at the wheel in creating jobs in this state. We’re talking about wonderful long-term initiatives and while we’re talking ... we’re losing jobs in existing businesses.”

During the past 12 months, the number of unemployed residents has increased by 13,800, the state reported. (The government surveys only count people as unemployed if they report that they are available and actively seeking work.) Rhode Island’s 7.5-percent unemployment rate in June was up from 7.2 percent in May.

The actual job losses may, in fact, be more severe than the government data show, Mazze said, in part because immigrants who have been working illegally are being scared by the recent immigration raids and leaving their jobs. (On Wednesday night, federal agents raided six courthouses and picked up 31 maintenance workers suspected of being illegal immigrants.)

“There are probably lots of job losses that have not been reported,” Mazze said, “because of the immigration situation.”

Employment in accommodation and food services last month fell by 100, and is down 400 since June of last year, the state data show.

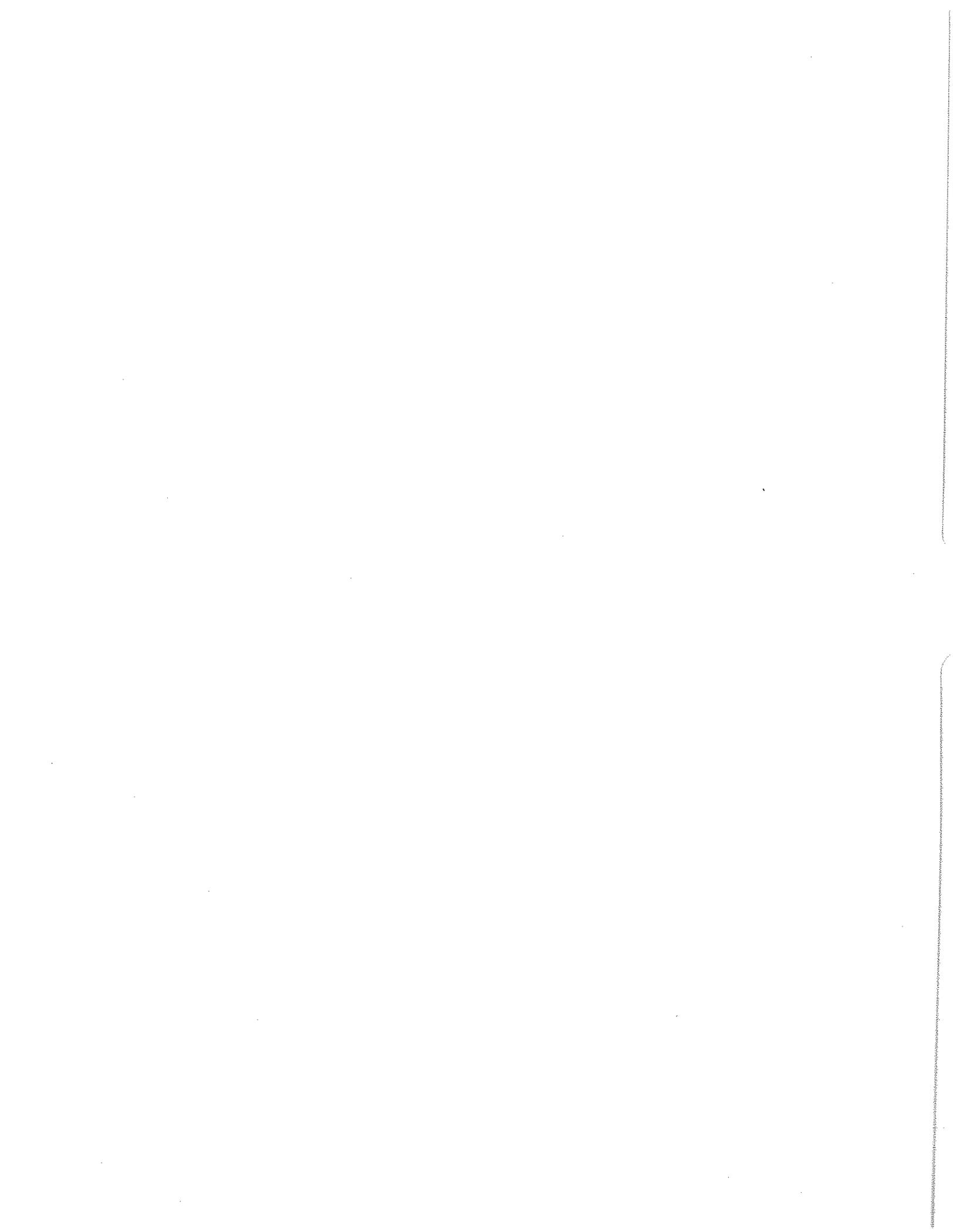
During the past 12 months, besides a 2,800-job loss in manufacturing, the state has shed thousands of jobs in the professional and businesses services (-2,300), retail trade (-1,900) and financial activities (-1,700), according to the state report. Employment in “other services” sector also declined (-1,200) during the same period, and smaller losses were reported in construction (-900), transportation and utilities (-500) and arts, entertainment and recreation (-400).

Last month, government payrolls fell by 200, though steeper declines are expected once the full effects

of the state budget cuts are felt.

Of the three sectors that reported job gains over the last 12 months, only one of them, the information sector (500 more jobs), was enough to be considered statistically significant. The other two sectors — educational services (200 more jobs) and health care and social assistance (100 more jobs) — posted gains so small that economists consider them essentially flat.

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Business

R.I. economy at its worst in 25 years

01:00 AM EDT on Tuesday, July 15, 2008

By Lynn Arditi

Journal Staff Writer

Economically speaking, Rhode Island is in the midst of the "worst year" in a quarter century, according to a local index released yesterday.

After a brief uptick in April, the Current Conditions Index in May plunged back to its lowest value in the index's 25-year history. Eleven out of 12 indicators deteriorated, as the unemployment rate spiked to 7.2 percent and consumers hit by rising food and fuel prices cut back on spending, causing retail sales to plunge, according to the index's manager, University of Rhode Island economics Prof. Leonard Lardaro.

"Even during the horrible year of the [1991] banking crisis," Lardaro said, "it wasn't statistically as bad as this."

After April's bump, the CCI index in May fell back to its previous value of 8, where it had been during four of the last five months. Prior to this year, the only time the index fell that low was in April, 1991.

The CCI measures the behavior of 12 economic indicators each month and compares them with what they were during the same month a year ago. The changes indicate whether Rhode Island's economy is growing, contracting or stagnant. Any indicator above the neutral value of 50 means the economy is growing, anything below means it's shrinking.

For 11 of the last 12 months, the index has languished below 50, and during January, February, March and May, the monthly values sank to 8.

In April, the index climbed to 17, prompting Lardaro to suggest there was reason to hope that the economy might begin to turn around. Two indicators in April improved, albeit slightly. Retail sales, which had been declining, "squeaked by," and manufacturing wages also rose, according to the index.

But any hope of a near-term recovery was dashed in May when the index fell back to a value of 8.

The housing market meltdown has slowed the rate of house construction, with single-unit building permits down 33.3 percent in May from the same period last year. The building slowdown, however, could be viewed as a "bright spot," Lardaro said, because it may help the state reduce its bloated inventory of unsold houses. The labor market also continued to deteriorate in May, with layoffs driving up new unemployment claims by 14.3 percent from May of last year, although the number of claims has

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8/5/2008 7:56 AM

improved during the past three months.

The share of people who ran out of their unemployment benefits — “benefit exhaustions” — climbed 31.9 percent compared with last year.

Employment service jobs, a “leading labor market indicator” which includes temporary help, fell by double digits for the fourth consecutive month. (Employment service jobs tend to decline when the economy is contracting and rise when it’s growing.)

Government employment also shrank, and is expected to continue to do so as state agencies begin to lay off employees to bring spending in line with budget cuts.

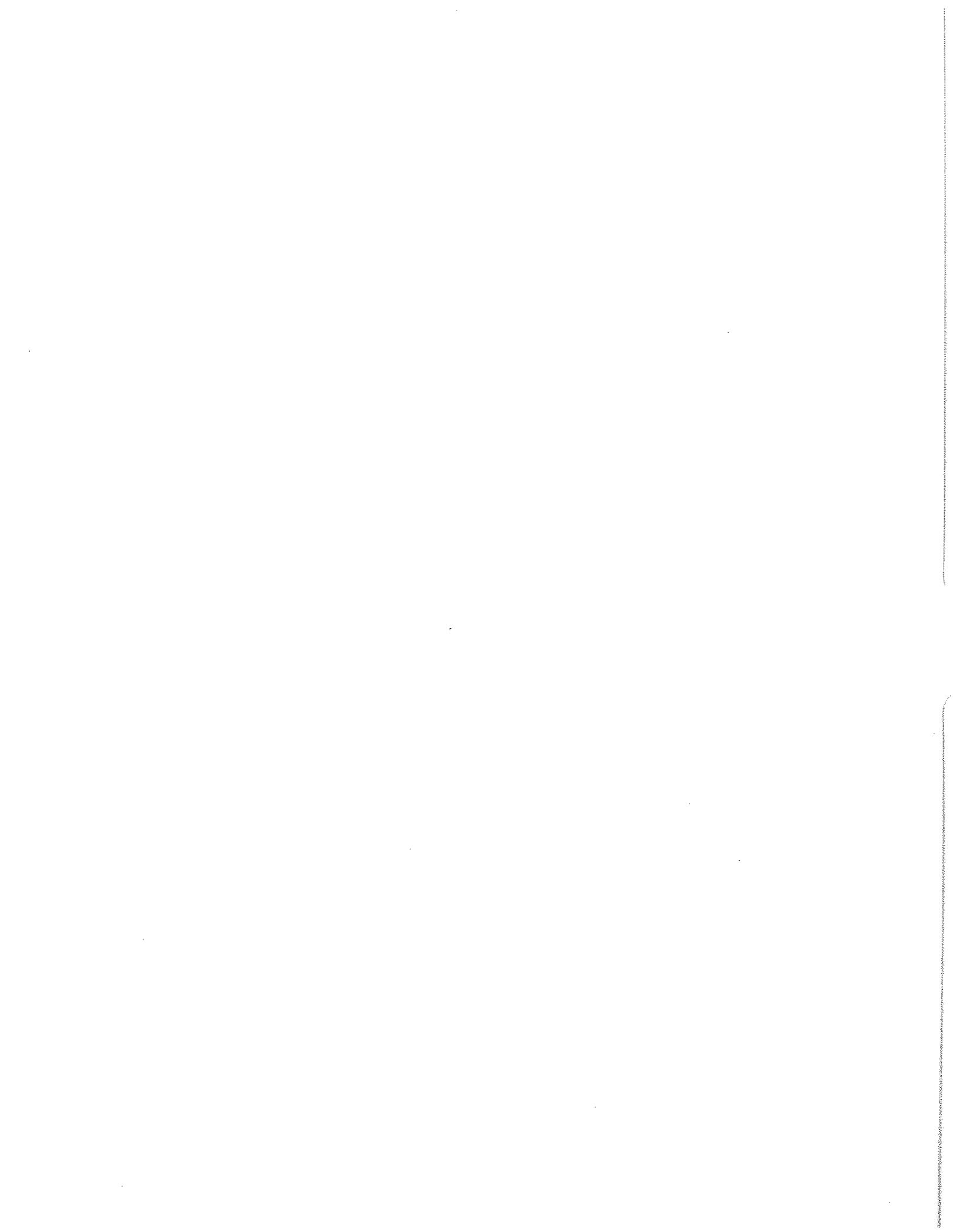
Meanwhile, the size of the labor force in May shrank, which suggests that some residents either gave up looking for work or got jobs in other states.

