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# POLICY MATTERS OHIO

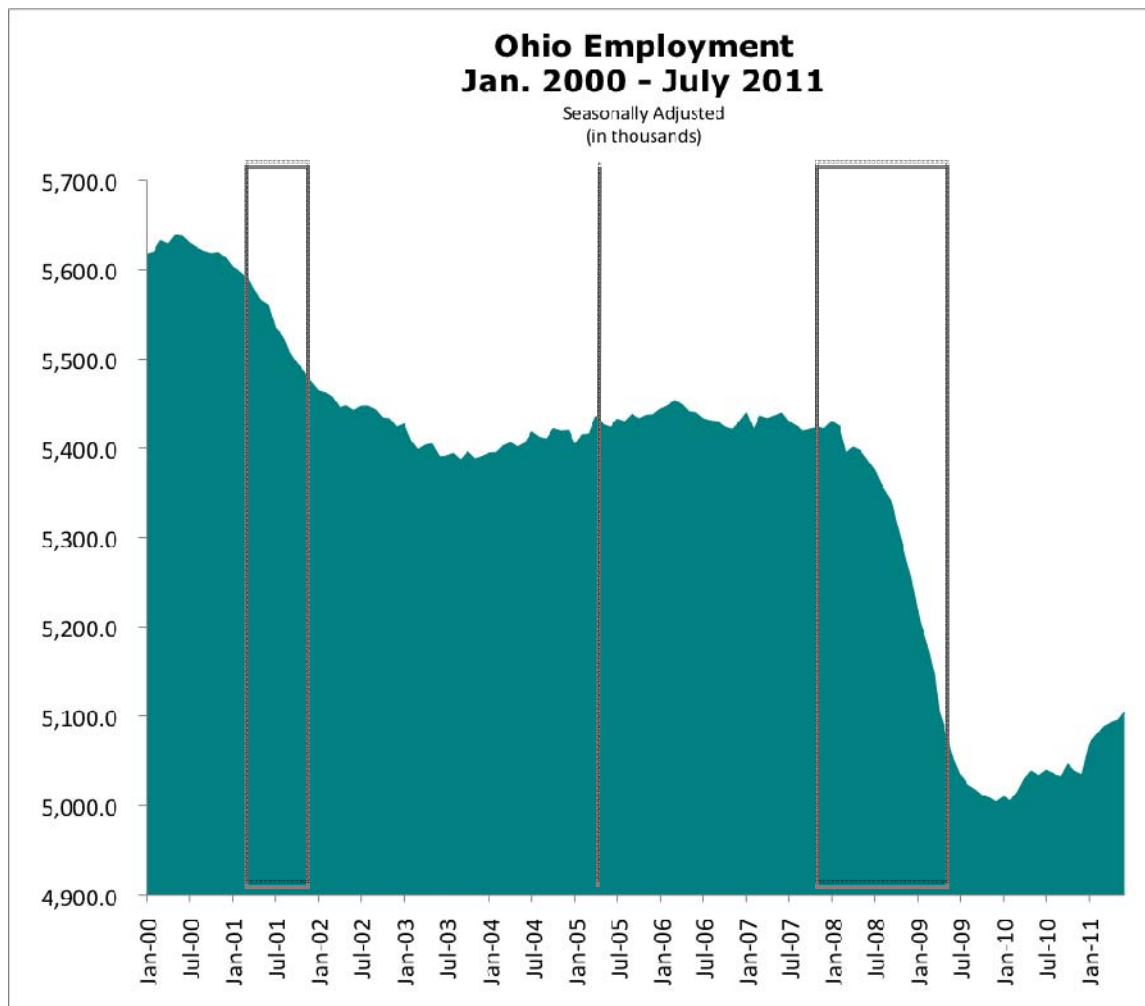
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## Job Watch - August 2011

### Ohio is Still Suffering in the Wake of the Great Recession

Ohio employment continues to make month-to-month gains in the number of nonfarm jobs, but they still leave the state far short of making up for the losses in the past two recessions. Data released by the Ohio Department of Job and Family Services (ODJFS) from its survey of employers for July 2011 suggest that the state continued to gain jobs. However, a separate survey of households indicated that unemployment is growing.



