Policy Matters Ohio

JobWatch
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Good, bad and ugly: Data suggest a divided Ohio economy

Seasonally adjusted data released today by the Ohio Department of Job and Family Services show Ohio's job growth slowed in September, adding just 4,300 jobs. The state's unemployment rate, which is generated from a separate survey, showed Ohio's unemployment rate held steady at 4.6 percent, which is nearly a full percentage point higher than the nation's.

"Today's report suggests Ohio hit a speed bump in September, but reality is complicated," said Hannah Halbert, project director with Policy Matters Ohio. "And it is never a good idea to read too much into the monthly data."

September's mediocre gain came on top of a sharply revised August report that added 8,900 jobs to Ohio's total, pushing that month's gain to a notable 22,900 jobs. Overall, the state's 12-month growth rate crept up to 1.9 percent, surpassing the national average of 1.7 percent. This means Ohio added 104,600 jobs in the last 12 months. In absence of a major shock, 2018 will be the best post-recession year since 2014, when Ohio gained 95,400 jobs (1.8 percent growth) and one of the best years for total job growth since the 1990s when the state regularly hit a 2 percent annual growth rate.

"The overall job growth trend for Ohio remains positive and it is good news that the state outperformed the national 12-month job growth rate last month, but that particular breakthrough is partly the result of the catastrophic weather suppressing national job growth," Halbert said. "Time will tell whether this holds, since monthly data is later revised."

"What has held true over the course of this recovery is that too many Ohioans have been excluded from sharing in growing prosperity," she continued. "Jobs are back for some communities, but there are 118,000 more Ohioans living in poverty in 2017 than before the recession began. Black workers continue to face widespread discrimination in the labor market. The African-American poverty rate in Ohio is 28 percent, nearly three times that of white Ohioans. This is an unacceptable consequence of policy choices made during the recovery. Instead of making investments to bring more people into the middle class, the nation and the state have relied on low regulation and tax cuts for corporations and the wealthy."

Data from the separate survey of households paints a different picture of the Ohio economy than the survey of employers that generates the jobs data. Ohio's unemployment rate stalled at 4.6 percent. The household survey reports 2,000 fewer people counted themselves unemployed in September than in August, but that decline in unemployment is because people left the labor force, not because they entered employment. Overall the state labor force is down 13,000 in September, 15,000 over the last 12 months, and more than 210,000 since the start of the 2007 recession.

According to new data released by the Economic Policy Institute, the top 1 percent of earners now make 157.3 percent more than they did in 1979. Yet wages for the bottom 90 percent only grew 22.2 percent over that time. CEOs at many of Ohio's largest employers are paid 200 or more times what their median workers make.

"Poverty rates, wage growth and labor force participation rates all confirm that state and federal policy has built a divided economy that excludes millions of working people from the prosperity their labor created," Halbert said. "Policy created this divide and it can reverse it. Increasing the minimum wage, restoring overtime protections and expanding collective bargaining rights can forge a new way forward for working Ohio."

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