Not surprisingly, the weak job market, along with rising food and fuel costs, have caused consumer sentiment to plummet and spending to shrink. Retail sales fell 10.6 percent in May, although the overall level of sales remained relatively high, Lardaro said.

“We’re in the second stage of a recession,” Lardaro said. “This winter it could get even worse...”

The only indicator that improved in May — the reason that the monthly index remained above zero — was manufacturing wages. But that, too, could be short lived. Total manufacturing hours in May fell at its most rapid rate since September 2002, as both the work week and employment declined.

larditi@projo.com





Business

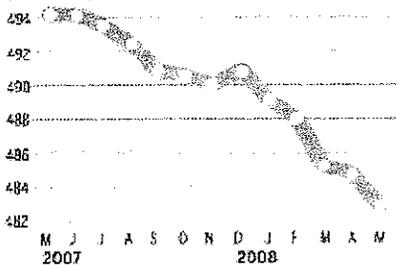
Recession report: R.I. jobless rate soars to 7.2%, the highest rate in 14 years

06:54 AM EDT on Friday, June 20, 2008

By Lynn Arditi
Journal Staff Writer

Employment in R. I. (nonfarm)

The number of jobs in R.I. has decreased for five straight months this year (in thousands)



Source: U.S. Department of Labor and Training

Rhode Island's ailing job market suffered another blow last month, as payroll jobs plunged by 1,800 and the unemployment rate soared to 7.2 percent — the highest in 14 years, a government jobs report released today shows.

The report offers more evidence, economists say, that Rhode Island is facing the worst recession since the 1990s.

The ranks of the unemployed last month swelled by 6,200 — the single biggest one-month increase in more than 30 years, according to the Rhode Island Department of Labor and Training.

Meanwhile, Massachusetts yesterday reported payroll jobs last month grew by 3,900 but the unemployment rate rose to 4.9 percent. In Connecticut, jobs were up by 2,900 and the unemployment rate was 5.4 percent.

The national unemployment rate in May was 5.5 percent.

Rhode Island's lack of any strong engine of job growth, coupled with fallout from the housing market and the state's budget crisis mean that the state has "three major problems where most states only have one," the housing market, said Andres Carbacho-Burgos, an economist at Moody's Economy.com.

“It’s going to come a little close to what the state was like in the early 1990s,” he said.

So far this year, Rhode Island has lost 7,900 payroll jobs and the number of residents who reported actively seeking work but unable to find any rose to 41,100, the most since July 1993, the state labor report said.

Back then, the state unemployment rate peaked in March 1992 at 9 percent, and remained just below that until the winter, when it edged down to the mid 8-percent range, according to state data. The unemployment rate continued to decline until June 2000, when it fell to 4.1 percent — and then began to climb.

Last month’s unemployment rate jumped 1.1 percentage points to 7.2 percent, the highest since January of 1994.

Two key economic indicators — average wages and retail sales — fell in Rhode Island during the first quarter of this year.

The state’s average wage growth slowed over the past year and then fell about 0.5 percent during the first quarter of this year, to between \$38,000 and \$39,000, according to data from Economy.com.

Retail sales also fell during the first quarter to about \$14.7 billion, down from \$15.2 billion during the fourth quarter of last year, according to Economy.com.

Rhode Island is one of 11 states in the country and the only New England state that economists with the nonprofit New England Economic Partnership said last month had fallen into recession.

Last month’s 1,800-job loss included 600 positions in retail trade, due to cuts in department stores and drug stores, the state report said. Transportation and utilities jobs fell (-300), as did employment in accommodation and food services (-300) and manufacturing (-300). Smaller employment declines also were reported in arts, entertainment and recreation, wholesale trade, professional and business services, education and government.

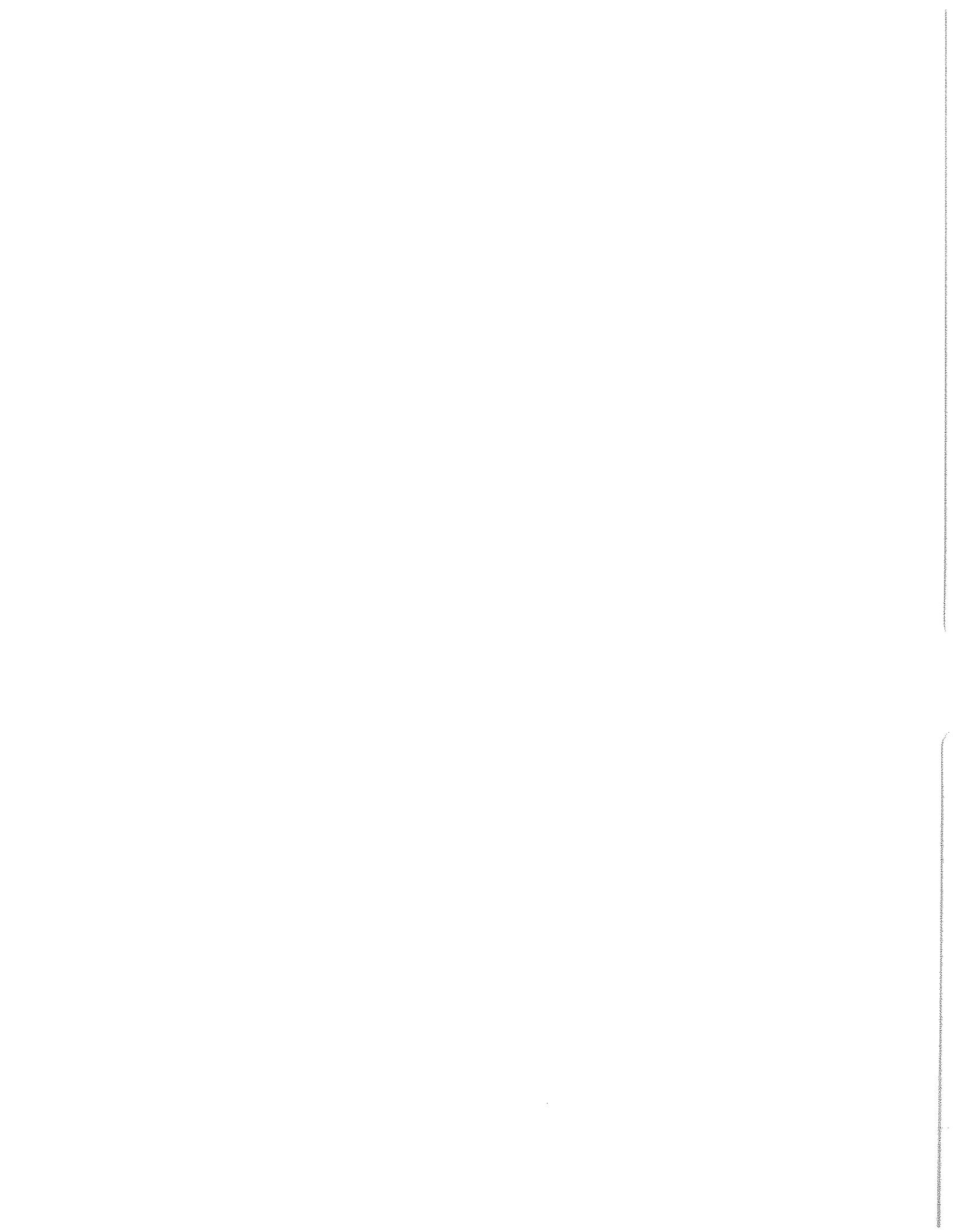
Even health-care services, which economists often say is “recession proof,” recorded only a 100-job gain.

The education and health services sector accounts for about 21 percent of Rhode Island’s payroll jobs, according to data from the federal Bureau of Labor Statistics.

The number of employed Rhode Island residents last month declined by 8,000, to 530,400 — a decline of 18,700 since May of last year, the state reported.

The average hourly manufacturing wage last month rose one cent, to \$13.93 per hour, and was up 18 cents from May of last year.

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Economic Policy Institute

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Jobs Picture

August 1, 2008

Job market recession persists

by Jared Bernstein and Heidi Shierholz with research assistance from John English and Emily Garr

Jobs declined for the seventh month in a row in July, down 51,000, for a total of 463,000 jobs lost so far this year, according to today's report from the Bureau of Labor Statistics. The unemployment rate rose from 5.5% in June to 5.7% in July, its highest rate since March 2004 and a full point over its year-ago level. Over the past year, 1.6 million persons have been added to the jobless rolls. Underemployment, a more comprehensive measure of the extent of labor market weakness, rose to 10.3%, its highest level since 2003 and two points above its July 2007 level.

On average this year, payrolls have contracted by 66,000 per month. Job loss in the private sector has occurred more quickly, however, dropping an average of 83,000 jobs a month since it peaked in November 2007. Private sector payrolls are down 665,000 since then, including the loss of 76,000 last month. Since government employment is less sensitive to the business cycle, the private sector losses are more indicative of the full extent of labor market weakness.