Source: Ohio Department of Job and Family Services, BLS Current Employment Statistics seasonally adjusted data, available at <http://1.usa.gov/nrwsOn>. Outlines roughly mark the 2001 recession, March 2001-November 2001, the implementation of the 2005 tax overhaul, and the Great Recession, December 2007-June 2009.

The graph above and the figures below highlight changes in the Ohio job market from key points in time. These include the most recent monthly figures, the start of the 2001 and 2007 recessions, and 2005 approval of a major state tax overhaul.

The figures include the latest seasonally adjusted data from the monthly survey of employers (Current Employer Survey) done by ODJFS in cooperation with the U.S. Bureau of Labor Statistics. Because month-to-month data is highly subject to revision and because the BLS now provides quarterly rather than annual benchmarking, it is ill advised to make month-to-month comparisons.

	<b>July 2011 (Thousands)</b>	<b>Job Change since start of 2001 Recession</b>	<b>Percent Change</b>	<b>Job Change since 2005 tax overhaul</b>	<b>Percent Change</b>	<b>Job change since start of 2007 Great Recession</b>	<b>Percent Change</b>
<b>Total Jobs</b>	5,113.4	-477.8	-8.55%	-309.2	-5.70%	-308.0	-5.68%
<b>Manufacturing Jobs</b>	637.5	-347.5	-35.27%	-173.30	-21.37%	-123.3	-16.21
<b>Public Jobs</b>	770.6	-21.4	-2.70%	-27.4	-3.43%	-24.80	-3.12%

Source: Economic Policy Institute and Ohio Department of Job and Family Services, CES seasonally adjusted data, available at <http://1.usa.gov/nrwsOn>.

When the Great Recession began in December 2007, Ohio had 5,421,400 jobs. Ohio experienced 28 months of job loss. Ohio's employment trough occurred in December 2009 when Ohio had 418,200 fewer jobs than it did before the recession started, but recovery has been painfully slow. The state has added only 62,500 jobs since the recession officially ended in June 2009.

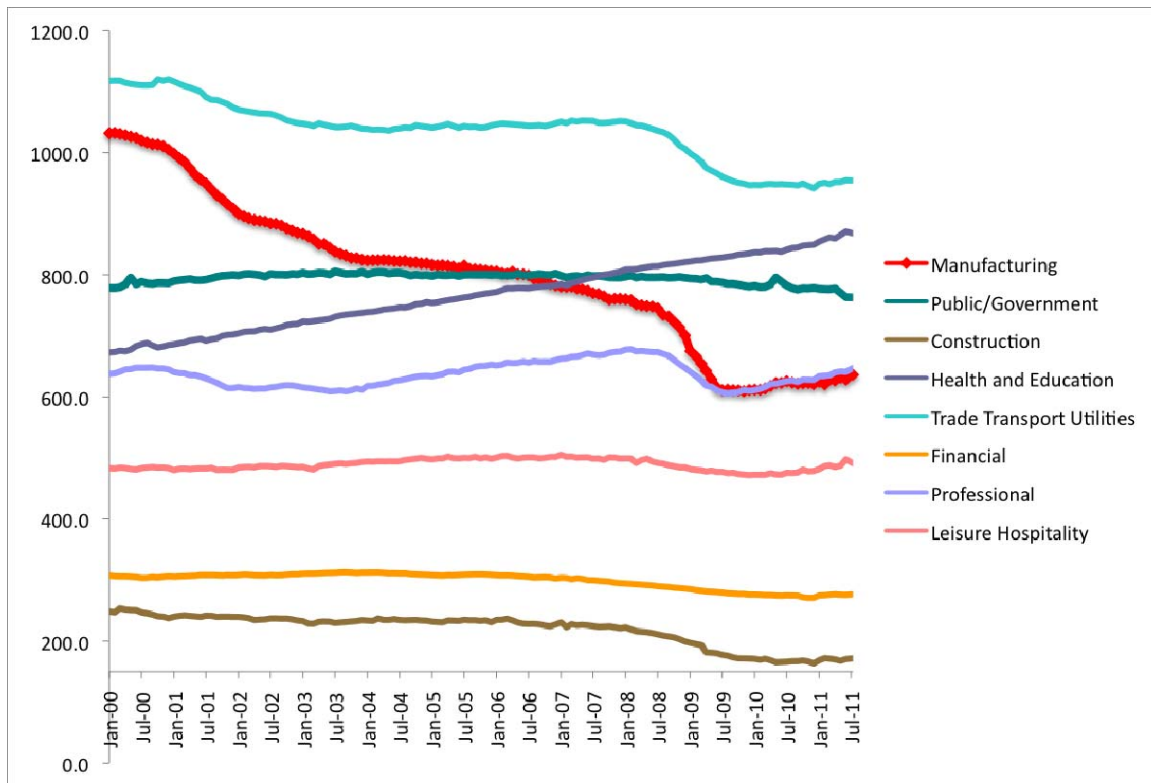
In 2005, Ohio overhauled its tax system. Changes included lowering income taxes by 21 percent across the board and eliminating two major taxes on business – the tangible personal property tax (a local tax) and the corporate franchise tax (a state tax) – and replacing them with one gross receipts tax, a broad based tax with a low rate dedicated initially to replacing local taxes. The goal was to lower taxes on top earners and businesses to encourage job creation. As a result of those changes, Ohio became one of 6 states with no corporate profits tax. More than \$2 billion dollars a year was eliminated from the state system of public finance. To date, the jobs promised by the 2005 tax overhaul have not materialized. In July 2011, Ohio had 309,200 fewer jobs than it did in June 2005 when the tax overhaul was implemented. This is a 5.70 percent loss in 6 six years. During the same period, the United States lost only 1.81 percent of its jobs.

