Policy Matters Ohio

JobWatch
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Ohio added jobs in August

Persistent COVID shortfall demands continued recovery

The takeaway: Ohio recovered jobs last month for the 10th straight month of gains. However, the state is still short nearly 15% of the jobs destroyed during the COVID-19 pandemic. Now the Federal Reserves' interest rate hikes aimed at taming inflation by slowing the economy could cut short Ohio's recovery. After hitting a 40-year-peak in June, inflation dipped for two months to land at 8.3% by August. That rate still exceeded projections, prompting fears that the Fed could boost interest rates when it meets next week. Though inflation has been a real problem in recent months, Policy Matters' annual jobs report found that long term wage suppression by corporations that captured nearly all gains over the last four decades remains the state's largest job market challenge.

The numbers: Seasonally adjusted data released today by the Ohio Department of Job and Family Services (ODJFS) show that Ohio employers restored 7,500 jobs over the month, from a downwardly revised estimate in July to 5,489,600 in August. Ohio has restored 85.5% of jobs lost to COVID-19 and still needs 124,200 jobs to recover our pre-COVID number from February 2020. Goods producers are approaching pre-COVID job levels, down just 11,500 jobs compared with February 2020 (-1.2%). The larger service sector is still down 74,600 jobs (-1.9%). Public officials' failure to restore government jobs is a drag on our recovery and leaves critical services unmet: government jobs are down 38,100 (-4.8%).

"Today's job numbers signal continued recovery for Ohio," said Policy Matters Ohio researcher, Michael Shields. "But the fact that Ohio has yet to recover the number of jobs destroyed during COVID, the persistently high unemployment rate for Black workers, and the lack of wage growth all suggest Ohio is not fully recovered and cooling the economy through rate hikes is the wrong solution for inflation. Rather, data suggest that prices are being pushed up by corporate profit seeking. Controls like taxing excess profits to prevent price gouging, and support for workers to offset expenses like increased child care costs are better choices to tackle this problem that will not threaten to derail our recovery."

The household survey: Ohio's unemployment rate rose 0.1 points to 4.0%. The nation's rose 0.2 points to 3.7%. The increase seems driven by a drop in the number of working Ohioans, with most of them leaving the labor force, rather than an increase in the number of people entering the labor market to look for work. The household survey, which is the source of the unemployment rate, reported a decrease of 13,000 Ohioans working in August, and a smaller decrease of 8,000 to the workforce (now 5,787,000 Ohioans) which includes both employed workers and job seekers. Unemployed Ohioans rose by 6,000 to 229,000. When the household and business surveys do not agree, the business survey, which is source of the job numbers is considered more reliable due to its larger sample size.

"Driven by a federal response scaled to the size of the crisis, Ohio's recovery from COVID-19 has thus far been much faster than slow or incomplete recent recoveries," said Shields. "But the years-long recovery from the Great Recession showed how much harder it will be for the Fed to restart the economy if they push it into recession. With slowing wage growth already slowing inflation, the Fed should slow or pause interest rate hikes until all states have fully recovered jobs lost to COVID-19. The lesson learned from those slow recoveries is that policymakers must move carefully to sustain recovery, because a recession is a lot easier to create than to heal."