



August 2017

Work and wages

Ohio blue collar jobs report, Q2 2017

Eight years of recovery, but not yet recovered

Introduction

June marked the eighth anniversary of the official end to the 2007 great recession. Over the last eight years, Ohio has regained the number of jobs lost to that recession and employment has grown by about 2 percent. Yet, many Ohioans feel less secure than they did in 2007.

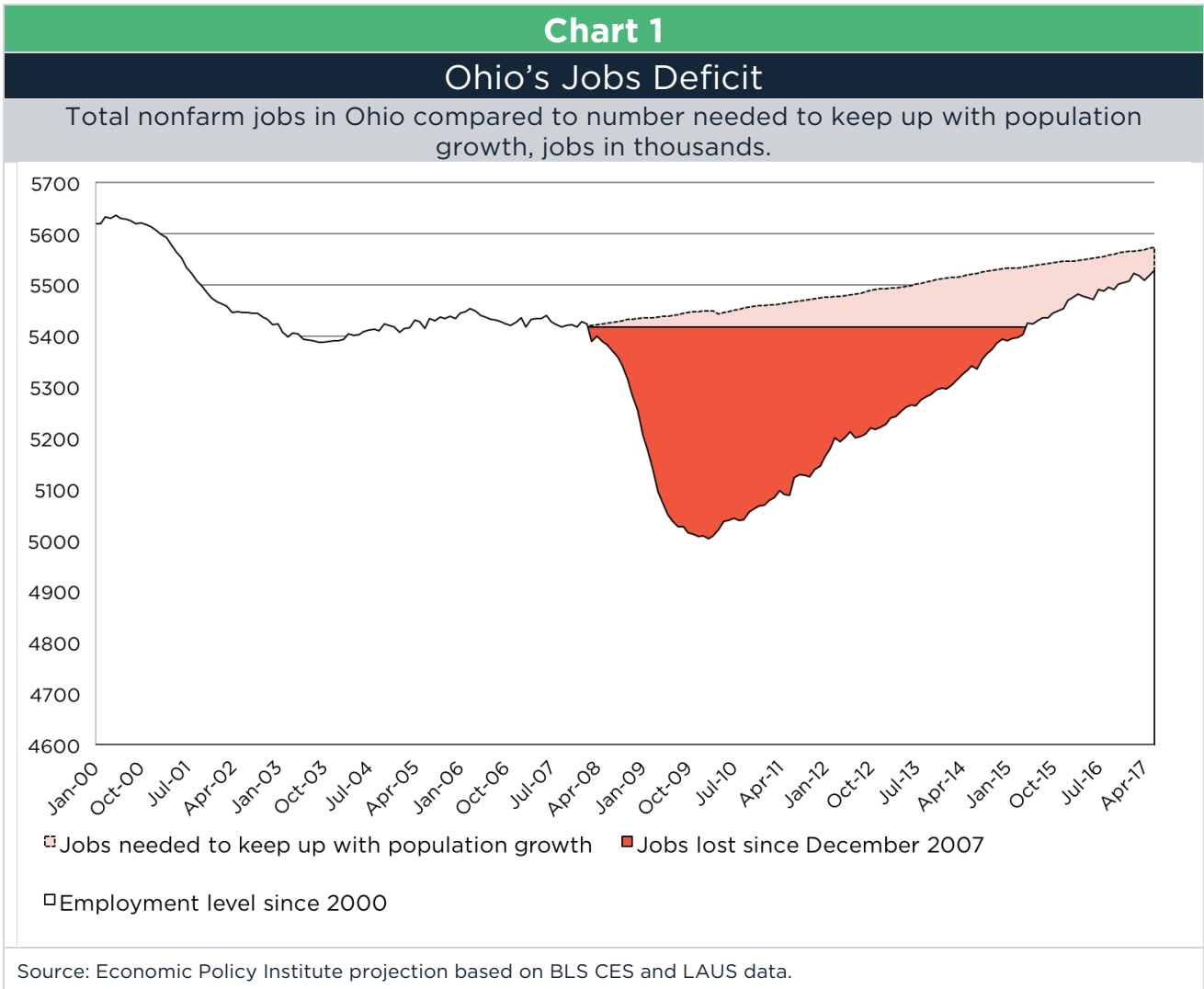
Our [first blue-collar jobs report](#) found that falling wages and a shift in sectors has left many workers behind. Seven of Ohio's 10 most common occupation paid so little a family of three would need assistance to afford food in 2016, while only four of the 10 top jobs did in 2000. Ohio's budget director testified in June that [wage growth in Ohio slowed](#) in FY 2017 (projecting a conservative estimate of 2.8 percent of FY 2017, down from 3.9 percent in FY 2016 and 4.5 percent in FY 2015). Growth in personal income is also projected to be slower than the nation's. While unemployment is much lower, particularly in some parts of the state, for wages to begin rising, we need job growth to stay strong.

