

## **Short-term growth, long-term weakness**

### **Ohio jobs grew last month, but progress for year was slight**

Job data released today by the Ohio Department of Job and Family Services (ODJFS) brought good news in terms of monthly job growth (+10,300 in December), but there's little else to crow about.

Over the last year, Ohio added just 41,800 jobs. That's a growth rate of only 0.8 percent, well below the national average of 1.5 percent. That growth was led by job gains in Healthcare and Social Assistance (+15,400), a sector driven by federal policy changes in the Affordable Care Act. Financial Activities (10,000) and Accommodation and Food Service work (9,600) were also big growth sectors. Goods-producing industries (Mining and Logging, Construction and Manufacturing) declined by 2.5 percent.

"While last month's job gains looked strong, we only saw gains in seven out of 12 months last year," said Hannah Halbert, researcher with Policy Matters Ohio. "Overall, Ohio job growth last year was weak."

Month-to-month data can be volatile and is subject to later revision. Today's report is the last before Governor John Kasich submits his budget proposal to the Ohio General Assembly. Recently, state revenues have come in below expectations, and Governor Kasich has indicated that the budget will be constrained.

"If our budget is tight, it's in no small measure because policymakers used the tax code to send money back to the wealthiest. That policy should be reversed," Halbert said.

Ohio gambled on a major tax overhaul in 2005, and continued cutting taxes in recent state budgets on the promise that it would generate job growth. Since those cuts began in 2005, Ohio's job growth rate is 1.9 percent. The nation, however, grew by 8.5 percent. Data on jobs, labor force participation, wages, and poverty show that tax cuts have failed to bring robust job growth and renewed opportunity.

Data from a separate survey also released today by ODJFS showed the unemployment rate at 4.9 percent, unchanged from November. That survey, which uses a different methodology than the jobs report and a different definition of employment, also showed an increase in unemployment (+4,000) and a decrease in the number of Ohioans working or actively seeking work (-4,000). These indicators, which are components of the unemployment rate, continue to reflect the underlying weaknesses in the state economy. Ohio's labor force has shrunk by 265,000 (-4.4 percent) since the start of the 2007 recession.

"Austerity policies that support those at the top at the expense of the majority won't build the middle-class," said Halbert. "If harder-times are ahead, tax cuts and underinvestment paved the way."

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute  
with offices in Cleveland and Columbus.*