

Where are the jobs?:

Continued declines in the labor force, minimal job growth undercut unemployment rate good news

Hannah Halbert

The unemployment rate in Ohio continues to drop, falling from 8.5 to 8.1 percent in December 2011. While two months of marked improvement in the unemployment rate suggests a revived recovery, data released today by the Ohio Department of Job and Family Services (ODJFS) from its survey of employers for December 2011 suggests that the rate continues to reflect a shrinking labor force rather than job growth and expanded employment.

While month-to-month data is highly subject to revision, and it is ill advised to make month-to-month comparisons, it should be noted that ODJFS also estimates based on the employer survey that 3,300 jobs were lost in December and that total nonfarm employment increased by 72,400 or 1.4 percent last year. At last year's rate, it would take more than four years to restore the employment lost in the last recession.

Sharp declines in the number of Ohioans counted in the civilian labor force help to explain the drop in the unemployment rate in the absence of major job growth. According to the household survey data released today, 21,000 workers left the labor force in December. The drop in the unemployment rate, much like last month's change, is likely a function of Ohioans dropping out of the labor market rather than job growth.

Overall, recovery in Ohio remains painfully slow. Since the official end of the great recession (June, 2009), the state has added only 55,700 jobs, an increase of 1.1 percent, according to the separate employer survey. Table 1 and Figure 2 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, which promised speedier economic growth. These figures include the latest seasonally adjusted data from the monthly survey of employers (Current Employer Survey) done by ODJFS in co-operation with the U.S. Bureau of Labor Statistics.

Figure 1

Key December Findings

- *Ohio's unemployment rate fell by 0.4 points to 8.1%*
- *Job growth, however, continues to lag, Ohio adding only 72,400 jobs in 2011, or 1.4%.*
- *An estimated 21,000 Ohioans left the labor force in December.*