The economic forecast used to develop the state budget estimates job growth in FY 2017 will slow to 0.9 percent from 1.3 percent in FY 2016, and fall to 0.6 percent in FY 2018 and FY 2019. In this blue-collar job report, we find that – despite low statewide unemployment rates – we are not yet out of the woods on jobs. After eight years of recovery, Ohio has not yet recovered.

The Ohio jobs deficit

It took Ohio about six years to recover the 415,300 jobs lost during the 2007 recession. Ohio was one of the last states to reach this benchmark, finally crossing the line in May of 2015. To say our recovery was very slow is an understatement. Despite politicians' promises that state tax cuts for the wealthy and for corporations would hasten job growth, it took an exceedingly long time to reach this initial threshold. Since 2015 Ohio has added another 110,700 jobs.

Given population growth, Ohio needs another 44,400 jobs to return to our 2007 employment rate and 63,400 to recover the jobs lost to the earlier 2001 recession. Many Ohioans are left behind.



Regional and racial disparities

The Ohio economy feels very different depending on who you are and where you live. Job openings and unemployment levels vary significantly by region. What may seem like small employment barriers to some, like a lack of reliable transportation, can loom large. That is especially true in Appalachian Ohio, where there is a lack of public transit, high poverty and few jobs. In May, there were only 30 postings on the state electronic jobs board, Ohio Means Jobs, for every 100 unemployed persons in the region. Jobseekers face significant competition for openings. Any barrier, like having to cobble together rides to get to work, is a formidable disadvantage when employers have many unemployed people to pick from. In a tight labor market, employers will be more willing to invest to get the workers they need. These conditions have a real impact on who can work.

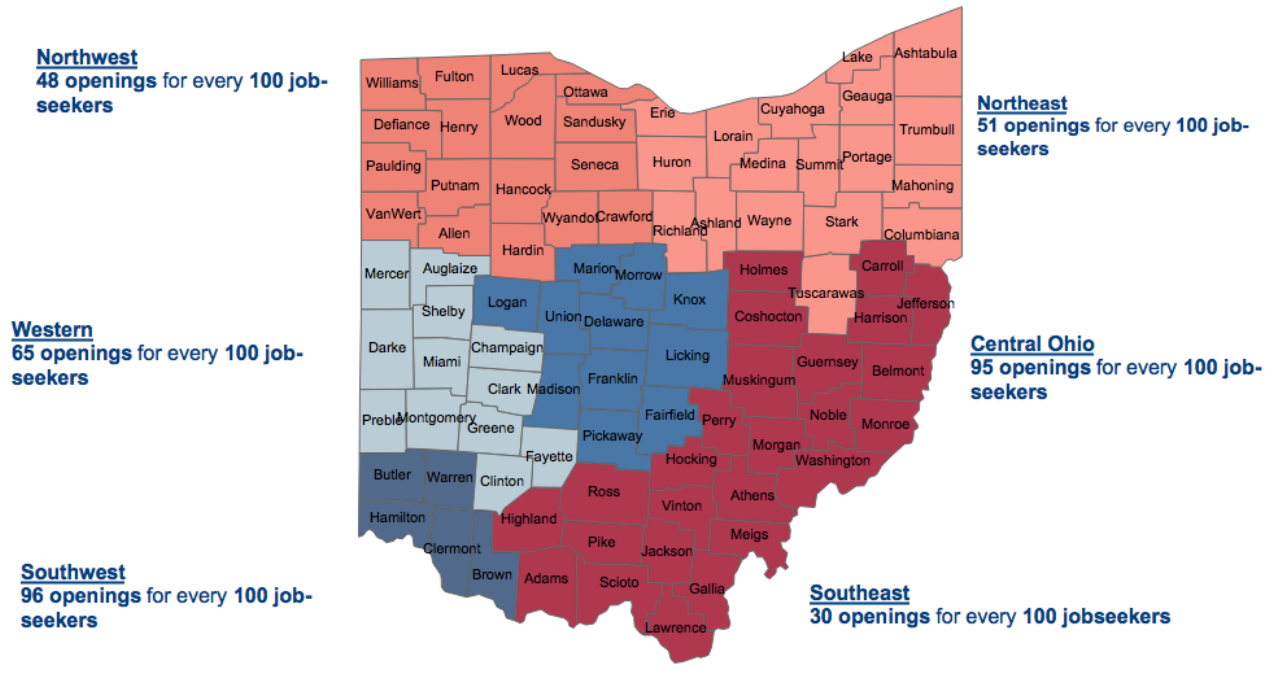
For many workers, particularly African Americans, [a tight labor market is essential to seeing gains](#). African American workers are on average hit harder by labor market crises than other workers, and on average, benefit from stronger wage and employment growth during a tight labor market. So, for many Ohioans the slow growth and continued labor market weakness means their communities feel stuck in a permanent downturn.

