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Statewide and Regional Employment Growth in Ohio

This article is an annual update of Ohio employment growth, based on newly-released 2014 employment totals at the national, state, and county level. These allow a comparison of growth among Ohio's six major metropolitan areas and small-metro and rural regions of the state.

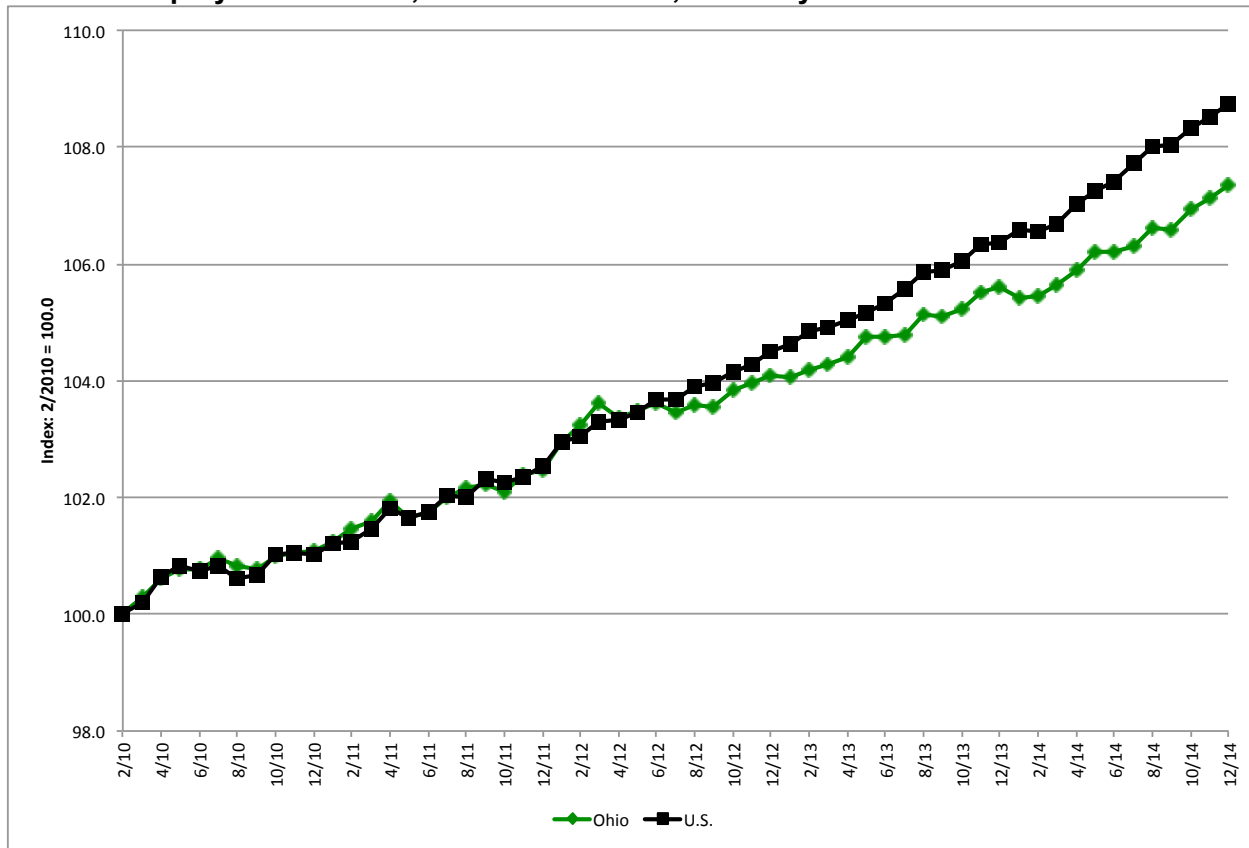
Statewide Trends

A new analysis of monthly employment totals shows that Ohio and U.S. employment reached bottom in February 2010, rather than December 2009 as previously estimated. At that point, the state's total nonfarm employment was 4.875 million. A different database shows that February 2010 employment was at its lowest level since December 1993, while U.S. employment in February 2010 was at its lowest point since September 1999. Between then and June 2015, Ohio's net employment growth was 393,900, or 7.9 percent, compared to U.S. growth of 9.4 percent.

Figure 1 on the next page compares net Ohio employment growth to U.S. growth from that trough through December 2014. Employment is expressed in this chart on an index basis with the February 2010 level set to 100.0; consequently the chart shows cumulative state and national employment growth since then. As the graph shows, Ohio's employment growth closely tracked the U.S. average before diverging in mid-2012. As of December 2014, Ohio employment had increased more than 358,000 from its low point. This was a gain of 7.3 percent versus 8.7 percent at the national level.¹

¹ In previous years, discussion of this analysis has cautioned that employment totals for recent months are subject to significant revision. This analysis does not use that dataset, but instead uses the same dataset as the rest of the article. This is a count of employment rather than an estimate, so it is accurate as presented and not subject to subsequent revision.