This persistent and deepening slack in the job market, in tandem with accelerated inflation, is leading to significant real wage and benefit losses for most workers. Average weekly hours slipped slightly last month to 33.6 hours per week, the lowest level since November 2004. This put downward pressure on weekly earnings, which rose 2.8%, before inflation in July, the same rate as the previous month and the slowest pace of weekly earnings since September 2005. With inflation running between 4-5%, the buying power of weekly paychecks is dropping sharply.

In a related release yesterday, the BLS reported that the Employer Cost Index—a comprehensive measure of average wages and benefits—fell 1.8% in real terms in June 2008 compared to June 2007. That is the largest real decline in this data series' history (dating back to the early 1980s).

Along with the decline in weekly hours worked, another important sign of the extent to which our current workforce is underutilized is the increase in part-time workers who would prefer full-time jobs. In July, there were 5.7 million part-timers in this category, 1.4 million above last year's level and the highest level since the BLS settled on a way of measuring this condition in 1994. Since these involuntary part-timers are included in the underemployment rate noted above, they are partly responsible for its spike last month.

Unemployment jumped most sharply for teenagers last month, up 2.2 points to 20.3%. However, rates jumped for other groups as well. The jobless rate for "prime-age" men (age 25-54) was up 0.3 points, and at 4.9% it is now 1.2 points higher than its year-ago level. The rate for African American adult men jumped from 9.3% in June to 10.0% last month, well above the 7.6% for this group in July 2007. The share of the long-term unemployment—those jobless for at least six months—jumped from 18.4% in June to 19.1% last month, underscoring the difficulty of the unemployed finding jobs in a contracting labor market. The recent extension of unemployment insurance benefits should be helpful in this regard.

Job losses were again pervasive across industries, with almost 60% shedding jobs. Factories continued to shed workers, by 35,000 in July, for a loss of 383,000 over the last year. However, there

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was a tentative sign that increased exports may be offsetting some losses. Over the past three months, durable manufacturing jobs are down an average of 16,000 per month, compared to 37,000 a month over the prior three-month period.

Job losses also continued in construction, which was down 22,000 last month, with continued losses in both residential and non-residential building. Office jobs (professional and business services) fell overall by 24,000 jobs, driven by a 29,000 decline in temporary help services. Employers have been aggressively shedding temp workers, down 189,000 this year—a clear example of how workers in this bellwether sector often serve as a buffer against changes in underlying demand for the goods and services their firms produce.

Health care continues to reliably buck the negative employment trend, adding 32,900 jobs last month and 368,100 jobs over the past year. Government—which as noted, is less cyclically sensitive than the private sector—added 25,000 jobs last month. Thus far this year, while private payrolls have been contracting, government has expanded by 188,000, with most of the gains coming at the local level.

The combination of fewer jobs and diminished hours per week is leading total hours in the economy to decline fairly sharply, down 0.7% over the past year, an indicator of weaker macroeconomic times ahead. If working families cannot find the jobs and hours they need, incomes are likely to fall, driving consumption—70% of the economy—down as well. In this regard, policy makers need to actively plan for a second stimulus package to help strapped families and offset the headwinds holding the economy, and particularly the job market, back.

To view archived editions of JOBS PICTURE, [click here](#).

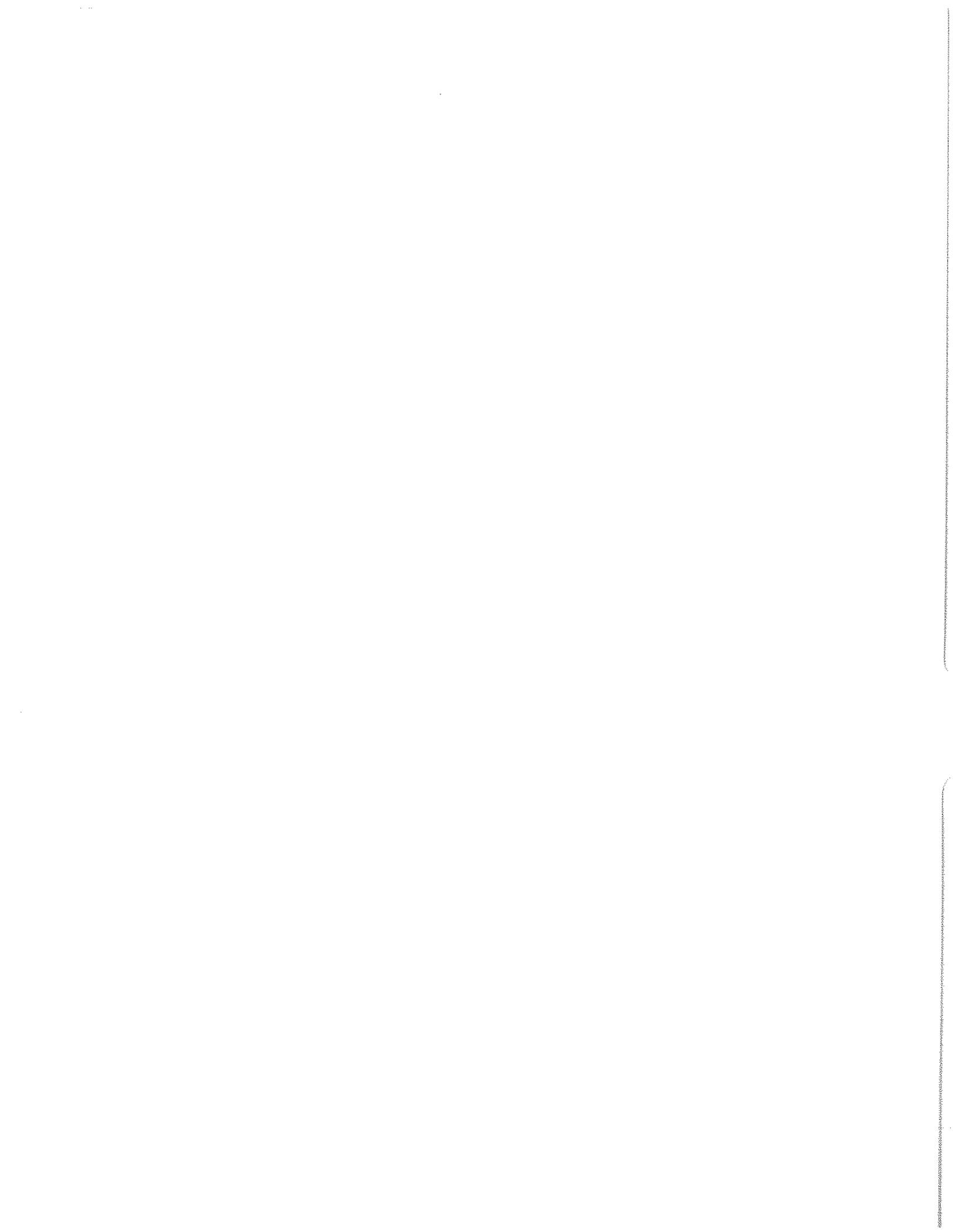
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Business

Prices rise 1.1 percent in June, double May's increase

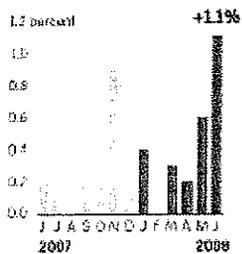
01:00 AM EDT on Thursday, July 17, 2008

By MARTIN CRUTSINGER

Associated Press

Consumer prices

Changes from the preceding month in the Consumer Price Index for all urban consumers.



SOURCE: Bureau of Labor Statistics AP

WASHINGTON — Prices for a quart of milk, a plane ticket and a host of other products rose in June at nearly the fastest pace in a generation — yet another economic shock wave that alarmed analysts and took a bite out of Americans' buying power.

Consumer prices rose 1.1 percent in June from the month before, far faster than the predicted rate of 0.7 percent and almost double the reading from May, the Labor Department said yesterday.

The only time in the past quarter-century that monthly inflation has been that high was in September 2005, when prices jumped 1.3 percent, mostly because Hurricane Katrina shut down oil refineries and energy prices spiked.

Consumer prices are now up 5 percent over the last 12 months, the fastest one-year change since 1991.

As prices rose last month, take-home pay took a hit. Adjusting for inflation, weekly wages fell 0.9 percent in June, the third straight monthly decline and the biggest drop in almost four years.

The news was the back half of a one-two punch on inflation. On Tuesday, the Labor Department reported that prices at the wholesale level were rising by the highest annual rate in 27 years.

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Before Congress, Federal Reserve Chairman Ben Bernanke wrapped up two days of testimony and repeated his concerns about inflation, also noting the housing slump, financial turmoil and credit troubles.

“We will work our way through these financial storms,” he said.

The Consumer Price Index, which came out yesterday, measures not just what people pay for goods but for other purchases, including services such as health care and haircuts. More expensive vegetables, dairy and beef pushed up food costs.

Core inflation, the figure that excludes energy and food to measure other costs, rose by 0.3 percent last month, the fastest rise since January. Airline tickets grew almost 5 percent more expensive, the biggest rise since the summer of 2001.

Companies, unable to fully recover ballooning raw-material costs by raising prices, have cut staff and reduced equipment purchases as profits shrink.

Kimberly-Clark Corp., the maker of Huggies diapers and Scott paper towels, said earnings for this year will trail its previous forecast as expenses rise more than twice as fast as predicted.

“Inflation has outpaced our ability to offset higher costs in the near term through price increases, cost reductions and other measures,” Thomas Falk, the Dallas-based company’s chief executive officer, said this week in a statement.

Procter & Gamble Co., the maker of Tide detergent and Head & Shoulders shampoo, last week said it’ll raise prices as much as 16 percent because of higher costs for plastic, energy and paper. The increases start in September and are the Cincinnati-based company’s steepest in at least 18 months.

Energy expenses jumped 6.6 percent, the biggest gain since November. Gasoline soared 10.1 percent and fuel oil jumped 10.4 percent.

The cost of fuel will continue stoking price pressures. Crude oil futures reached a record \$147.27 a barrel on July 11 and have risen almost 90 percent in the past year. Regular gasoline, which topped \$4 a gallon for the first time last month, kept rising this month, AAA figures show.

The report illustrates just how quickly prices are rising — not that the economic squeeze is anything new to most people.

Marsha Marvel, 45, an elementary school reading specialist from Springfield, Ill., said she had created a weekly household budget to hold down expenses and the family was cutting back on trips and restaurant meals to save.