Chart 2 shows how large the job posting disparities were as of May 2017. It suggests that even if we had perfect regional labor-market matching with no skill gaps, meaning all the job postings were suddenly filled, many Ohioans who are looking for work would still be unemployed. This does not even consider the number of discouraged workers who are no longer looking for work. In May, statewide, there were only 64 job postings on the state's job board for every 100 unemployed Ohioans. These postings were concentrated in trucking and 43 percent required only a high school education.

Chart 2

Regional Disparities

Job posting data suggest many regions still not reaping the rewards of recovery.



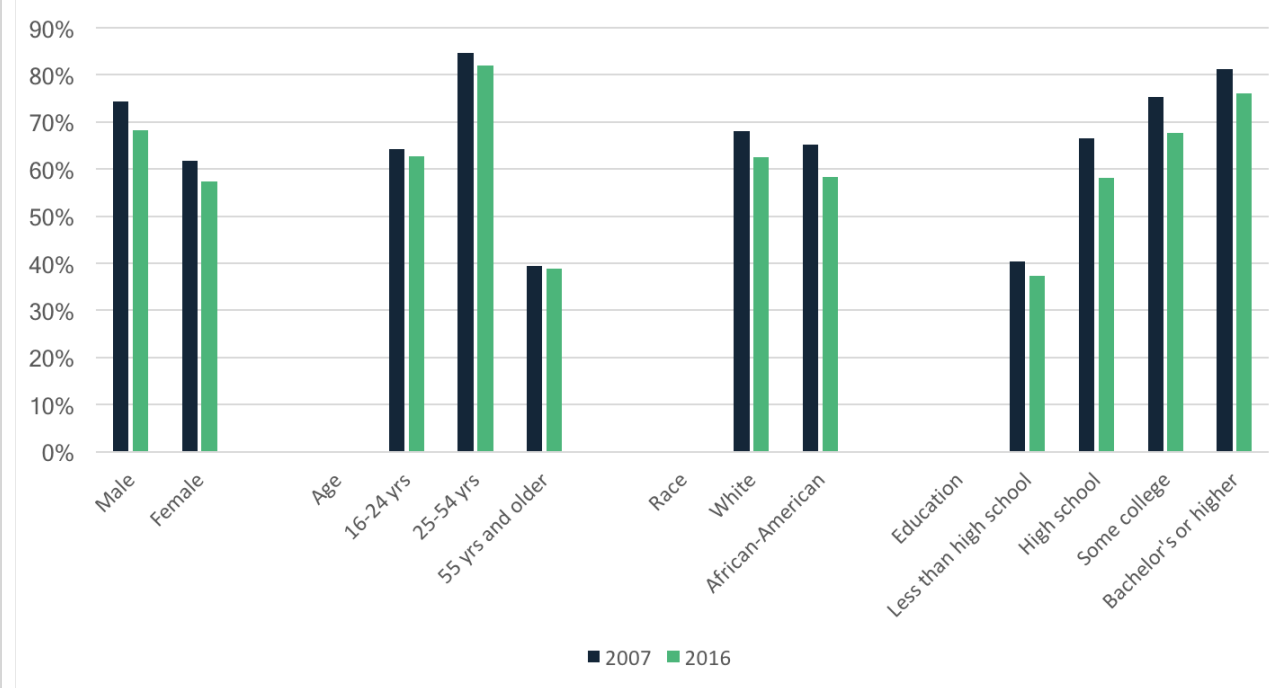
Source: Policy Matters Ohio calculation comparing the number of job postings on OMJ.gov in May 2017, by region, available at <http://omj.ohio.gov/omjresources/jobpostingstrends.stm>, to the number of unemployed (LAUS) in May 2017, by region.

