



JobWatch
October 21, 2022

Contact: [Michael Shields](#)
330.906.2062

Ohio employers cut jobs in August If preliminary numbers hold, first loss in 10 months

The takeaway: Ohio employers cut jobs last month for the first time since last October. The monthly numbers are always preliminary and subject to revision, but if this month's data hold, they could be an early sign that Ohio's recovery from the COVID recession is beginning to falter as the Federal Reserve ramps up interest rates to curb inflation.

The numbers: Seasonally adjusted data released today by the Ohio Department of Job and Family Services (ODJFS) show that Ohio employers cut 7,600 jobs over the month, from a downwardly revised 5,488,100 in August to 5,480,500 in September. Ohio has restored 84.6% of jobs lost to COVID-19 and now needs 133,300 jobs to recover our pre-COVID number from February 2020.

The Fed last month acknowledged that [its policies will likely cost another 1.5 million Americans their jobs](#). Meanwhile, inflation has slowed for the last three months from a peak of 9.1% in June to 8.2% by September, and since inflation is a "lagging" indicator, decreases already locked in are likely to materialize over the coming months, even if the Fed pauses rate hikes. What Fed policy — aimed at taming inflation by destroying jobs and suppressing wage growth — does not address is the fact that [corporations have taken advantage of the pandemic and war in Ukraine to ramp up their own profits](#), accounting for more than 40% of COVID-era inflation and three times the normal share comprised of profits. Addressing inflation at its cause will require action from Congress, which has the ability to pass more targeted policies than the Fed can.

"If corporations weren't boosting profits above the records they hit during the early pandemic, inflation would be running a little over half what it is now," said Policy Matters Ohio researcher, Michael Shields. "The Fed lacks the tools to address that, but Congress can. It should start with an excess profits tax."

The details: Service sector workers were the hardest hit last month, according to the preliminary data: 17,300 jobs were cut, easily offsetting gains of 11,100 jobs in goods-producing industries. Government shed another 1,400 jobs. Goods producer gains put that sector within 700 jobs of its pre-COVID level (-0.1%), showing a near recovery, albeit one put on tenuous footing by a possible recession. The service sector is still missing 92,600 jobs (-2.4%). Cuts and failure to hire public sector workers are the biggest drag on recovery, with a shortfall of 40,000 jobs (-5.0%). State officials have failed to restore 20,500 jobs (-11.4%), while local governments are still missing 19,200 (-3.6%).

"Leaving those government jobs unfilled both slows our recovery and deprives Ohioans of needed public services," said Shields. "Ohio kids are especially hurt by the [teacher shortage](#), where districts are struggling to maintain full staffing in an industry where Ohio has committed too few resources and [teachers face a 14% pay penalty](#) compared to other college grads."

The household survey: According to the separate household survey, the number of Ohioans unemployed rose by 3,000 in September. The overall number of Ohioans working fell by

12,000, and the labor force contracted by 9,000 as fewer Ohioans sought work. Ohio's unemployment rate was unchanged from last month at 4.0%. The U.S. unemployment rate was 3.5%.

“Over-relying on the Fed and tolerating job loss and a likely recession as the cost of reducing inflation is unacceptable at a time when Ohio and other states are still scrambling to recover from the last,” said Shields. “Congress must use its targeted policy tools to end corporate price gouging and demand that the Fed slow or pause interest rate hikes until all states are able to recover the jobs they lost to COVID-19. Ohio and local policymakers must do their part by shoring up missing public sector jobs.”