Strong job growth in June marks the three-year recovery anniversary

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Data from two separate surveys released by the Ohio Department of Job and Family Services (ODJFS) today suggest that the Ohio recovery is back on track. The state’s unemployment rate continued to fall in June, dropping 0.1 percent to stand at 7.2 percent according to seasonally adjusted data released from ODJFS’s survey of households for June 2012. While the falling unemployment rate is good news for Ohio, the state’s labor force numbers continue to decline, losing 18,000 workers in June. This is a worrying trend and suggests that even with the recent job gains there is still weakness in the state’s labor market.

A separate survey of employers also released today by ODJFS showed that Ohio added 18,400 jobs in June. Month-to-month data is highly subject to revision, and it is ill advised to make too much of month-to-month comparisons. This months report shows that Ohio posted job gains of more than 18,000 in both May and June, erasing the job declines of early spring.

There is more certainty in examining longer-term job trends. Since June 2011, the state job total has grown by 100,000 jobs or 2.0 percent. At the rate of growth it will still take slightly less than three years to generate the additional 244,500 jobs needed to return Ohio to pre-2007 recession levels of employment. That figure would be even higher if population growth were taken into account.

Figure 2 shows Ohio’s long slog out of the recession. The figure highlights changes in the Ohio job market from key points in time, including the 2001 and 2007 recessions, and the 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 Findings**

- **From June 2011-June 2012, Ohio added 100,000 jobs, a growth rate of 2.0%**.
- **At this rate of growth, it will take slightly less than three years for the state to create the 244,500 jobs lost during the last recession.**
- **Ohio has added only 125,100 jobs during the recovery period. At the same point after the 1990’s recession, the state economy had added 224,000 jobs.**
- **All of Ohio’s public job loss during the 3-year recovery period has happened at the local level, if Ohio avoided cuts to local public jobs during the recovery an additional 29,800 Ohioans would be employed.**
Table 1 details these changes. Not only is the state struggling to recover from the 2007 recession, Ohio never recovered from the 2001 recession, having lost more than 416,000 jobs since that recession began. Since the start of the 2007 recession, the state has lost 244,500 jobs. If Ohio had avoided cuts to local public jobs at the end of the 2007 recession, an additional 29,800 Ohioans would be employed.

June 2012 marks the three-year anniversary of the official end of the 2007 recession. The 2007 recession was catastrophic. Even with the most recent gains, recovery in Ohio remains painfully slow. Over the last three years, the state has had modest job growth of just 2.5 percent, with the addition of 125,100 jobs.

As figure 3 shows, the job loss that occurred in the 2007 recession was much deeper than the two prior recessions. Figure 3 also demonstrates that unlike Ohio’s attempted recovery from the 2001...
recession, which never quite produced job gains for the state, the recovery from the 2007 recession has not been a jobless recovery. The 2007 recovery, unlike the 1990’s recovery, has been built on very modest growth, extending the pain of the recovery over years not months.

While job growth has been seen in nearly every sector, professional business services, and manufacturing have driven Ohio’s recovery, growing 8.0 and 7.6 percent respectively. Growth in manufacturing is particularly good news because the sector has historically produced the kinds on jobs that provide family sustaining wages and benefits.

Four sectors unfortunately continue to lag. Construction is down 0.1 percent over the recovery, financial services are down 1.1 percent, public jobs are down 3.0 percent, and the largest decline is in Information services, which has lost 4.5 percent over the recovery period. Figure 4 shows the percent of job growth or loss, by sector over the three-year recovery period.
Public job loss has been an unnecessary drag on the state’s recovery, losing 3.0 percent over the recovery period. As demonstrated in table 2, all of Ohio’s public job loss has occurred at the local level. As local public jobs disappear vital neighborhood services also vanish.

Table 2

<table>
<thead>
<tr>
<th>Sector</th>
<th>June 2009</th>
<th>June 2012</th>
<th>Job change since end of 2007 recession</th>
<th>Percent change since end of 2007 recession</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>789.1</td>
<td>765.2</td>
<td>-23,900</td>
<td>-3.0</td>
</tr>
<tr>
<td>Federal</td>
<td>78.1</td>
<td>78.1</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>State</td>
<td>163.1</td>
<td>169.0</td>
<td>5,900</td>
<td>3.6</td>
</tr>
<tr>
<td>Local</td>
<td>547.9</td>
<td>518.1</td>
<td>-29,800</td>
<td>-5.4</td>
</tr>
</tbody>
</table>


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 3 shows, six WARN Act notices were filed with ODJFS in June, impacting 677
workers, of whom 451 are in a union. While the number of notices and the number of workers impacted by mass-layoffs are down in June, many of the WARN layoffs centered auto-component manufacturing. Johnson Controls’ idling of its Northwood plant, which makes seats for the Jeep Liberty, impacted the largest number of workers.

Table 3

<table>
<thead>
<tr>
<th>Employer</th>
<th>Location</th>
<th>Type of work</th>
<th>Impacted workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dana Holding Corp., Light Vehicle Driveline Division</td>
<td>Toledo (Lucas)</td>
<td>Auto component production</td>
<td>37</td>
</tr>
<tr>
<td>American Family Mutual Insurance</td>
<td>Westerville (Delaware)</td>
<td>Insurance claims department</td>
<td>50</td>
</tr>
<tr>
<td>Johnson Controls, Inc.</td>
<td>Northwood (Wood)</td>
<td>Auto component production, seats for the Jeep Liberty</td>
<td>279*^</td>
</tr>
<tr>
<td>First Data</td>
<td>Toronto (Jefferson)</td>
<td>Government data services</td>
<td>55</td>
</tr>
<tr>
<td>H&amp;M Rubber Company, Inc.</td>
<td>Kent (Portage)</td>
<td>Elastomer component manufacturer</td>
<td>84</td>
</tr>
<tr>
<td>Gonzalez Contract Services, Inc.</td>
<td>Toledo (Lucas)</td>
<td>Supply contract workers to Chrysler paint shop</td>
<td>172*</td>
</tr>
</tbody>
</table>


Conclusion
While today’s report is good news for the state, one thing is clear: Ohio remains a long way from robust recovery. The state has made consistent but very modest gains over the three-year recovery period. Our state budget built on local austerity has undercut local public jobs, creating a drag on our recovery and eviscerating local services. We need increased investment not austerity to restore our communities and grow good jobs.

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.