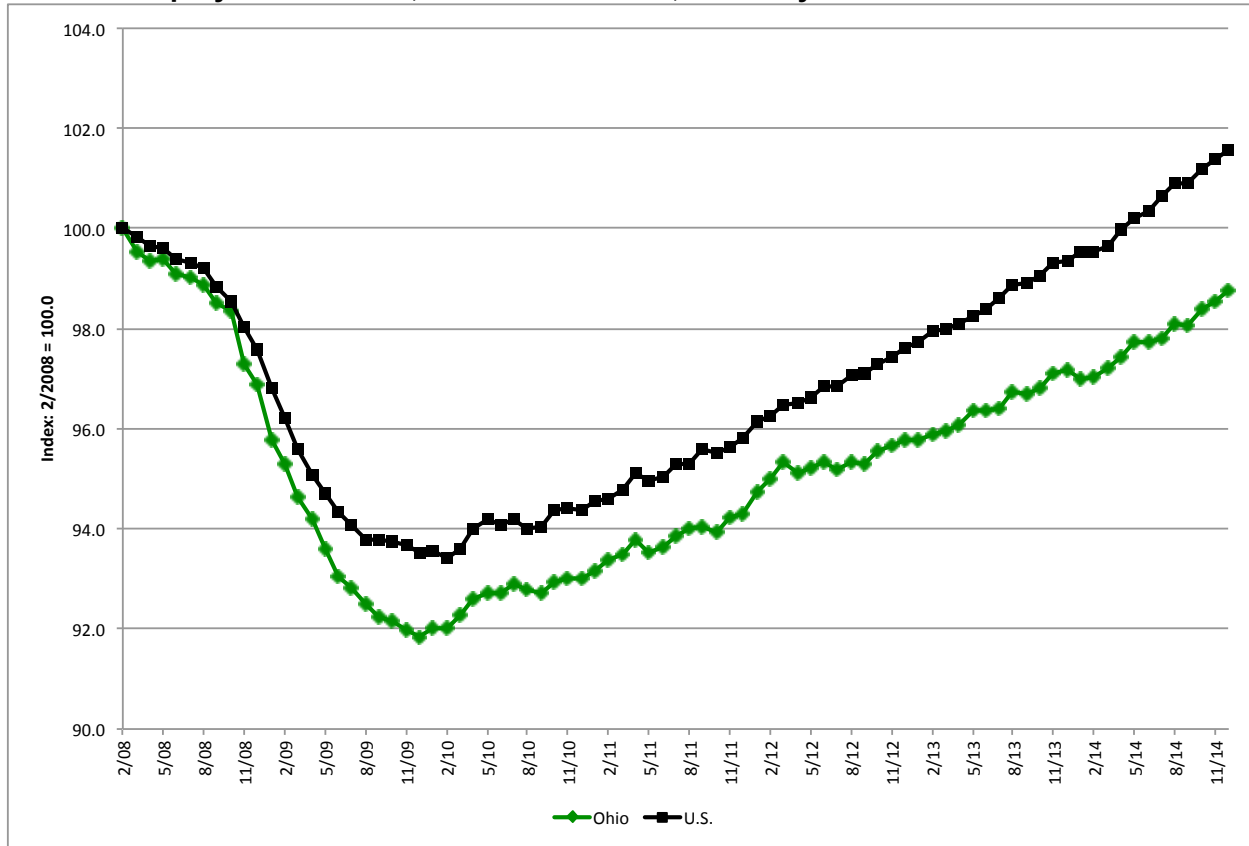
Figure 1
Employment Growth, Ohio and the U.S., February 2010 – December 2014



Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics, seasonally adjusted by Regionomics.

Figure 2 shows state and national progress in recovering the jobs lost in the 2007-2009 recession. This is accomplished by charting cumulative net changes since February 2008, the month that U.S. employment peaked. Using this as a benchmark month understates Ohio's recession losses somewhat: the state's employment peaked in June 2007 and had already lost 15,200 jobs by the following February. The U.S. lost nearly nine million jobs in the recession, 6.6 percent of the total. Since then, however, the nation has recovered all those losses and then some: employment in December 2014 stood 1.6 percent above its pre-recession level. Ohio has had a much deeper hole out of which to climb. The 438,000 jobs lost between June 2007 and February 2010 represented a loss of 8.2 percent; since employment turned, Ohio has made back 96.5 percent of that loss.

Figure 2
Employment Growth, Ohio and the U.S., February 2008 – December 2014



Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics, seasonally adjusted by Regionomics.

