



## Nothing to crow about

### Dramatic drop in labor force, minimal job growth undercut good news about unemployment rate

Ohio just posted the largest unemployment rate drop in decades, falling from 9 percent to 8.5 percent. Data released today by the Ohio Department of Job and Family Services (ODJFS) from its survey of employers for November 2011 suggests that falling labor force numbers are responsible for the decline in the unemployment rate, not job creation.

While, the number of Ohioans counted as unemployed fell by an estimated 30,000 in November, only 7,000 additional people are being counted as employed. Sharp declines in the number of Ohioans participating in the civilian labor force help to explain the drop in the unemployment rate in the absence of major job growth in employment. Between October and November, 22,000 workers left the labor force, the largest drop this year and down more than 61,000 workers since November 2010.

Overall, recovery in Ohio remains painfully slow. The ODJFS monthly estimates, which are highly subject to revision, show only 6,000 jobs added in November. Since the official end of the most recent recession (June 2009), the state has had abysmal 1.2 percent job growth, adding only 62,600 jobs. This year brought even slower growth at 0.9 percent.

Many people, particularly during prolonged periods of high unemployment, stop seeking work and ‘drop out’ of the labor force. People may choose to care for children rather than continue to look for work, avoiding childcare costs. Some individuals may return to school or retrain for a different career. Others may be forced into early retirement after losing a job and being unable to replace it. Some are simply too discouraged to continue searching, applying, and receiving rejections. These individuals are not counted in the labor force or in the unemployment rate. To be counted as a member of the labor force and in the unemployment rate, an individual must be actively seeking work.

“A shrinking labor force is not good news for Ohio,” said Hannah Halbert, policy liaison with Policy Matters Ohio. “The data released today suggest that more Ohioans are becoming discouraged, the pace of recovery is simply too slow, and the modest gains that are being made are not being felt broadly in our economy.”

#### Key findings

- Ohio’s unemployment rate fell by .5 points to 8.5 percent;
- Job growth, however, is abysmal, growing at 0.9 percent this year, adding only 45,200 jobs since January;
- 22,000 Ohioans have left the labor force since October, the largest decline this year.