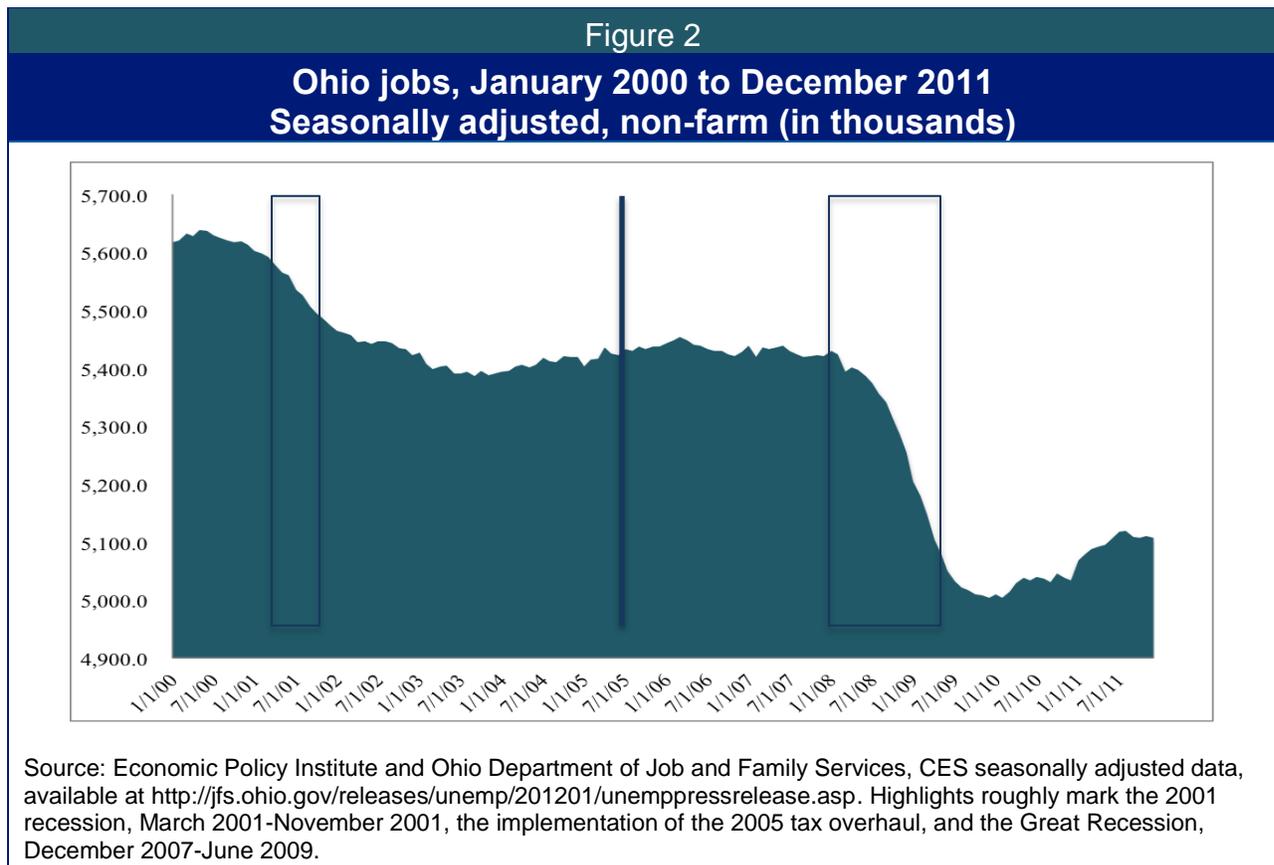
Table 1

Change in Ohio jobs by sector (in thousands)

	December 2011	Job change since 2001 recession start	% change since 2001 recession	Job change since 2005 tax overhaul	% change since 2005 tax overhaul	Job change since 2007 recession start	% change since 2007 recession
Total jobs	5106.6	-484.6	-8.67	-325.6	-5.99	-314.8	-5.81
Manufacturing	639.3	-346.5	-35.18%	-176.9	-21.70	-122.5	-16.10
Public sector	771.8	-20.2	-2.55	-28.2	-3.53	-23.6	-2.97

Source: Economic Policy Institute and Ohio Department of Job and Family Services, CES seasonally adjusted data, available at <http://jfs.ohio.gov/releases/unemp/201201/unemprelease.asp>.

Ohio had 5,421,400 nonfarm jobs when the Great Recession began in December 2007. Ohio then 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. Since the trough, Ohio has added 103,200 jobs, so we remain more than 300,000 jobs short of the number we had when the recession began.



What's missing in the unemployment rate?

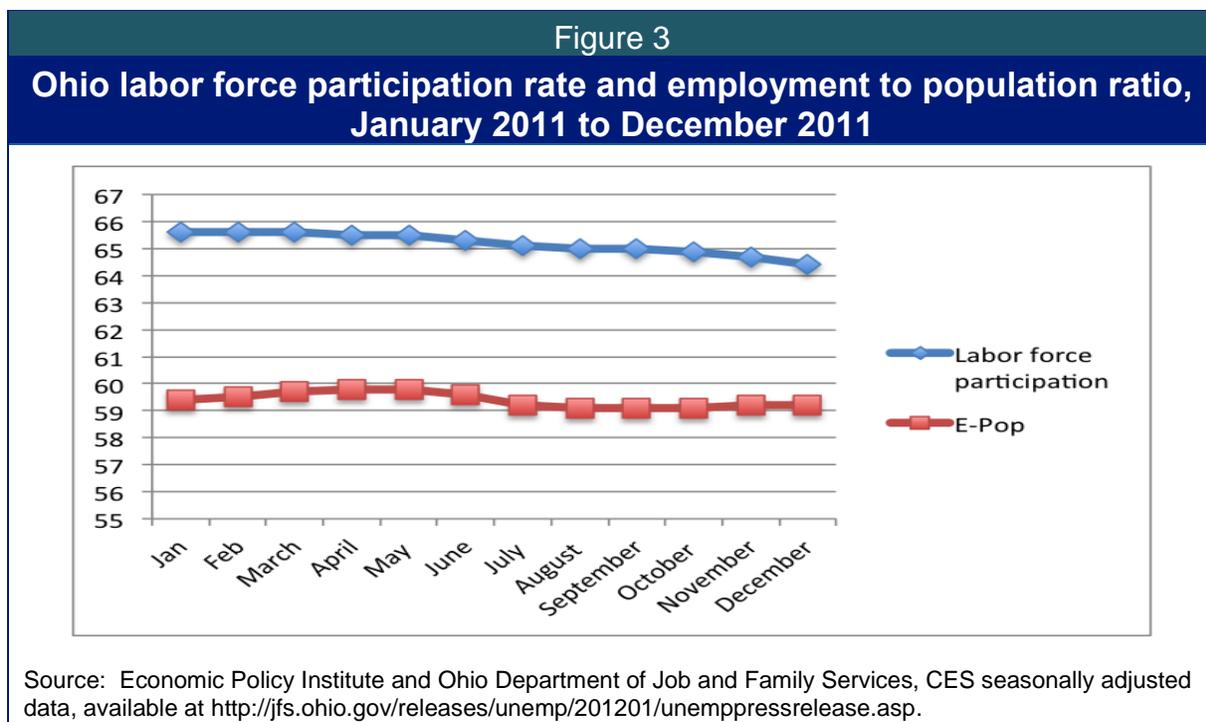
Ohio's unemployment rate stands at 8.1 percent. Ohio's rate dropped 0.4 points in December, and is now outperforming the national rate, which stands at 8.5 percent. The number of Ohioans counted as unemployed fell by an estimated 27,000 in December, yet estimates from the same household survey