The following analysis uses the same Quarterly Census of Employment and Wages (QCEW) data as in Figures 1 and 2, but shifts to annual averages. Table 1 compares year-over-year employment percentage changes by nonfarm industry sector in Ohio to changes at the national level since the beginning of the recovery and over the past year. Table 1 shows a growth rate somewhat lower than the national average for 2010-2014 and a considerably lower rate for 2013-2014, confirming the results of Figure 1. Because the sectors are listed in order of employment size, those listed first generally have the largest impact on total growth. It is important to note, however, that annual growth rate comparisons are not as precise as monthly trends: annual growth rates are a function not only of this year's trend, but of last year's as well.

As was the case last year and throughout the recovery, growth in the two largest sectors, government and education and health services, was significantly slower than average. Education and health services includes private education only and is thus mostly healthcare employment. The slow growth in both of these sectors may have been due to Ohio's much slower-than-average population growth.

Table 1
Annual Employment Changes by Sector, Ohio and the U.S., 2010-2014 and 2012-2014

| Sector | Share of Ohio emp., 2014 | 2010-2014 | | 2013-2014 | |
|------------------------------------|--------------------------|-----------|-------|-----------|------|
| | | Ohio | U.S. | Ohio | U.S. |
| Total nonfarm | 100.0% | 5.6% | 6.9% | 1.4% | 2.0% |
| Education and health services | 16.6% | 4.6% | 10.3% | 1.0% | 1.8% |
| Professional and business services | 13.7% | 13.6% | 14.1% | 3.0% | 3.2% |
| Government | 13.6% | -4.5% | -2.7% | 0.0% | 0.2% |
| Manufacturing | 13.0% | 8.7% | 5.8% | 1.8% | 1.3% |
| Retail trade | 10.9% | 2.6% | 6.0% | 0.6% | 1.8% |
| Leisure & hospitality | 10.2% | 10.9% | 12.4% | 1.7% | 3.0% |
| Financial activities | 5.2% | 2.1% | 3.7% | 0.2% | 0.7% |
| Wholesale trade | 4.5% | 7.4% | 6.4% | 2.2% | 1.3% |
| Construction | 3.8% | 15.7% | 11.2% | 5.2% | 4.9% |
| Transportation and warehousing | 3.3% | 10.8% | 11.3% | 3.2% | 3.4% |
| Other services | 2.9% | 1.7% | -2.7% | 0.7% | 2.0% |
| Information | 1.4% | -6.4% | 1.1% | -3.5% | 1.1% |
| Natural resources & mining | 0.6% | 21.5% | 15.2% | 11.4% | 2.4% |
| Utilities | 0.4% | -8.7% | -0.4% | -3.0% | 0.2% |

Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics.

The impressive growth in the professional and business services sector has given it a larger share of total employment than government for the first time, with more than 700,000 jobs statewide. This represents a broad swath of the economy, including non-medical professional offices, such as accountants, attorneys, architects, and engineers; research and development services; marketing and public relations; corporate headquarters; administrative support services including temporary employment; and waste services. Employment growth in 2014 was only slightly slower than the national average.

Employment growth in the crucial manufacturing sector continued far faster than average in 2014. This represented an acceleration of growth: the 1.8 percent growth rate was double its 2013 pace. The central role of manufacturing in the Ohio economy means that it is a key reason for the strength or weakness of the economies of the state and its regions.

The very weak performance of the retail sector is no doubt a function of the state's slow population growth. Most retail serves a localized market, and if that market is growing slowly or declining, individual retailers can grow only at the expense of their competitors. Much of leisure and hospitality faces the same burden, with recreational facilities and restaurants also catering to a local market. Hotels are a different story, of course, and to the extent that state and regional efforts at attracting tourism and convention business are successful – especially those from out of state – growth prospects for these businesses are much brighter.

Among the smaller sectors, the performance of natural resources and mining stands out. The 21.5 percent growth since 2010 is doubtless driven in large part by the shale oil and gas extraction activity in Eastern Ohio. The beginning of the recovery in 2010 coincides with the acceleration of this activity. While this activity has had major impacts on communities in this area, the sector's small size means that the large percentage gain does not translate to a substantial factor in the statewide economy. The 21.5 percent growth since 2010 translates to fewer than 5,300 jobs, about 1.5 percent of the total statewide gain. Permitting and extraction activity has continued in recent months in some of these counties – in some cases even increasing despite the decline in oil and natural gas prices. Industry experts warn that these activities lag price changes, though, and that a deceleration is likely in coming months.

Regional Trends

As discussed repeatedly in these articles, Ohio's economy is not monolithic, but rather is composed of a number of distinct urban and rural regional economies, each with different economic characteristics and economic performance. Thus, this survey of Ohio's employment growth must examine the pace of growth at a regional level.

These regions are mapped in Figure 3 – a breakdown that will be familiar to regular readers of these articles. These regions include each of the six large MSAs and seven other regions composed of the remaining 60 counties encompassing Ohio's smaller MSAs and rural areas. These seven non-MSA regions combine roughly similar counties based on employment concentrations primarily in agriculture and manufacturing.

