Ohio showing improvement, but we've a long way to go to recovery

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Ohio's unemployment rate fell slightly in February to land at 7.6 percent. The last time the rate was this low was in November 2008. Data released today by the Ohio Department of Job and Family Services (ODJFS) from its survey of households for February 2012 also shows that earlier steep declines in the labor force have abated, as the state added 6,000 workers to the labor force last month. This is good news for the state, as it appears that the January and February drops in unemployment are due to job growth rather than a shrinking labor force.

Figure 1

Key February Findings

- *Ohio's unemployment rate fell slightly to 7.6%, while 6,000 individuals were added to the labor force.*
- *Job growth appears to be improving but our growth rate remains at 1.4%*
- *If this trend continues, it will take nearly 4 years for the state to regain the jobs lost during the recession.*

Month-to-month data is highly subject to revision, and it is ill advised to make too much of month-to-month comparisons, but in a separate survey of employers ODJFS estimates that 28,300 jobs were added in February. Today's report is good news for the state. But there continues to be cause for caution. January's jobs figures have already been revised downward by nearly 8,000, and much of the estimated 73,500 jobs added from last year have been added in just the last two months.

Even with the positive reports in both January and February, recovery in Ohio remains painfully slow. Since the official end of the great recession (June, 2009), the state has had modest job growth of just 1.9 percent, or 96,800 jobs. At our current annual growth rate of 1.4 percent it will take nearly four years to return to pre-2007 recession levels of employment. That will take 272,800 additional jobs, and that figure would be even higher if population growth were taken into account.

Table 1 highlights changes in the Ohio job market from key points in time. These include the most recent monthly figures, the start of the 2001 and 2007 recessions, and 2005 approval of a major state tax overhaul, which promised speedier economic growth. These figures include the latest seasonally adjusted data from the monthly survey of employers (Current Employer Survey) done by ODJFS in co-operation with the U.S. Bureau of Labor Statistics. As demonstrated by the table, Ohio is a long way from recovery, even with the recent gains.

Table 1							
Change in Ohio jobs by sector (in thousands)							
	February 2012	Job change since 2001 recession start	% change since 2001 recession	Job change since 2005 tax overhaul	% change since 2005 tax overhaul	Job change since 2007 recession start	% change since 2007 recession
Total jobs	5,147.60	-444.3	-7.95	-287.4	-5.29	-272.8	-5.03
Manufacturing	649.9	-334.9	-34.01	-164.9	-20.24	-110.8	-14.57
Public sector	766.7	-28.5	-3.60	-36.5	-4.56	-29.8	-3.76

Source: Ohio Department of Job and Family Services, CES seasonally adjusted data, available at http://jfs.ohio.gov/RELEASES/unemp/201203/unemppressrelease.asp.

If the 73,500-job gain in the past 12 months stands up after future revisions, it will be the strongest gain Ohio has seen in years. Even at that, the state is still experiencing job growth well below the kinds of gains seen regularly in the 1990s, when for the five years between 1993 and 1999 job gains exceeded 100,000 a year.

What's missing in the unemployment rate?

Ohio's unemployment rate stands at 7.6 percent. Ohio's rate dropped 0.1 percentage point since January, and is now somewhat outperforming the national rate, which stands at 8.3 percent. The unemployment rate only gives us an estimate of the percent of Ohioans who are unemployed in the labor force. To be counted as a member of the labor force, an individual must be actively seeking work. 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. Others may return to school or retrain for a different career. 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.

The labor force participation rate measures the proportion of the working age population that is working or actively seeking work. In 2010, Ohio's labor force participation rate stood at 65.2 percent, the lowest rate since the 1980s. The figures released today put the labor force participation rate at 64.2 percent. The other 35.8 percent are not included in the workforce or the unemployment count. The labor force participation rate is unchanged from January 2012, but is still off of last year's levels by 1.4 percentage points. Over the past year as a whole, according to the household survey, virtually all of the decline in Ohio's unemployment rate has come because of a reduction in the labor force.

The employment-to-population ratio shows the proportion of the working age population that is employed. Ohio's employment-to-population ratio for 2010 was 58.6 percent, the lowest rate since 1986. The numbers released today put Ohio's employment-to-population ratio at 59.3 percent, an improvement since 2010, and a slight improvement from last month.

Recent WARN notices in Ohio

The Worker Adjustment Retraining Notification (WARN) Act protects workers and communities by requiring employers with more than 100 employees to provide 60 days advance notice of plant closures or mass layoffs. Federal, state, and local government entities are not covered. WARN triggers rapid response services, which can include layoff aversion, training and dislocated worker assistance. As Table 2 shows, twelve WARN Act notices were filed with ODJFS in February, impacting 1,299 workers, of whom 575 are in a union.

Table 2

WARN Act notices filed in Ohio, February 2012

Employer	Location	Type of work	Impacted workers
Liz Claiborne	West Chester (Butler)	Distribution Center	365*
Schneider Logistics	West Chester (Butler)	Business Services for GM	10
Thirty-One Gifts	Columbus (Franklin), Johnstown (Licking)	Direct Sales, Merchandise	183
Chiquita Brands	Cincinnati (Hamilton)	Brand Headquarters relocating to North Carolina	200
Rock-Tenn	Washington Court House (Fayette)	Packaging Production	79*
YRC Freight	Columbus (Franklin)	Trucking, Freight	121*
Kodak	Dayton (Montgomery)	Manufacturing, Inkjet printers	68
Varicon, LLC	Bedford Heights (Cuyahoga)	Manufacturing, Industrial Containers	7
YRC Worldwide	Richfield (Summit)	Trucking, Freight	5
Mercy St. John's Center	Springfield (Clark)	Nursing Home	125
Diversified Machine Inc.	Edon (Williams)	Manufacturing, Auto-supply (Ford Contract)	73*
WUPW Broadcasting	Toledo (Lucas)	TV Station	63

Source: Ohio Department of Jobs and Family Services, WARN Act Notices, available at http://jfs.ohio.gov/warn/current.stm, last accessed March 22, 2012. * Unionized workplace.

February's WARN notices highlight continuing weakness in Ohio's economy. Mass layoffs were concentrated in shipping and distribution. House Bill 484 now pending in the statehouse would provide employers greater flexibility to manage their workforce during periods of weak demand. Rather than laying off an entire shift of workers, all work hours could be reduced, and unemployment compensation would kick in, providing a partial payment so workers maintain their livelihood. The bill would allow employers to compete with other states that already permit worksharing, reduce the cost of rehiring and replacement, and encourage employer-led workforce training, as employers would be better able to maintain their well trained workforce.

Conclusion

Ohio never recovered from the recession of 2001. The recession of 2007-9 only deepened Ohio's ills. Today's report is good news for Ohio but we have a long way to go.

__JobWatch__ is an ongoing project of the __Economic Policy Institute__ (http://www.epinet.org)
and __Policy Matters Ohio__, (http://www.policymattersohio.org).
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