Policy Matters Ohio

JobWatch
July 20, 2018

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Recover-versary: Job growth continues, as does inequality

Data released today by the Ohio Department of Job and Family Services show that the state continues to chug along in terms of job growth, adding 7,900 jobs in June. Last month marked nine years since the official end of the 2007 recession and 13 years since Ohio overhauled its tax code. In 2005, the state was still recovering from a recession and an eroding manufacturing base. In 2007, Ohio was hit hard when the housing and financial sectors, pumped up by predatory lending practices, collapsed. While it was recuperating from both of the last recessions, the state cut taxes for corporations and the wealthy while stinting on investments that could have stabilized communities and grown the economy from the middle.

These policy decisions were justified on the promise of faster job growth. The data shows that promise just did not pan out. The state lagged behind the nation and most other states in recovering from both downturns. It wasn't until May of this year that Ohio regained the number of jobs it had before the 2001 recession. The state continues to underperform the nation in terms of job growth, even with the more robust growth of 2018. The national 12-month growth rate is 1.6 percent. Ohio's is 1.3 percent. Since the 2005 tax overhaul, the growth gap is much larger, with the U.S. growing 11.2 percent to Ohio's measly 3.5 percent.

"Job growth alone tells a partial story of Ohio's recovery. In 2000, just four of the most common job categories in the state paid a typical worker, working full-time, year-round so little a family of three would need food assistance," said Hannah Halbert, work and wages project director with Policy Matters Ohio. "By 2017, that had expanded to six. During the recession any job was thought of a good job. It should now be clear that is not true."

New data on inequality, published this week by the Economic Policy Institute, shows the consequences of Ohio's trickle-down strategy. With an average annual income over $858,000, Ohio's top 1 percent pocketed over 30 percent of the total income growth since the recovery started nine years ago. The top 1 percent in Ohio on average made more than 18 times the bottom 99 percent.

All of June's job growth came from leisure and hospitality jobs. Production and public jobs declined last month. The unemployment rate ticked up to 4.5 percent, from 4.3 percent. The unemployment rate is generated from a separate survey of households, which has a different methodology and definition of employment than the jobs data survey. When the components of that rate are read separately, they suggest that the uptick is caused by workers reentering the labor force to look for work.

"The jobs data released today continue to show positive signs for the state, but deeper challenges are lurking below the topline figures," Halbert said. "Ohio needs worker-focused policy to create an economy that works for all."

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