show only 5,000 additional people are being counted as employed while more than four times that number left the labor force. (The government surveys both households and employers on employment; while the household survey is used to figure the unemployment rate, the employer survey is usually considered more reliable in counting jobs).

The unemployment rate only gives us an estimate of the percent of Ohioans who are unemployed in the labor force. To be counted as a member of the labor force, an individual must be actively seeking work. Many people, particularly during prolonged periods of high unemployment, stop seeking work and ‘drop out’ of the labor force. People may choose to care for children rather than continue to look for work, avoiding childcare costs. Others may return to school or retrain for a different career. Some are simply too discouraged to continue searching, applying, and receiving rejections. These individuals are not counted in the labor force or in the unemployment rate.

The labor force participation rate measures the proportion of the working age population that is working or actively seeking work. In 2010, Ohio’s labor force participation rate stood at 65.2 percent, the lowest rate since the 1980s. The figures released today put the labor force participation rate at 64.4 percent. The other 35.6 percent are not included in the workforce and are not a part of the unemployment count. As the Figure 3 shows, Ohio’s labor force continues to slowly erode.

The employment-to-population ratio shows the proportion of the working age population that is employed. Ohio’s employment-to-population ratio for 2010 was 58.6 percent, the lowest rate since 1986. The numbers released today put Ohio’s employment-to-population ratio at 59.2 percent, an improvement since 2010, but far too few Ohioans are working.



These ratios suggest that Ohio is on very shaky ground. While there has been some job growth, people continue to leave the labor force, suggesting that the modest gains are not being broadly felt,

and many workers are discouraged.

Recent WARN notices in Ohio

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. WARN triggers rapid response services, which can include layoff aversion, training and dislocated worker assistance. As Table 2 shows, three WARN Act notices were filed with ODJFS in December 2011, impacting 255 unionized workers.

Table 2			
WARN Act notices filed in Ohio, December 2011			
Employer	Location	Type of work	Impacted workers
ESAB Welding & Cutting Products	Ashtabula (Ashtabula)	Manufacturing	30*
Agiylsys, Inc.	Solon (Cuyahoga)	Software Development	70
Park Farms	Canton (Stark)	Chicken processing	225*

Source: Ohio Department of Job and Family Services, WARN Act Notices, available at <http://jfs.ohio.gov/warn/pdf/2011WARNNotices.pdf>, January 19, 2012. * Unionized workplace.

Conclusion

Ohio's declining job and labor force numbers once again contradict the good news of today's unemployment rate. Ohio has not recovered from the recession of 2001 and the Great Recession of 2007-9 only deepened Ohio's ills. Too many Ohioans are leaving the labor force; too few jobs are being created.

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