“This summer, I feel like I’m paying \$10 into my gas tank every day, so we’ve really had to change our budget,” she said. “We’re just watching our money so much more closely than before.”

Carla Civitate, 50, a Des Moines, Iowa, hairstylist, said she and her husband were also struggling with the soaring gas prices.

“We’ve adjusted our driving styles a lot with gas prices,” she said, even though one of their two cars is a hybrid. “I just basically drive to work and home and we try to do our errands en route.”

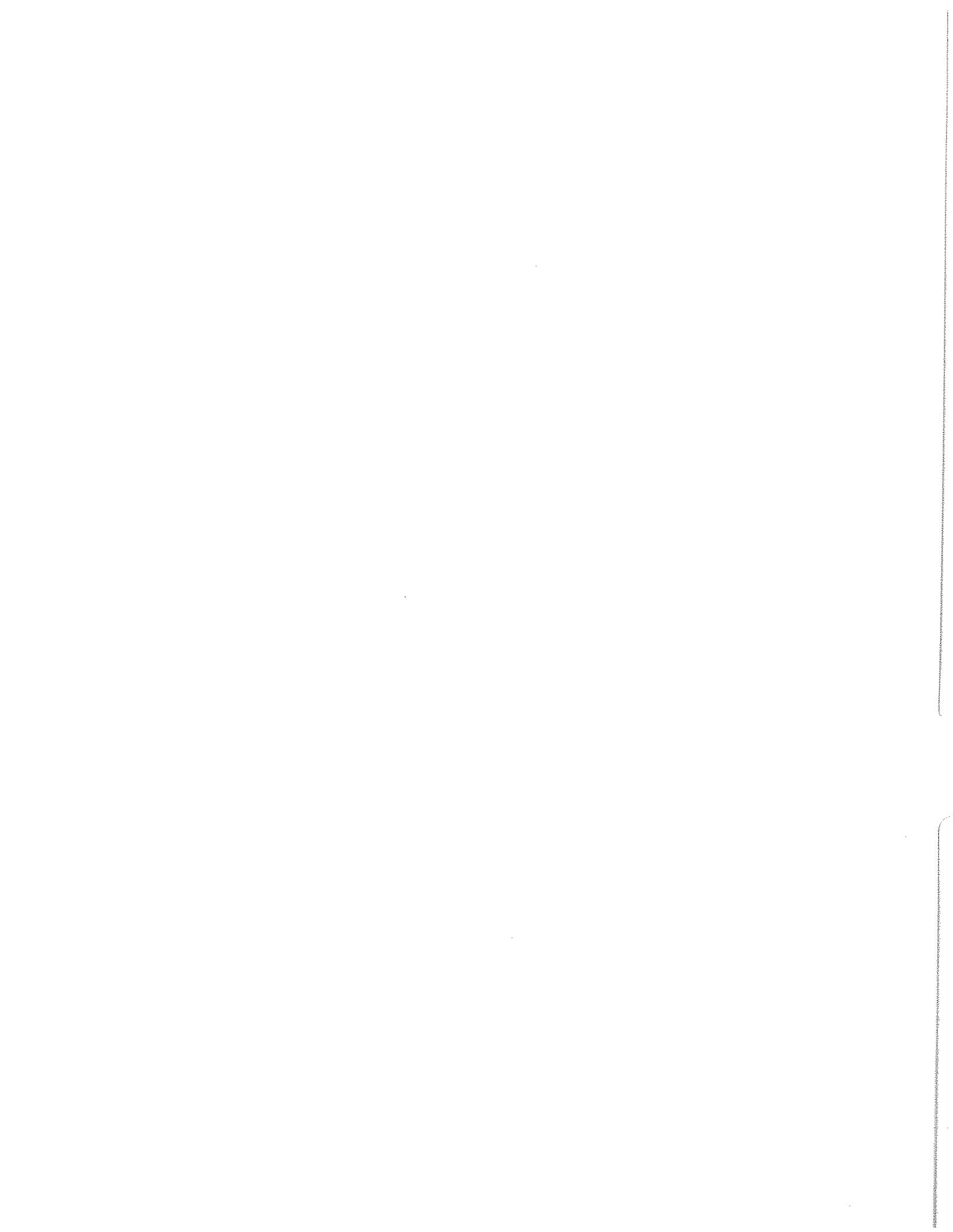
The Fed released the minutes of its June 24-25 meeting, revealing that officials were worried then about inflation and believed their next move would be to raise interest rates.

That would follow a period of aggressive rate cuts that were designed to keep the economy from sinking into recession because of problems in the housing market and the financial industry.

Still, private economists said they believed the Fed will not seriously contemplate a rate hike for many more months, worried about upsetting the fragile economy.

Separately, the Federal Reserve said that industrial production rose by 0.5 percent last month, the best showing in nearly a year. Economists said that primarily reflected the end of a strike at auto parts supplier American Axle, and forecast the rebound would be short-lived.

With Bloomberg News reports





Business

Is this stagflation?

01:00 AM EDT on Wednesday, June 18, 2008

By Courtney Schlisserman and Shobhana Chandra

Bloomberg News



Housing starts were down in May...

AP / Danny Johnston

The U.S. economy may be suffering from its first bout of stagflation since the start of this decade, reports on housing, prices and manufacturing indicated yesterday.

Builders broke ground on 975,000 homes at an annual pace in May, the fewest in 17 years, and construction permits fell, the Commerce Department reported in Washington. Meanwhile, the Labor Department said producer prices jumped 1.4 percent, more than economists forecast. A further report from the Federal Reserve showed industrial production unexpectedly dropped 0.2 percent.

“The latest round of commodity-price pressure is adding to both inflation and weak growth,” said Ethan Harris, chief U.S. economist at Lehman Brothers Holdings Inc. in New York. “It’s a pretty negative cocktail for the economy and financial markets.”

The reports underscore the Fed’s dilemma as officials try to prepare investors for an interest-rate increase. Too strong a crackdown on inflation may delay an economic rebound, while waiting too long risks a price outbreak that may need even higher borrowing costs to tame.

Chairman Ben Bernanke and his colleagues have made increasingly clear they’re not inclined to cut

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interest rates further for fear of aggravating inflation. On the other hand, boosting rates too soon to fend off inflation would hurt an economy already battered by housing, credit and financial woes.

“The Fed is in a box,” Ken Mayland, president of ClearView Economics, said after the latest batch of economic barometers were released. That’s why many economists are predicting the Fed will hold rates steady at 2 percent, a four-year low, at the June 24-25 session.

“We should be moving sooner rather than later,” William Poole, a former president of the St. Louis Fed and a former economics professor at Brown University, said on TV yesterday in New York. “I don’t think you can interpret what’s happening with energy as a temporary shock.”

“Industrial production is down, that’s the stag part, and prices are up, that’s the inflation part,” said Neal Soss, chief economist at Credit Suisse Holdings Inc. in New York. Compared with the 1970s, though, “it’s not likely that inflation will get as out of control when wages do not respond.”

The producer-price index jump exceeded the 1-percent forecast among economists surveyed by Bloomberg News. It was the biggest increase since November. The Labor Department’s figures also showed that prices rose 0.2 percent excluding food and energy, a measure that matched economists’ predictions. Production was expected to increase 0.1 percent.

“This period of stagflation is lasting longer than expected,” said Harris. “It’s not to say that we are back in a 1970s-type situation. We have a much more credible central bank,” no wage and price controls and “the labor markets are behaving well.”

Housing starts retreated to a 975,000 annual pace, after analysts had forecast a decline to 980,000. Rising foreclosures, higher mortgage rates and declining property values threaten to keep home sales depressed in coming months, discouraging builders from starting new projects. Spending on residential projects may continue to be a drag on growth the rest of this year as builders try to work off excess inventories.

“The downtrend is still in place,” said Joshua Shapiro, chief U.S. economist at Maria Fiorini Ramirez Inc. in New York. “Inventories are still very high, prices are still coming down. None of that argues for a turnaround yet.”

Starts decreased in three of four regions, led by a 25-percent drop in the Midwest. Construction fell 10 percent in the West and 4.4 percent in the South. Starts increased 62 percent in the Northeast, led by a rebound in multifamily projects.

Residential construction has subtracted from economic growth every quarter since the first three months of 2006, culminating in a 25.5-percent drop in the first quarter that was the largest since 1981.

Producers paid 7.2 percent more for goods from May 2007, compared with a 6.5-percent gain in the 12 months ended in April. Excluding food and energy, the increase was 3 percent from a year earlier, the same as in the prior month.

Food was 0.8 percent more costly, after no change the previous month. Pork increased by the most since 1999.

Producers paid 9.3 percent more for gasoline, the biggest increase since November, and diesel fuel gained 11.2 percent, the report showed. Natural gas costs were up 5.7 percent from the previous month.

