

POLICY MATTERS OHIO

JOB WATCH

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Ohio's job market remains tepid State tax reform, now a year old, is no tonic

The Ohio job market remains tepid a year after the implementation of state tax reform aimed at lifting the state's economic fortunes. During the year, the state gained 33,300 jobs, according to seasonally adjusted payroll numbers for nonfarm wage and salary jobs released by the Ohio Department of Job & Family Services July 25. While that was an improvement over the previous year, job growth lagged far behind gains by the state during the decade of the 1990s and job growth in the United States over the past year.

Between January 1990 and January 2000, Ohio gained 782,600 jobs, or an average of more than 78,000 a year. In five of those years, the state added more than 100,000 new jobs each year. Against that record, the last year's increase was mediocre at best. Even during the 1990s, Ohio trailed somewhat behind the nation in job growth.

The United States gained 1.85 million jobs over the past year, or 1.4 percent. By comparison, Ohio's gain amounted to just 0.6 percent. If Ohio jobs had grown at the national rate, the state would have added more than 75,000 jobs last year.

The Ohio tax reform plan, which took effect July 1 of last year, was especially geared toward shifting taxes away from manufacturers and strengthening that sector of Ohio's economy. Last month, according to the data reported by ODJFS, 808,400 Ohioans were employed in that sector. That reflected a loss of 3,900 manufacturing jobs over the course of the year, or minus 0.5 percent. While this was a smaller loss than in the previous year, it leaves state manufacturing employment only a few hundred jobs higher than its low point in decades. Nationally, manufacturing employment edged up by 28,000 jobs over the past year, or 0.1 percent.

In one bright spot, Ohio's overall employment grew relatively more over the past three months than in the nation as a whole. Ohio gained 16,900 jobs, or 0.3 percent, compared to the 0.2 percent for the nation. However, short-term job numbers can be volatile, and the state will have to sustain gains over a longer period to make up for its previous job losses. The state still has not come close to restoring the jobs it had in March 2001, at the start of the last recession. While U.S. job gains have not been robust, the nation has gained 2.7 million jobs since then, or 2.1 percent. Ohio, meanwhile, has lost more than 132,000, or 2.4 percent.

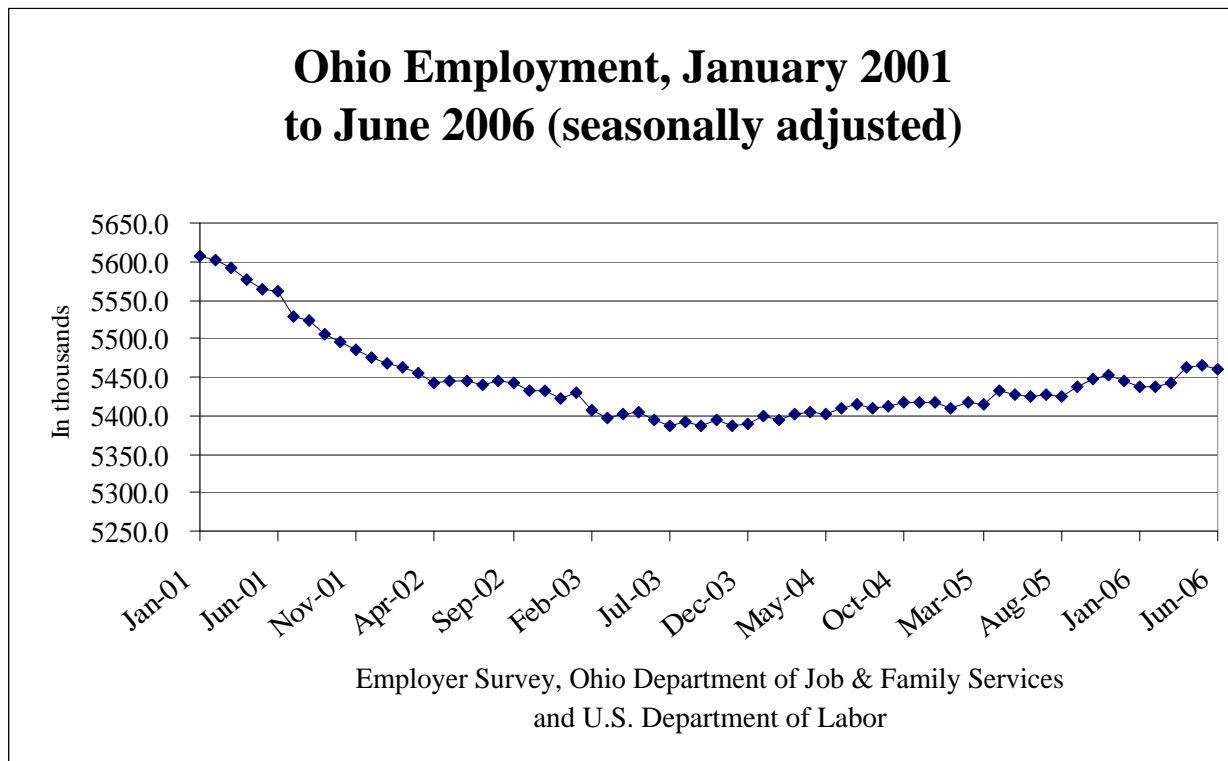
The ODJFS also reported from a separate survey of households that the Ohio unemployment rate fell to 5.1 percent in June from 5.3 percent in May.

The following statistics, based on the latest seasonally adjusted ODJFS payroll numbers, highlight changes in the Ohio job market since 2001:

| | 6/2006 | 1/2001 | Percent Change since 1/2001 | 3/2001 (Start of recession) | Percent Change since 3/2001 | 6/05 (Ohio tax reform approved) | Percent Change since 6/05 |
|--------------------|---------|---------|-----------------------------|-----------------------------|-----------------------------|---------------------------------|---------------------------|
| Total Jobs | 5,459.2 | 5,606.1 | -2.6% | 5,591.7 | -2.4% | 5425.9 | 0.6% |
| Manuf. Jobs | 808.4 | 998.8 | -19.1% | 984.6 | -17.9% | 812.3 | -0.5% |

Source: Employer Survey, Ohio Department of Job & Family Services and U.S. Department of Labor, number of jobs in thousands.

Ohio hasn't quite managed to reverse its job losses since the recession officially ended in November 2001. According to the employer survey, Ohio is one of just six states, including hurricane-wracked Louisiana, that lost jobs over that time period.



JobWatch is an ongoing project of the **Economic Policy Institute** (<http://www.epinet.org>) and **Policy Matters Ohio**, (<http://www.policymattersohio.org>), both nonprofit policy research institutes.

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