Not surprisingly, labor force participation reflects these continued weaknesses. Ohio is one of only 11 states where the number of people working or looking for work is smaller now than in 2007. The state needs 191,300 additional people active in the labor force just to break even with our pre-recession total. The drop in white, male labor force participation has been an issue of increasing concern, linked in part to a decline in blue-collar jobs. But labor force declines are happening across many demographic groups. Male labor force participation fell by 6.2 percentage points from 2007 to 2016, but at 68.2 percent it is still higher than female participation at 57.4 percent. Prime-aged adults, those between 25 and 54 years old, have had the most challenging time working and looking for work, with their labor force participation rate falling 2.7 percentage points over this time. White workers saw labor force participation decline 5.5 percent. African-American workers had a more significant drop in labor force participation rates than white workers, falling 6.8 percentage points, confirming again that black workers are hit harder in downturns. Education did provide some insulation against falling out of the labor force, but declines were seen across all levels of attainment. Chart 3 shows these changes.

Chart 3

Labor Force Participation Slow to Rebound

Labor force participation rates of demographic groups, 2007 and 2016.

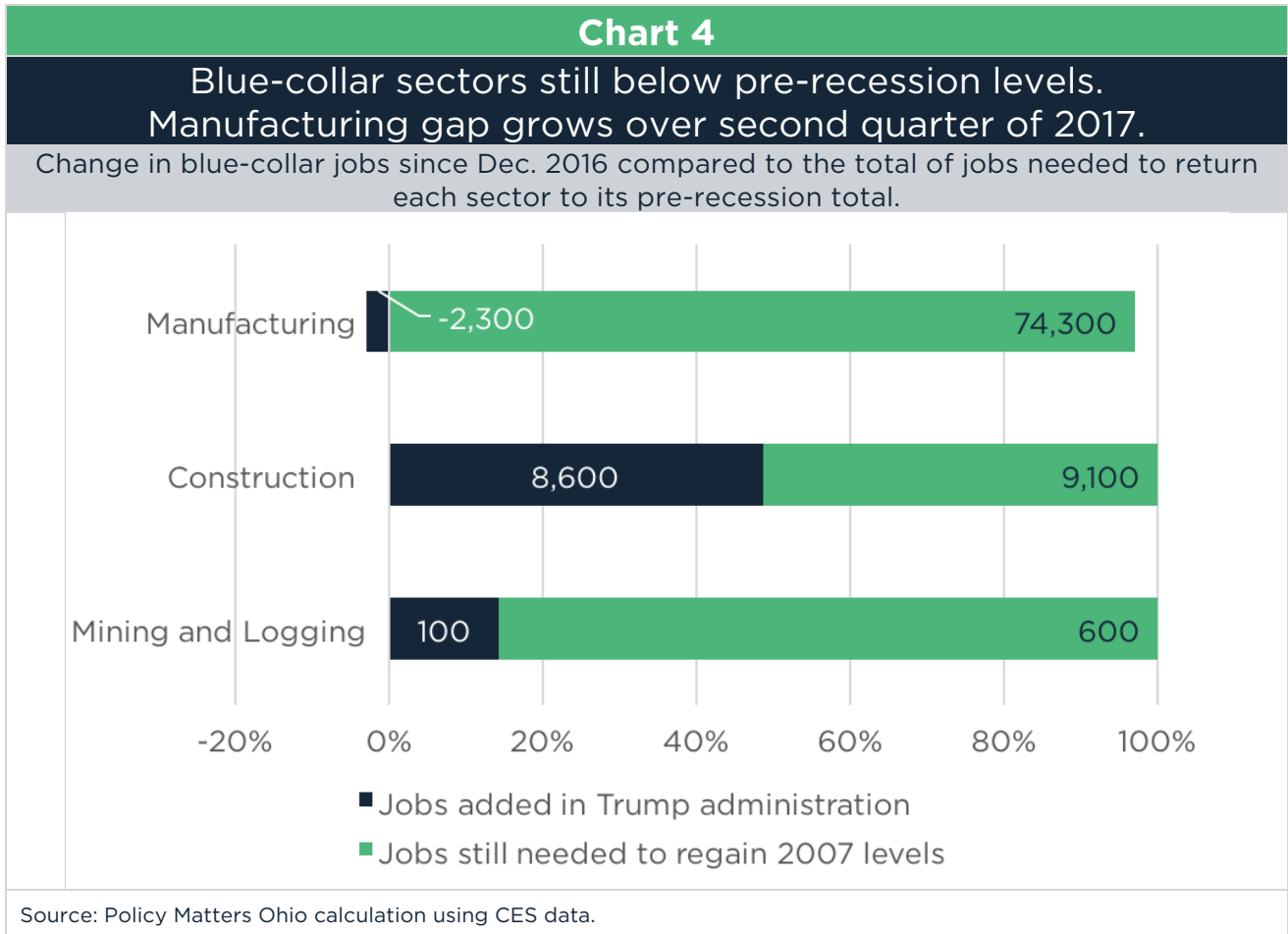


Source: Economic Policy Institute analysis of Current Population Survey (CPS) data.

The first six months of 2017 show an improvement in Ohio's labor force participation. Since December, the state gained a total of 95,670 workers or people looking for work. This change started to reverse nine months of labor force decline. In June, we lost a little ground (-6,530) and the next quarter will tell whether this is a blip.

Blue-collar sectors have not recovered