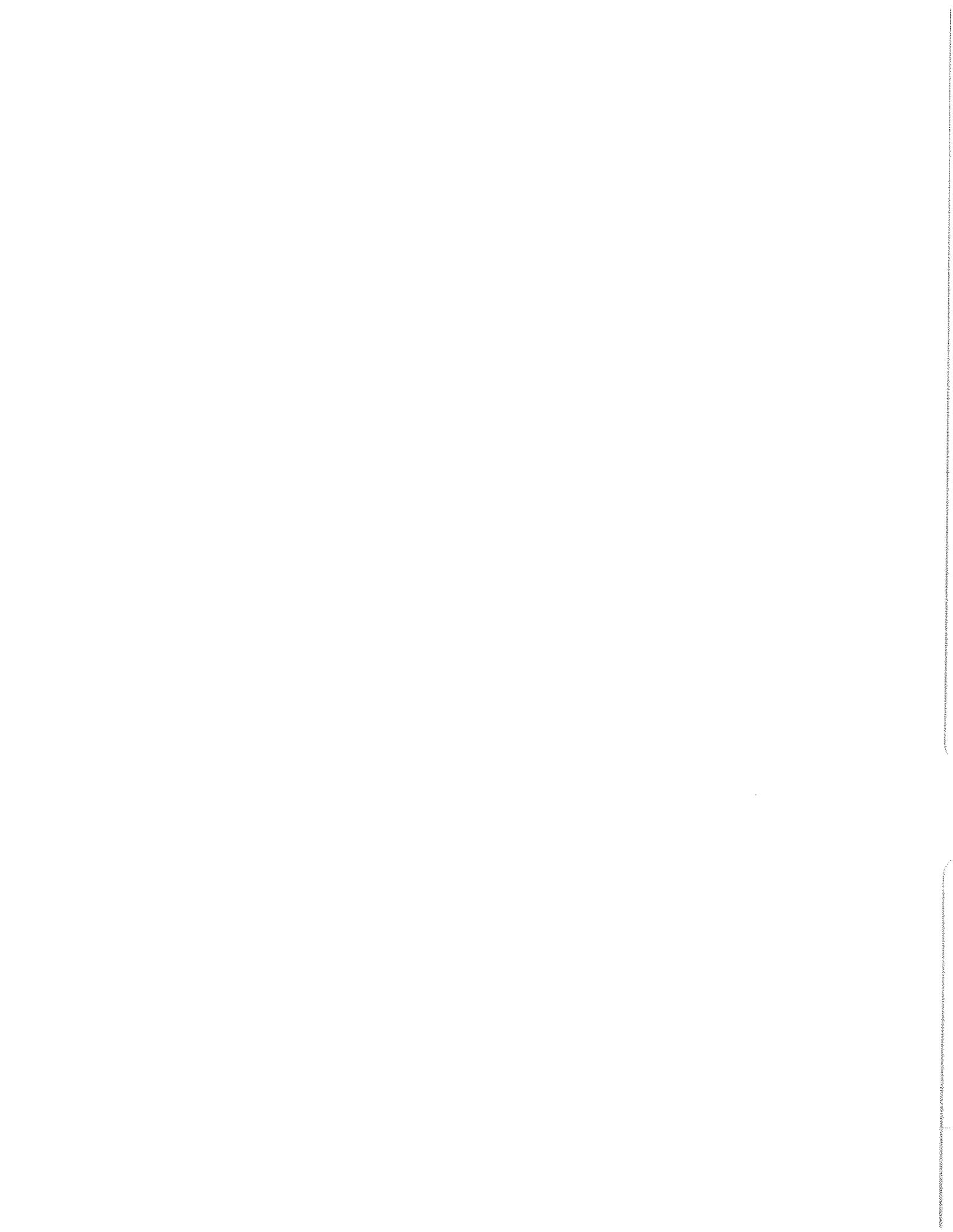
Some companies are trying to recoup expenses. Dr Pepper Snapple Group Inc., the beverage company spun off by Cadbury Schweppes Plc in April, said first-quarter profit rose after it raised prices to counter soaring ingredient and fuel costs.

“Our industry, and the economy as a whole, continue to face significant headwinds especially in the area of higher commodities and fuel costs,” chief executive officer Larry Young said on a conference call this month.

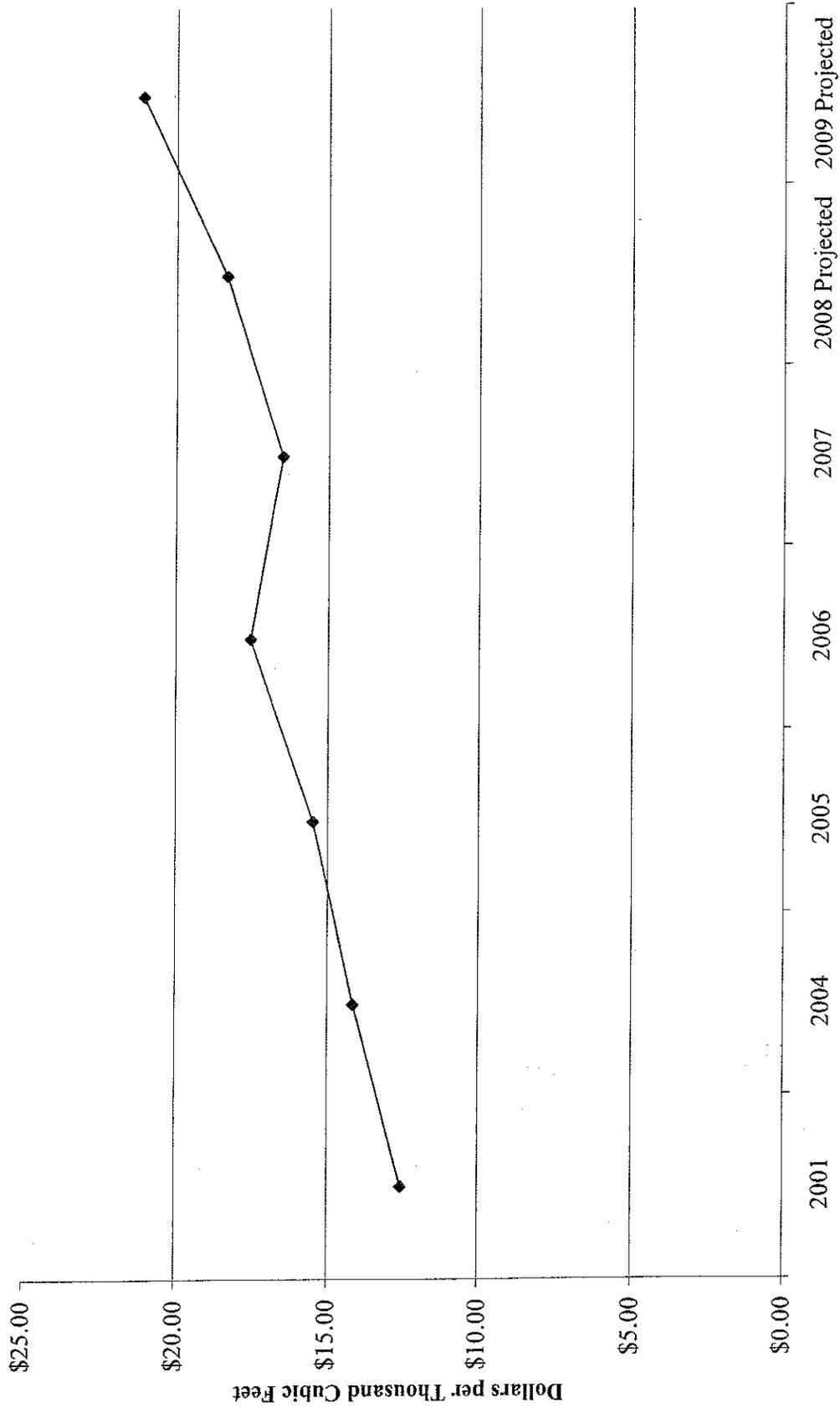
Others are finding it tough to keep up with the jump in costs. FedEx Corp., the second-largest U.S. package-shipping company, in May cut its profit forecast for the second time this year after surging fuel prices raised costs by at least \$100 million more than estimated. FedEx had already boosted its fuel surcharge on express shipments in early May.

“While we have dynamic fuel surcharges in place, they cannot keep pace in the short-term with rapidly rising fuel prices,” chief financial officer Alan Graf said in a statement last month.

With Associated Press reports

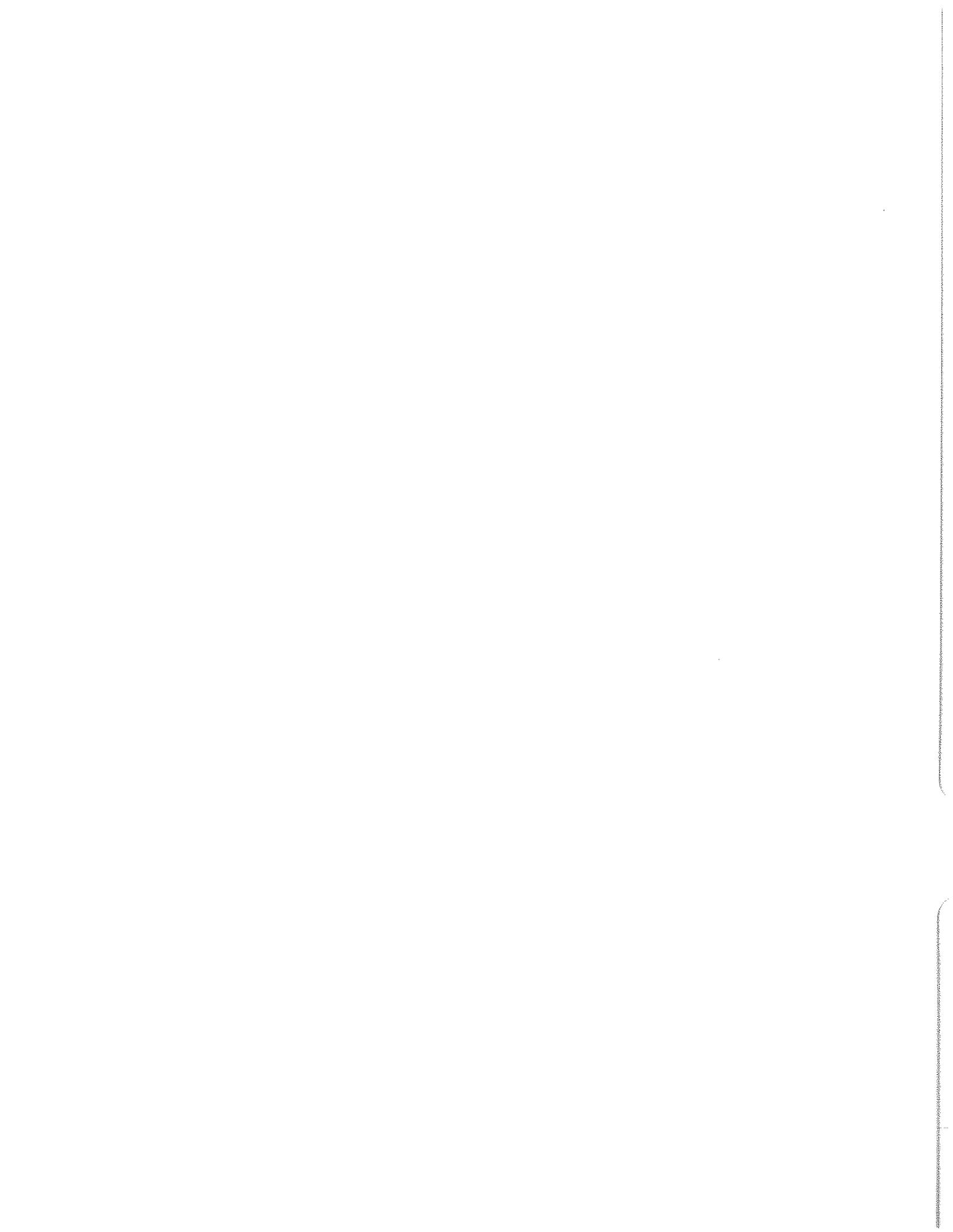


Average New England Residential Natural Gas Prices



Source: U.S. Energy Information Administration, July 2008 Short Term Energy Outlook