Since the start of the 2001 recession Ohio has lost nearly 500,000 jobs but the most recent CES data suggests that Ohio continues a slow slog toward recovery.

The manufacturing sector has experienced the highest losses among Ohio sectors. More than 70 percent of all job losses since the 2001 recession have been

manufacturing jobs. Public jobs have declined since 2001, with more than 24,800 disappearing since December 2007. The following graph shows Ohio jobs by sector since January 2001:

**Number of Ohio Jobs by Sector, January 2001-July 2011**

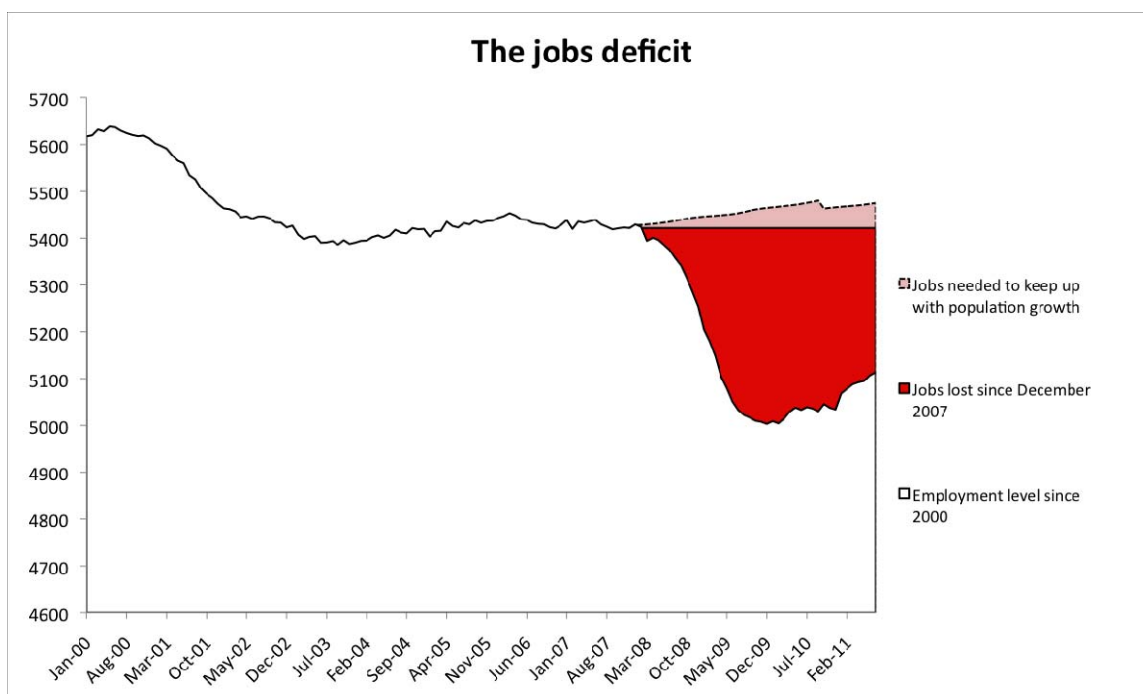


Source: Economic Policy Institute data based on BLS seasonally adjusted CES data.

While the manufacturing, construction, and trade, transportation and utility sectors have seen sharp declines; jobs in healthcare and education have grown steadily through both recessions. However, the state has gained 11,900 manufacturing jobs and 5,900 construction jobs in the last year. Jobs in finance, the sector that engaged in speculation that heavily contributed to the Great Recession, have remained relatively flat.

### Ohio's Jobs Deficit

Ohio's jobs deficit, or the difference between the number of jobs Ohio has and the number it needs to regain its pre-recession employment rate, is 361,800. That number includes the 308,000 jobs Ohio lost plus the 53,800 jobs it needs to keep up with the 1% growth in population that Ohio has experienced in the 43 months since the recession began. In order to return to pre-Great Recession levels of unemployment in three years, the state must add 10,000 jobs per month.



Source: Economic Policy Institute based on BLS seasonally adjusted CES and Current Population Survey data.

## Eye on Unemployment

Ohio's unemployment rate crept up 0.2 points in July from the month before to land at 9.0 percent. Ohio is in the middle of the pack nationally, ranking 21<sup>st</sup> in the nation for highest unemployment rate.

Ohio's unemployment rate has improved 3.3 points since the start of the great recession, but is still more than 4 points off the pre-recessionary, March 2001 level of 4.9 percent.

