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Job recovery plods along September job gains continue slowed August pace

Newly released data show Ohio is still missing nearly half of the jobs lost this spring. As employers have slowed hiring, Congress and the state legislature have failed to extend vital supports. Policy Matters Ohio researcher Michael Shields describes the data:

The numbers: Seasonally adjusted data released today by the Ohio Department of Job and Family Services (ODJFS) show Ohio employers added 41,500 jobs in September, a dip from the 45,000 regained in August. Ohio had 5,188,200 in September 2020, down 403,700 since September 2019. Since the recovery began in May, Ohio employers have called back just 54.1% of the 895,100 Ohioans laid off in March and April.

- Employers in private service-providing industries added 34,900, with the biggest gains in Leisure and Hospitality (+12,400), Professional and Business Services (+9,600) and Transportation, Warehousing and Utilities (+6,300). Leisure and Hospitality remains the hardest hit sector, having lost nearly a quarter of the jobs it had a year earlier.
- Employers in private goods-producing industries added 3,500 jobs, including gains in Manufacturing (+3,100) and accounting for a downward revision in August's job estimate (-1,200)
- Government added 3,100 jobs as local job gains (+8,300) exceeded losses to state (-3,500) and federal jobs (-1,700). Local government jobs were expected to increase as schools opened for the fall and teachers returned to work.
- No sector outside of the federal government – which added temporary Census takers – had more jobs in September than in September of 2019.

Reported job gains come from a survey of businesses. Separate household survey data gathered at the same time estimated overall losses of 82,000 jobs since August. These surveys often differ, but the large loss reported in the household survey further underlines the perilous state of the job market. The household survey also found 121,000 Ohioans left the workforce from August to September. Monthly data are later revised and subject to annual benchmarking, so it is just a first look at the job market.

The unemployment rate fell half a point to 8.4%, compared with 7.9% for the nation.

What it means:

“Ohio employers added about as many jobs last month as they had in August, but this rate is down from July and only a fifth as high as in June. Other data show that fewer Ohioans are in the workforce,” Shields said. “Now more than seven months into the crisis, out-of-work Ohioans have lost the supplement to their unemployment compensation, which Congress allowed to expire in July. Some have run through their regular state benefits and are now on extended emergency benefits. Others face the end of federal PUC benefits if Congress lets these expire as scheduled at the end of this year. The state broke records for new daily coronavirus cases three times in the past week, showing that the ongoing health crisis continues to present challenges to safe and full recovery.”

Solutions:

Congress must restore and extend federal unemployment benefits. “State and national job growth slowed in August and even further in September after Congress allowed the \$600 weekly supplement to unemployment recipients to expire July 25. The program sustained an estimated 130,000 Ohio jobs. Now Pandemic Unemployment Assistance (PUA), a federal program that provides compensation to unemployed workers who don’t ordinarily qualify for benefits, is slated to expire by the end of the year, threatening crisis for currently displaced Ohio workers and further job losses. PUA received 420,000 claims from Ohioans ineligible for regular state benefits in the week ended September 26, more than the 301,000 who filed for continuing regular state benefits the same week. Congress must immediately restore the \$600 supplement to unemployed workers and keep PUA in place as long as it’s needed, based on employment levels, not time limits.

Ohio policymakers must clean up the tax code to tap revenue and avoid cuts. “With the U.S. Senate stalling critical Heroes Act funding to state and local governments, Ohio must act rapidly to fill the budget shortfall and avoid additional cuts that would deepen and prolong the recession. Rebalancing Ohio’s upside-down tax code and closing loopholes would generate \$2.5 billion, more than Ohio’s projected \$2.4 billion shortfall for fiscal year 2021. This would also allow the state to provide aid to struggling families and make badly needed investments in public education and other services.

Last word: “With job growth slowing and new coronavirus cases ramping up, Ohio is far from out of the woods,” Shields said. “Policymakers’ failure to respond is already deepening the crisis. Congress and the state legislature must immediately tap resources to support working people and get us on a road to recovery.”