National Consumer Law Center
August 2008
John Howat - jhowat@nclc.org



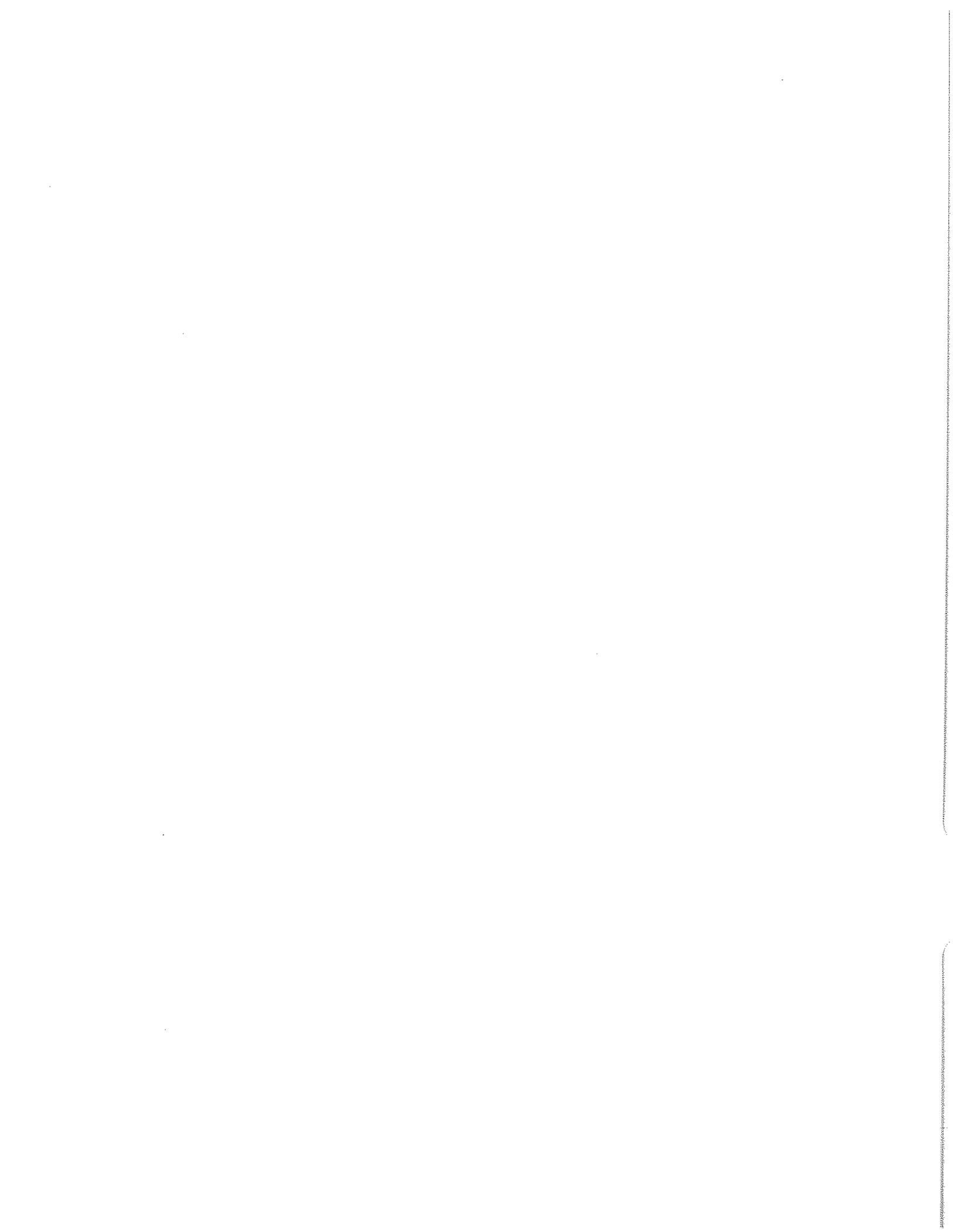
**Elder Household Annual Home Energy Expenditures
by Census Region by Home Heating Fuel**

Region	Heating Fuel	Actual					Projected	
		2001	2004	2005	2006	2007	2008	2009
Northeast	Natural Gas	\$1,704	\$1,928	\$2,199	\$2,305	\$2,310	\$2,648	\$2,971
Northeast	Heating Oil	\$1,779	\$2,147	\$2,660	\$2,883	\$3,067	\$4,192	\$4,622
Northeast	Electricity	\$1,246	\$1,345	\$1,472	\$1,484	\$1,587	\$1,752	\$1,928
Midwest	Natural Gas	\$1,482	\$1,628	\$1,873	\$1,911	\$1,962	\$2,265	\$2,582
Midwest	Propane	\$1,750	\$2,015	\$2,254	\$2,385	\$2,689	\$3,409	\$3,731
Midwest	Heating Oil	\$1,502	\$1,736	\$2,108	\$2,269	\$2,525	\$3,661	\$3,823
Midwest	Electricity	\$935	\$987	\$1,029	\$1,068	\$1,149	\$1,237	\$1,364
South	Natural Gas	\$1,499	\$1,640	\$1,870	\$2,046	\$2,020	\$2,253	\$2,533
South	Propane	\$1,628	\$2,078	\$2,275	\$2,525	\$2,725	\$3,292	\$3,546
South	Electricity	\$1,232	\$1,319	\$1,427	\$1,597	\$1,629	\$1,724	\$1,907
West	Natural Gas	\$1,274	\$1,267	\$1,443	\$1,537	\$1,544	\$1,757	\$1,957
West	Electricity	\$768	\$767	\$832	\$913	\$932	\$1,011	\$1,097

Sources: U.S. Energy Information Administration July 2008 Short Term Energy Outlook and 2001 Residential Energy Consumption Survey; National Oceanic and Atmospheric Administration, National Climatic Data Center.

"Elder Household" means any household with at least one member 65 years of age or older.

Contact: John Howat, National Consumer Law Center, 617-542-8010, jhowat@nclc.org



Massachusetts State Funds

Governor Mitt Romney signed bills allocating one-time state funding to LIHEAP—\$20 million for 2006 and \$7.5 million for 2005. The funds were used to increase LIHEAP recipients' benefits.

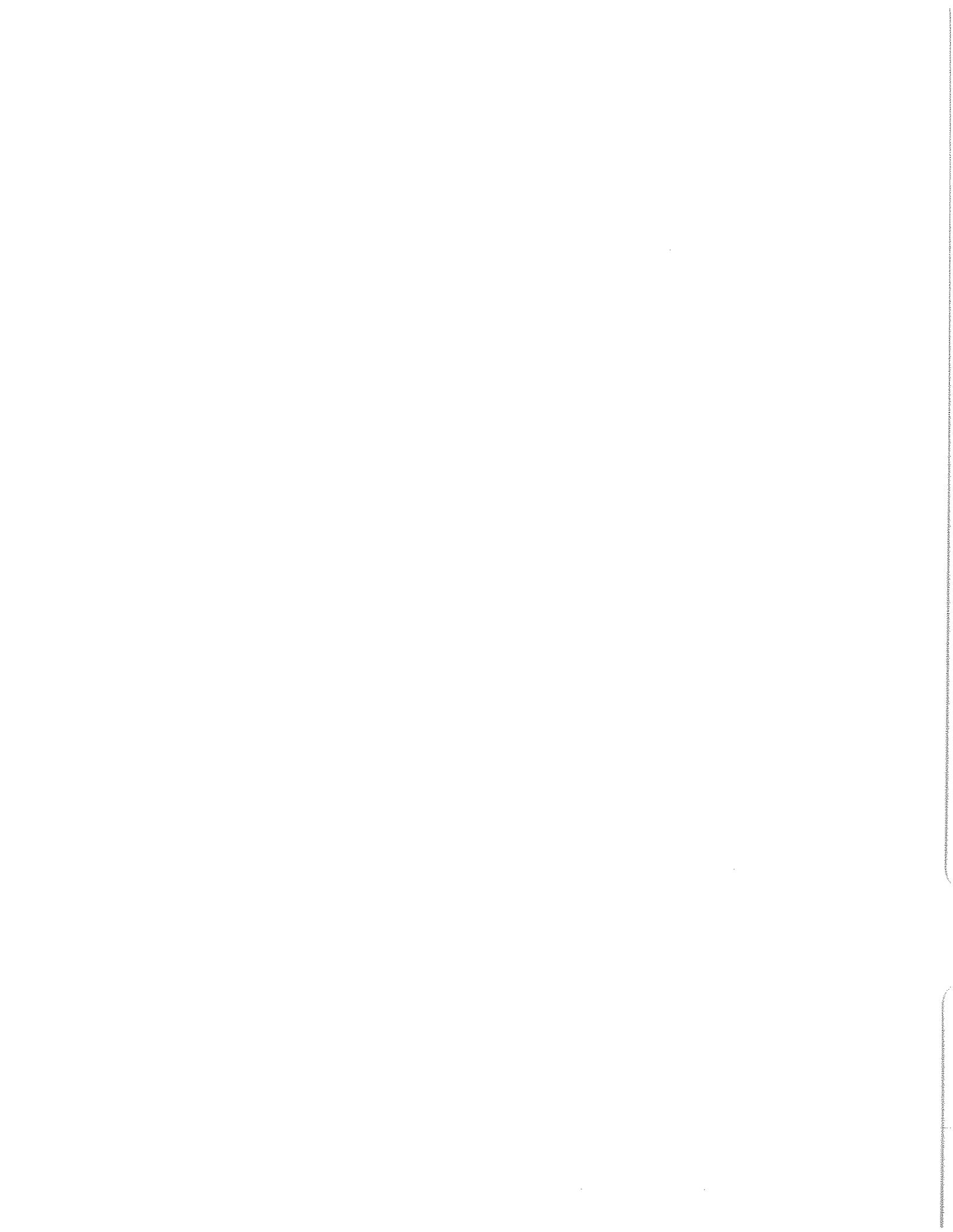
Leveraging:

2006: \$20 million

2005: \$7.5 million

Page Last Updated: March 30, 2007

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New York State and Local Funds