President Trump promised during the campaign to bring back blue collar jobs. In the first six months of the administration, manufacturing jobs in Ohio are down 0.3 percent. This is the largest of the three traditional blue collar sectors, so a relatively small percentage decline can translate into large job losses. Here, 0.3 percent is a loss of 2,300 jobs. Construction saw the biggest gains of the three sectors, adding 8,600 jobs since December. Most of this increase occurred in January (+8,200) and February (+6,300), only a few weeks into the Trump administration. The spring brought some small losses to the sector, leaving us with 212,000 construction jobs in June, or about 1,000 more than we had in March of last year. Mining and logging increased by 100 jobs in the last six months. Mining jobs are of great importance to the communities where they are located. They typically offer high wages, benefits and full time work, in regions with few other options. They are also a small share of Ohio’s overall labor market. Returning to the post-2000 peak in mining and logging jobs would mean a total of 15,900 jobs. In total, the blue-collar jobs sectors are down 84,000 jobs eight years into the recovery. Chart 4 shows the gap between the number of jobs needed to return to 2007 levels and the change in jobs since December 2016.



Conclusion

The fact that blue collar sectors are still below 2007 levels of jobs means many Ohioans are cheated out of their share of the recovery gains. The labor market has shifted and in regions once reliant on large manufacturers, there has been no solid plan to assist in that transition. Instead of moving forward with policies to help more workers share in the recovery, President [Trump's Department of Labor has rolled back worker protections](#) by refusing to implement an update to the overtime protection rule, which would have extended protection to about 34 percent of full-time, salaried workers. Additionally, the Department is weakening the joint employer standards, and filing briefs with the U.S. Court of Appeals arguing that the Civil Rights Act does not protect workers from discrimination based on sexual orientation.

America's infrastructure is in terrible shape, with a [recent report](#) finding that we should be spending \$4.6 trillion by 2025 to repair roads, schools, pipes and other needs. To put Ohioans back to work, including those in so-called blue collar jobs, we should make these essential investments, not erode employment protections. Only then will Ohio's communities begin to see a recovery that is worth its name.