

Welcome job news, but sustained growth is needed

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Data released today by the Ohio Department of Job and Family Services (ODJFS) from its surveys of employers and households for January 2012 suggest that Ohio's job situation is improving. The number of jobs is up and the unemployment rate is down. However, Ohio needs to generate sustained job growth before we have a healthy labor market; if jobs grow as they have over the past year, it will take nearly four years to return to pre-2007 recession employment levels.

Today's numbers also include revisions based on the Department's annual benchmarking using unemployment tax records. Benchmarking helps to improve the accuracy of the jobs data and frequently leads to changes in previously released jobs data. Monthly data will undergo additional revisions as time progresses. That makes month-to-month comparisons dubious; for instance, most of the big employment gain initially reported for January 2011, which accounted for a large share of last year's increase, was erased with today's revision. Thus, today's report is encouraging, but will need to stand the test of time.

In January 2012, Ohio's unemployment rate fell 0.2 points from December's revised 7.9 percent (previously released as 8.1 percent). Most of this month's improvement comes from employment gains rather than a dwindling labor force. Over the past year, while the number of unemployed has fallen, the size of the labor force has dropped. This means that though the unemployment rate falls, many workers are dropping out of the labor force, not finding new jobs. This month's data, however, show a much smaller decline in the labor force, declining 0.1 percent, or 1,000 individuals, a stabilized labor force participation rate, 64.2 percent, and some growth in the number of individuals counted as employed.

While this is welcome news, Ohio would be in better shape if it more closely reflected the national trend. The US unemployment rate fell 0.2 points from the December revised rate to stand at 8.3 percent. While the rate is higher than Ohio's, the nation as a whole has not seen a decline in the labor force over the past year as Ohio has. Jobs across the country are growing more than the number of unemployed is shrinking. Ohio needs to see this happen for an extended period to have a vibrant labor market.

Key findings

- In January 2012, Ohio's unemployment rate fell to 7.7 percent from a revised December 2011 figure of 7.9 percent
- Job growth still lags. Between January 2011 and January 2012, Ohio only added 62,500 jobs, a growth rate of 1.2 percent.
- If this trend continues, it will take nearly four years to return to pre-2007 recession levels of employment.

Ohio's Jobs Deficit

Even with the improving unemployment figures Ohio continues struggle to add jobs. As shown in Table 1, below, Ohio must create **293,300** jobs in order to return to the pre-2007 recession employment rate, and *the figure would be higher if population growth were taken into account.*

	January 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	5,127.1	-464.8	-8.31	-307.9	-5.67%	-293.3	-5.41
Manufacturing	646.7	-338.1	-34.33	-168.1	-20.63	-114	-14.99
Public sector	763.5	-28.5	-3.60	-36.5	-4.56	-29.8	-3.76

Source: Policy Matters Ohio based on Ohio Department of Job and Family Services, revised CES seasonally adjusted data, available at <http://ohiolmi.com/asp/CES/CES.htm>.

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Revisions lead to big changes in 2010 and 2011 data

Preliminary numbers released for January showed a significant increase of 32,800 jobs. However, this gain should be viewed with caution, since much of a similar gain originally reported for January 2011 now has been revised sharply downward. While it will take a longer review period to full analyze today's revisions, it is worth noting that Current Employment Statistics (CES) numbers were revised upward for late 2010, increasing job numbers in October, November, and December of that year. This revision helps explain why job growth for January 2011 is now much smaller than previously reported, 8,100 jobs instead of 34,100 jobs. This also suggests that the number released today for job growth between December 2011 and January 2012, an astonishing increase of 32,800 jobs, could be the subject of future revision.

The revisions also change the overall CES employment gain in earlier years. In 2011, Ohio saw an increase of only 37,800 jobs, instead of the 72,400 reported earlier. Similarly, the 2010 calendar year gain of 31,000 was revised upward to 54,900 jobs. While none of these gains suggest a strong labor market, it does appear they were a bit stronger in 2010.

The vast revisions made to historic jobs data due to annual benchmarking combined with the seasonally turbulent post-holiday job market makes the task of dissecting January jobs data particularly challenging. We anticipate additional changes as seasonal adjustments are made. Data for February 2012 are due later this 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, 7 WARN Act notices were filed with ODJFS in January 2012, impacting 806 workers, none of whom belong to unions.

Table 2			
WARN Act notices filed in Ohio, January 2012			
Employer	Location	Type of work	Impacted workers
Xanterra Parks & Resorts	College Corner (Butler)	Park and resort management	93
Diversapack of Monroe	Monroe (Butler)	Packaging manufacturing	173
CSC	Beavercreek (Greene)	Logistics information	114
Macy's	Parma (Cuyahoga)	Retail	127
PCCW Teleservices	Tiffin (Seneca)	Call Center	128
Fortis Plastics	Wilmington (Clinton)	Plastics/molding	119
Kmart	Springfield (Clark)	Retail	52
Source: Ohio Department of Jobs and Family Services, WARN Act Notices, available at http://jfs.ohio.gov/warn/current.stm , March 1, 2012.			

CSC's permanent layoff of 114 workers is of particular note. The firm received a 65 percent, seven-year (2008-2014) tax credit for opening the Beavercreek expansion.¹ In return the firm promised to remain at the site for 14 years. The firm relocated to Beavercreek in 2007, promising at least 400 new jobs and relocating about 200 jobs from Fairborn, Ohio.²

Conclusion

Ohio never fully recovered from the recession of 2001. The 2007-9 recession only deepened Ohio's ills. While the state has experienced some job growth, the recovery needs to generate far more jobs for Ohio to have a healthy labor market.

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

Both are nonprofit policy research institutes.

¹ John Nolan, "400 high-paying jobs coming to area," Dayton Daily News, April 2007, available at <http://www.daytondailynews.com/n/content/oh/story/news/business/2007/04/09/ddn040907wrightpatjobsweb.html>.

² Thomas Gnau, "CSC to layoff 114 employees," Dayton Daily News, January 11, 2012, available at <http://www.daytondailynews.com/business/csc-to-lay-off-114-local-employees-1311206.html>, noting that a CSC representative stated 200 employees remain at the site, before backing off that number.