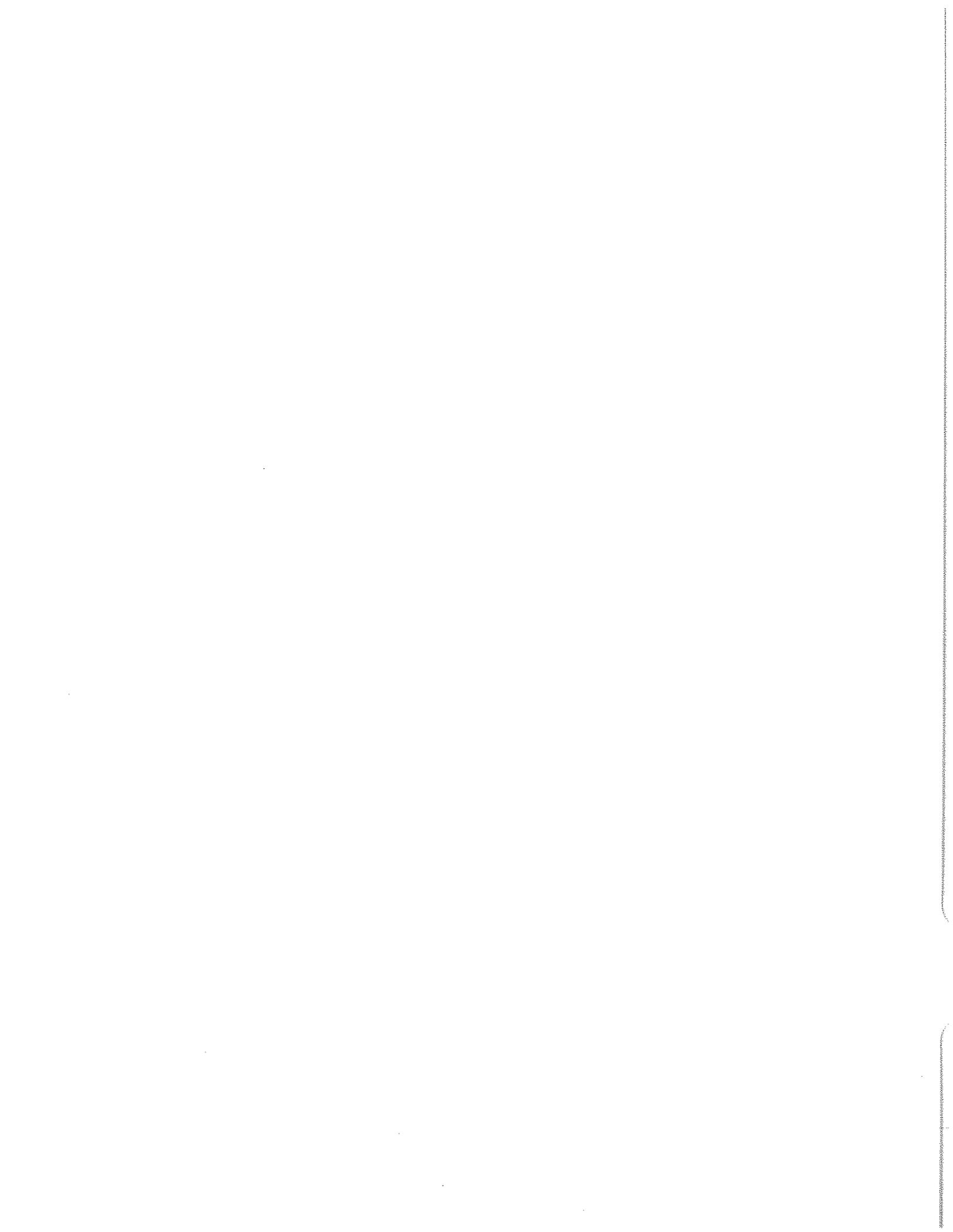
- A Home Energy Allowance and a Supplemental Home Energy Allowance are provided to public assistance recipients from state and local funds
- New York law exempts the collection of utility sales tax from certain public assistance recipients
- State and local funds provide payments for utility arrears for public assistance clients.

LEVERAGING

2006: \$141.7 million
2005: \$79.4 million
2004: \$77.5 million
2003: \$74.3 million
2002: \$68.3 million
2001: \$37.4 million
2000: \$33.2 million
1999: \$43.9 million
1998: \$56 million
1997: \$74.5 million
1996: \$94.5 million
1995: \$116.8 million
1994: \$123 million
1993: \$121.6 million
1992: \$108 million
1991: \$93.8 million

Page Last Updated: April 17, 2007

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2008 HHS Poverty Guidelines

Persons in Family or Household	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$10,400	\$13,000	\$11,960
2	14,000	17,500	16,100
3	17,600	22,000	20,240
4	21,200	26,500	24,380
5	24,800	31,000	28,520
6	28,400	35,500	32,660
7	32,000	40,000	36,800
8	35,600	44,500	40,940
For each additional person, add	3,600	4,500	4,140

RI CASH ASSIS. (TANF)
\$3924 (38% FPL)
\$5388 (38% FPL)
\$6648 (38% FPL)
\$7608 (36% FPL)
\$8568 (35% FPL)

FPL = Federal Poverty Level

SOURCE: *Federal Register*, Vol. 73, No. 15, January 23, 2008, pp. 3971-3972

The separate poverty guidelines for Alaska and Hawaii reflect Office of Economic Opportunity administrative practice beginning in the 1966-1970 period. Note that the poverty thresholds — the original version of the poverty measure — have never had separate figures for Alaska and Hawaii. The poverty guidelines are not defined for Puerto Rico, the U Virgin Islands, American Samoa, Guam, the Republic of the Marshall Islands, the Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, and Palau. In cases in which a Federal program using the poverty guidelines serves any of those jurisdictions, the Federal office which administers the program is responsible for deciding whether to use the contiguous-states-and-D.C. guidelines for those jurisdictions or to follow some other procedure.

The poverty guidelines apply to both aged and non-aged units. The guidelines have never had an aged/non-aged distinction; only the Census Bureau (statistical) poverty thresholds have separate figures for aged and non-aged one-person and two-person units.

Programs using the guidelines (or percentage multiples of the guidelines — for instance, 125 percent or 185 percent the guidelines) in determining eligibility include Head Start, the Food Stamp Program, the National School Lunch Program, the Low-Income Home Energy Assistance Program, and the Children’s Health Insurance Program. Note that general, cash public assistance programs (Temporary Assistance for Needy Families and Supplemental Security Income) do NOT use the poverty guidelines in determining eligibility. The Earned Income Tax Credit program also does NOT use the poverty guidelines to determine eligibility. For a more detailed list of programs that do and don’t use the guidelines see the [Frequently Asked Questions \(FAQs\)](#).

The poverty guidelines (unlike the poverty thresholds) are designated by the year in which they are issued. For instance, the guidelines issued in January 2008 are designated the 2008 poverty guidelines. However, the 2008 HHS poverty guidelines only reflect price changes through calendar year 2007; accordingly, they are approximately equal to the Census Bureau poverty thresholds for calendar year 2007. (The 2007 thresholds are expected to be issued in final form in August 2008; a preliminary version of the 2007 thresholds is now available from the Census Bureau.)

The [computations for the 2008 poverty guidelines](#) are available.

The poverty guidelines may be formally referenced as “the poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).”

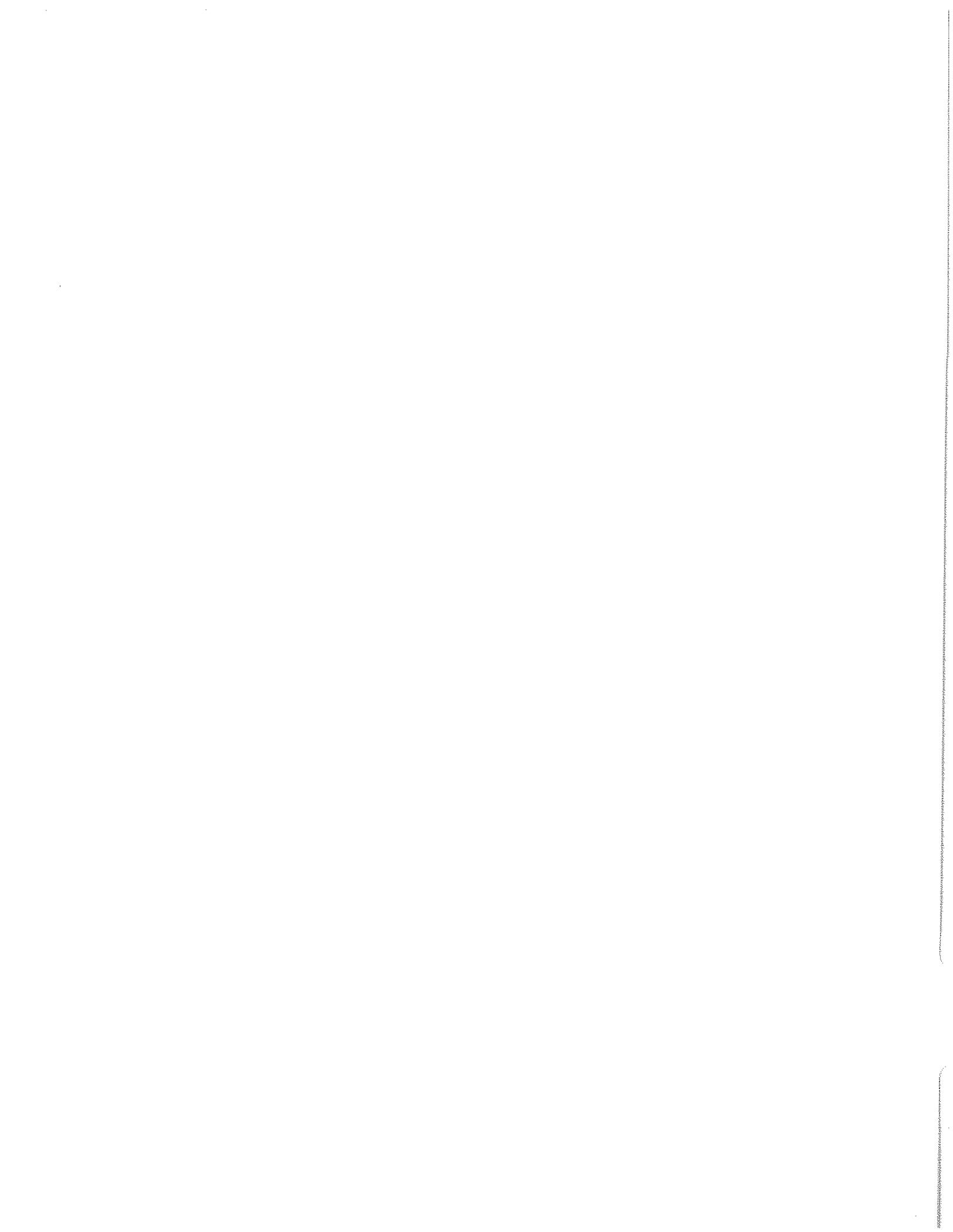
Go to [Further Resources](#) on Poverty Measurement, Poverty Lines, and Their History

Go to [Frequently Asked Questions \(FAQs\)](#).