## WARN

The Worker Adjustment Retraining Notification (WARN) Act protects workers and communities by requiring employers with more than 100 employees to provide 60 days advance notice of plant closures or mass layoffs. Federal, State, and local government entities are not covered.

Employers submit their notice to the Ohio Department of Job and Family Services, WIA Rapid Response Section. WARN triggers rapid response services, which can include layoff aversion, training and dislocated worker assistance.

In July 2011, four WARN Act notices were filed with ODJFS. These impacted 892 workers, 81 of whom are unionized. The following table details each notice.

<b>Employer</b>	<b>City (County)</b>	<b>Industry Type</b>	<b>Number of Impacted Workers</b>
Franklin Boxboard Corp.	Franklin (Warren)	Paperboard Mill	81*
Nexergy, Inc.	Columbus (Franklin)	Manufacturing	120
DB Schenker	Swanton (Lucas)	BAX related, shipping	39
BAX Global	Swanton (Lucas)	Air, Cargo, shipping US Air terminal	652

Source: Ohio Department of Job and Family Service, July 2011 available at <http://jfs.ohio.gov/warn/current.stm>. (\*) denotes a unionized workplace.

Ohio has not recovered from the recession of 2001. The Great Recession of 2007-9 only deepened Ohio's ills. The state budget signed into law in June adopted a cuts only approach to balancing the budget. Cuts to education alone are estimated to cost Ohio tens of thousands of jobs.<sup>1</sup> Putting workers back to work needs to be the primary goal for lawmakers.

**JobWatch** is an ongoing project of the **Economic Policy Institute** (<http://www.epinet.org>) and **Policy Matters Ohio**, (<http://www.policymattersohio.org>), both nonprofit policy research institutes.

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<sup>1</sup> Wendy Patton, "Economic impact of education cuts in the Kasich budget proposal: An input/output analysis," April 2001 available at [http://www.policymattersohio.org/pdf/BudgetBriefInputOutput2011\\_04.pdf](http://www.policymattersohio.org/pdf/BudgetBriefInputOutput2011_04.pdf)