



JobWatch
March 27, 2020

Contact: Michael Shields
mshields@policymattersohio.org
330.906.2062

Calm before the storm

February jobs rose ahead of coronavirus crisis

Seasonally adjusted data released today by the Ohio Department of Job and Family Services (ODJFS) show Ohio employers added 7,800 jobs in February. Total nonfarm jobs reached 5,604,600, up from a revised number of 5,596,800 in January. Year-over-year, employers had added 13,100 jobs since February 2019.

February's numbers do not reflect extreme measures taken this month to halt the spread of the COVID-19 coronavirus, which have shut down major portions of the economy; including Gov. DeWine's early closure of schools, then bars and restaurants, and subsequent "stay home" order which shuttered non-essential business activities beginning March 23. [Ohio claims](#) for unemployment compensation rocketed to 187,789 last week, a record week and more than all but one previous *month*. Thus, while the report for February helps set the stage, it doesn't describe even the recent reality of Ohio's job market.

The numbers:

- Goods producing jobs rose by 2,500 in February. Manufacturers added 1,800 jobs, construction firms added 600, and mining and logging firms added 100.
- Private service sector employers added 4,900 jobs, including gains in professional and business services (+4,000), leisure and hospitality (+2,600), and information (+400), which outweighed losses in financial activities (-1,100), trade, transportation, and utilities (-500), and educational and health services (-500).
- The federal government added 1,100 jobs, while state and local governments made cuts of 600 and 100. Overall public sector employment rose by 400 jobs,
- Ohio's unemployment rate in February remained at 4.1%, unchanged from January. The U.S. rate dipped from 3.6% to a very low 3.5%.

Policy Matters Ohio researcher Michael Shields said, "The standard unemployment rate will be a poor indicator of joblessness during isolation from the coronavirus, because it only counts those actively seeking work as unemployed. Many Ohioans whose employers are closed are staying home in accordance with Gov. DeWine's directive but will go back to work – or try to – once it is safe to return." Shields also noted that next month's job report still will understate unemployment, since the monthly survey on which it is based was taken earlier this month, before major effects of the virus on economy were being felt.

Monthly numbers are always subject to revision.

What it means:

“The economic fallout from COVID-19 is unfolding so quickly around us that February’s numbers feel quaint,” said Shields. “We’ll know more details later, but what’s already clear is that we must act now to protect those hardest hit.”

Shields said that while extreme measures taken by Gov. DeWine to shutter large portions of the economy were needed to save lives, Ohio must now take steps to ensure all Ohioans can make it through the crisis, and to reduce the depth of a recession already under way.

“Ohioans who can are staying home to stay safe,” said Shields. “Policymakers must ensure that those who are out of work have adequate income to meet basic needs.” Shields said that doing so will prevent extreme hardships including hunger and loss of homes, and will buffer the economy against an even worse recession.

Shields said the \$2 trillion fiscal stimulus CARES Act passed by the Senate will help. Despite excessive corporate giveaways, the bill adds a robust \$600 per week supplement to unemployment recipients and extends coverage to independent contractors and misclassified “gig workers.” The fiscal stimulus will be a vital offset to deep reductions in consumer spending that would otherwise result from job losses. Shields cautioned that more will likely be needed.

Three solutions

Take full advantage of additional unemployment benefits approved by Congress and the General Assembly

Ohio should take full advantage of provisions in the federal CARES Act that extend unemployment benefits to many workers not previously covered and create a temporary \$600-a-week payment for UC recipients. The new federal law also includes grants to states to improve and promote their work sharing programs, which allow employers to avoid layoffs by cutting hours while workers receive proportionate UC for days they don’t work. Work sharing will be of vital importance for those who can work off-site and for others once it becomes safe to return to the jobsite.

Ohio’s [unemployment compensation system](#) currently covers just one in five jobless residents. That’s partly because stringent state rules require workers to average at least \$269 per week to qualify. A worker making \$10 per hour for 25 hours a week – like many of the workers Gov. DeWine sent home from restaurants, childcare centers, and other businesses – doesn’t qualify. It appears the new federal law will allow many of these workers to temporarily receive benefits. Ohio needs to overhaul its system so that becomes permanent.

ODJFS also needs to interpret new state legislation approved by the General Assembly this week broadly to make sure that workers who must stay home because of the virus – including those who fear for their health and are susceptible, such as older grocery store workers – receive benefits, as federal guidance allows. The UC system must be a true backstop for those affected by the economic slowdown.

Retain public sector workers

Public sector workers provide vital infrastructure and services, and their spending helps to sustain the consumer economy. It’s public sector jobs that the state is most able to preserve in a downturn. Doing so and meeting other critical needs in the context of diminished tax revenues will require massive federal stimulus dollars directed to state and local government. The \$150 billion earmarked in the CARES Act is a start. Yet Gov. DeWine has already asked state agencies to outline budgetary cuts of up to 20%. Major cuts would exacerbate the severe

recession already under way. Because the state is required to balance its budget, Ohio has budgetary constraints on its ability to inject stimulus into the economy, but stimulus will be critically important. Ohio should employ its rainy day fund to avoid significant cuts and should join other states in demanding adequate stimulus dollars from the federal government to sustain the economy against a collapse for as long as it's needed.

Require employers to provide paid leave

The federal Families First Coronavirus Response Act requires many U.S. employers to pay up to 80 hours of paid sick time for employees out-of-work, and extended paid leave for ten weeks after that in the case of workers who must take leave to care for a child out of school. Paid sick and paid leave are a needed initial buffer for short-term job closures, and are vital protections for “essential workers” who must stay on the job to keep our vital infrastructure running, at risk to themselves. Ohio should fill gaps in federal coverage. Ohio should mandate that large employers with over 500 staff, exempt from the federal mandate, provide emergency paid sick time to workers. Healthcare workers and first responders can be excluded from coverage under federal law at the discretion of their employers. Now more than ever, these workers put their lives on the line to keep the rest of us safe and healthy. Ohio should mandate that all are covered. And the federal mandate allows small businesses with less than 50 workers to request an exemption. Employers are fully reimbursed for mandatory paid sick time they pay by the federal government with a tax rebate, so employers covered under that legislation only front the costs. Small businesses might seek an exemption because they lack the reserves to make those payments up-front. Ohio should require all employers comply, and should offer loans to firms seeking a small business hardship, to be paid back using the federal rebate.