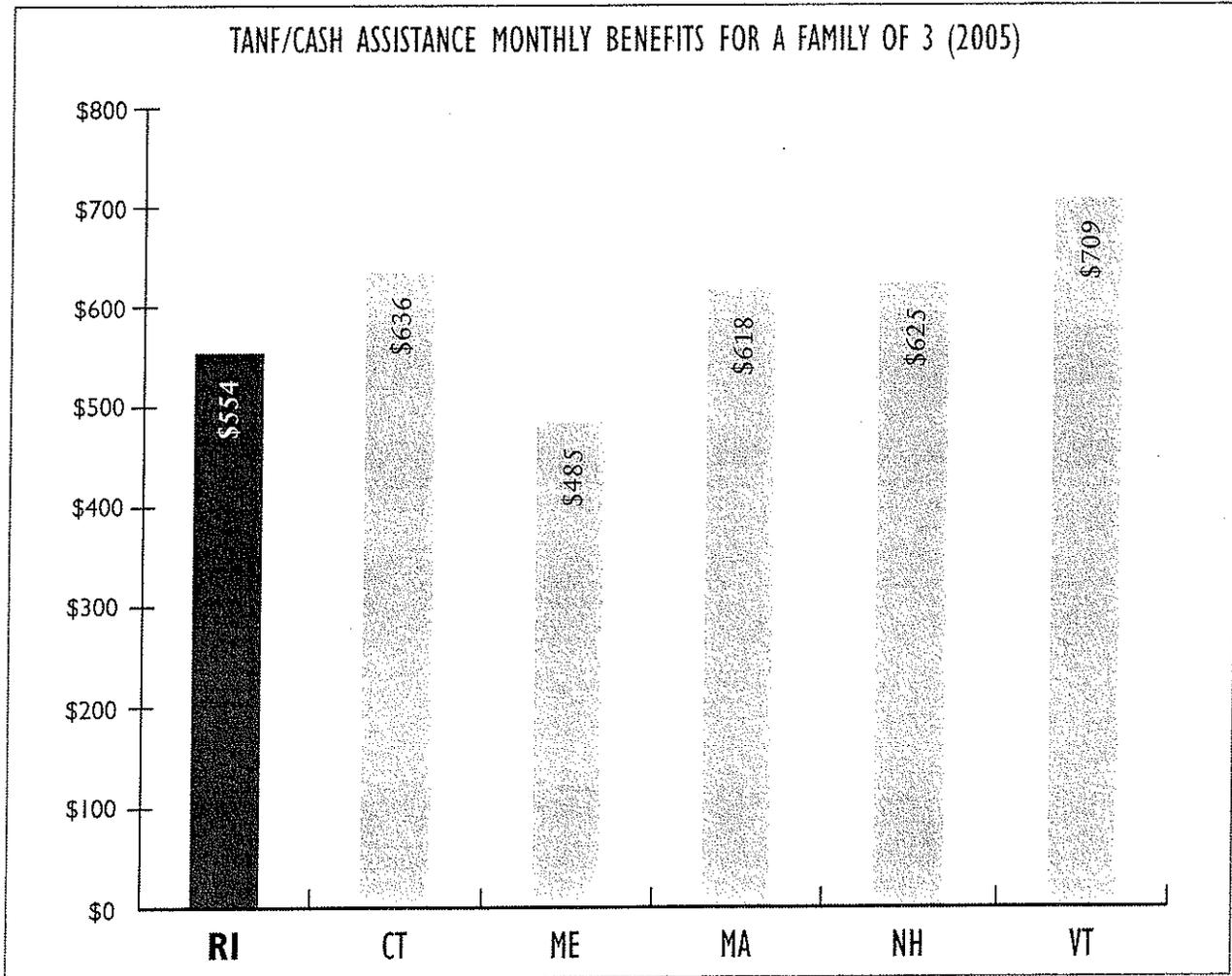
Return to the main [Poverty Guidelines, Research, and Measurement](#) page.

Last Revised: January 23, 2008

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COMPARISON OF WORK SUPPORTS IN RHODE ISLAND AND OTHER NEW ENGLAND STATES

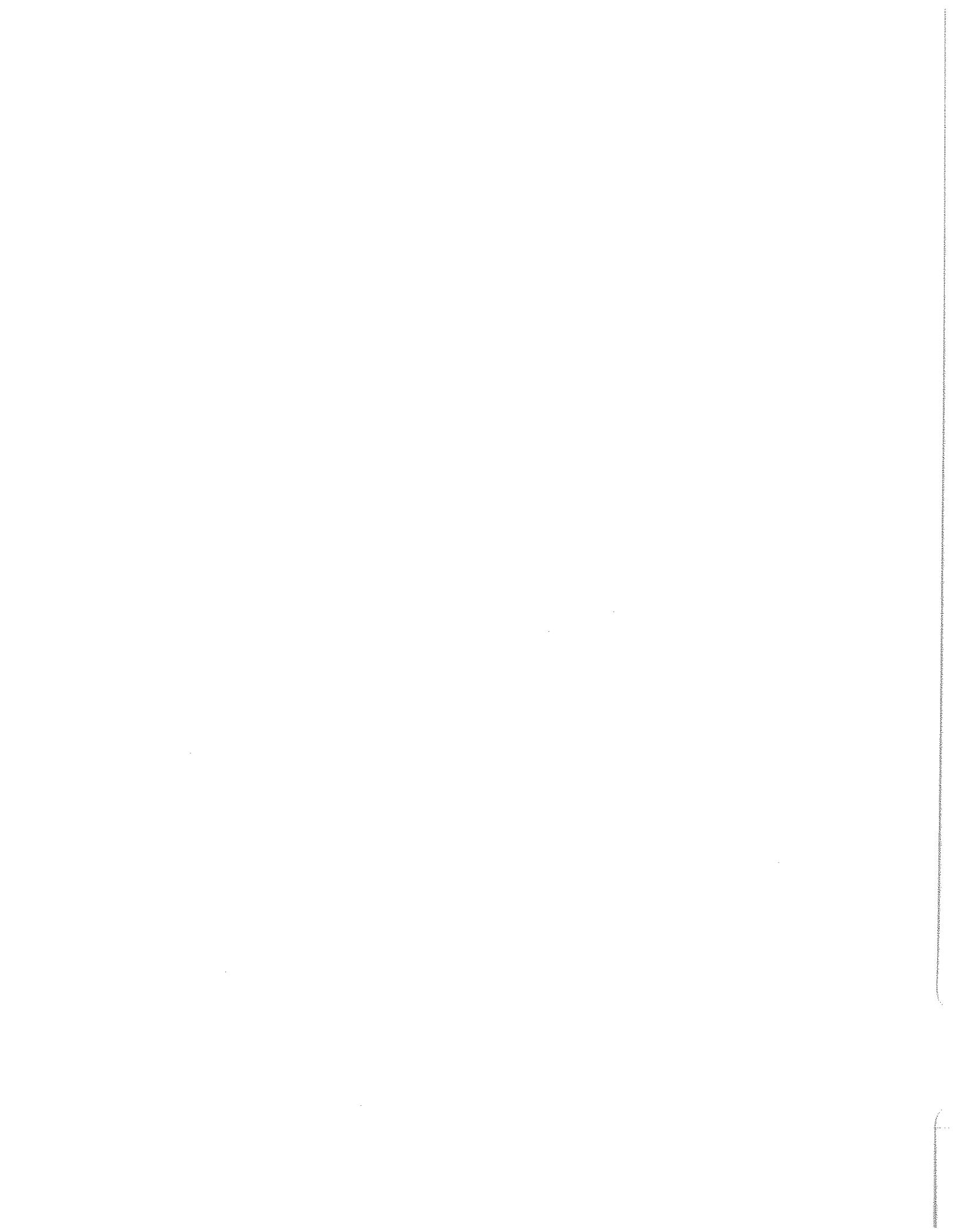


TANF benefit for a family of three is second lowest in the region at \$554 a month. Only Maine's benefit for a family of three is less at \$485. Rhode Island's benefit amount has not increased in 18 years. Payments in the other states range from \$618 (Massachusetts) to \$709 (Vermont).

To support families earning low wages and as an incentive for cash assistance recipients to start working, states continue to provide assistance to families once a parent starts a job. As wages increase, the cash payment decreases. This "earned income limit" is the maximum a parent can earn and qualify for a supplemental payment. Rhode Island's income limit for working families to qualify for a small cash supplement (at 89% of the federal poverty level or

\$1,279/month) is comparable to Connecticut and New Hampshire, (85% and 84% respectively). A Rhode Island parent with 2 children working full time at minimum wage is eligible for a cash supplement of \$78/month. Combined with the earned income tax credit, this supplemental payment brings the family's income just above the poverty level.

Child Care Assistance. The federal government provides funds to states for child care through the Child Care Development Block grant. States can set financial eligibility as well as other program requirements. States can also spend TANF and/or their own funds on child care and can count those state funds in meeting the spending requirement under the federal TANF program.



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National Grid says profits up 24 pct, outlook good

Thu May 15, 2008 2:19am EDT

LONDON, May 15 (Reuters) - British energy network provider National Grid Plc (NG.L: Quote, Profile, Research, Stock Buzz) said on Thursday its pretax profit had grown 24 percent to 1.8 billion pounds (\$3.51 billion), while its outlook for the current year was positive.

The company, which bought U.S. firm KeySpan for \$11.7 billion last year, had been expected to report profit of more than 2 billion pounds, according to Reuters Estimates.

(Reporting by John Bowker)

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