Figure 3
Ohio Regions

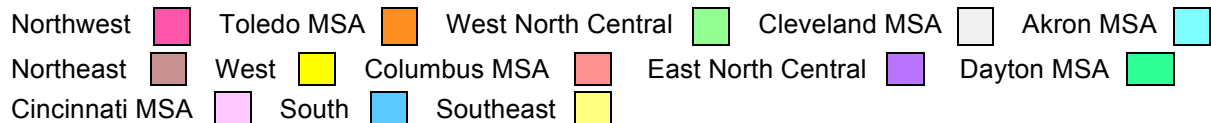


Table 2 shows the employment growth of these 13 regions over the course of the recovery and in 2014, with U.S. growth presented for comparison. The state's total employment includes more than 106,000 jobs that are not assigned to any county; these unallocated jobs have increased by more than 41,000 since 2010. This causes the performance of individual regions to be understated, and may or may not distort comparisons of the regions' relative performance.

Table 2
Employment Growth of Ohio Regions, 2010-2014 and 2013-2014

| Area | Employment, 2014 | | Percentage changes | |
|-----------------------------|------------------|---------------|--------------------|-------------|
| | Number | % of Ohio | 2010-2014 | 2013-2014 |
| United States | --- | --- | 6.9% | 2.0% |
| Ohio* | 5,110,011 | 100.0% | 5.6% | 1.4% |
| Large MSAs | 3,638,125 | 71.2% | 5.1% | 1.4% |
| Akron MSA | 308,732 | 6.0% | 3.8% | 1.6% |
| Cincinnati MSA** | 775,343 | 15.2% | 4.5% | 1.7% |
| Cleveland MSA | 987,102 | 19.3% | 3.5% | 0.4% |
| Columbus MSA | 937,792 | 18.4% | 8.9% | 2.0% |
| Dayton MSA | 349,664 | 6.8% | 3.1% | 1.4% |
| Toledo MSA | 279,492 | 5.5% | 4.9% | 1.5% |
| Small MSAs and rural | 1,373,547 | 26.9% | 3.9% | 1.1% |
| Northwest | 69,304 | 1.4% | 6.1% | 2.1% |
| West North Central | 209,828 | 4.1% | 1.2% | 0.7% |
| East North Central | 109,510 | 2.1% | 6.4% | 1.6% |
| Northeast | 450,973 | 8.8% | 4.0% | 0.8% |
| West | 270,889 | 5.3% | 6.0% | 1.2% |
| South | 140,153 | 2.7% | 0.9% | 1.2% |
| Southeast | 122,890 | 2.4% | 4.5% | 1.5% |

*Includes 106,638 positions (1.9% of the total) whose specific location within Ohio is unknown.

**Ohio portion only.

Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics.

Economic performance does indeed differ significantly among the regions. All of the major MSAs but Columbus have underperformed the state as a whole since 2010. However, the picture improves if one compares the MSAs' performance last year to that since 2010, as well as to their 2013 performance reported in the August 8, 2014, issue of *On the Money* (Vol. 130, No. 39). Growth during 2013 in Akron, Cleveland, and Toledo was extremely weak, and Dayton suffered an outright decline. While none of the MSAs except Columbus equaled the national average growth in 2014, all but Cleveland equaled or exceeded the state average – again, with the possibility that these growth rates are slightly understated.

Table 2 also reveals large disparities among the small MSA and rural regions. Four-year growth in the West North Central and the South was barely positive, while the Northwest, East North Central, and West enjoyed growth of six percent or more. However, the latter two of these failed to meet the state average employment growth over the past year.

Sector Employment Growth at the Regional Level

The following tables focus on the four largest sectors in Table 2 and are laid out in the same basic format as that table, except that the second data column shows the percentage of total employment in the region represented by the sector. Table 3 analyzes education – again, private education only – and health services. This sector generally represents a larger share of total employment in the large MSAs than in the smaller regions, and the MSAs have generally enjoyed much higher growth. While most healthcare in the smaller areas is community-based, Ohio's large cities are home to regional hospitals that draw patients from an area much larger than the region itself – larger, in many cases, than the state. While Cleveland and Dayton have especially high concentrations, education and health services' 14.6 percent share in the Columbus MSA is understated; the employees of The Ohio State University Wexner Medical Center are classified in state government and the data are not available to reassign them. Again, the growth rates are widely disparate among the regions, with only the Columbus MSA exceeding the national average growth rate in both the four-year and one-year periods.

Table 3
Education and Health Services Employment Growth of Ohio Regions
2010-2014 and 2013-2014

| Area | Employment, 2014 | | Percentage changes | |
|-----------------------------|-------------------|--------------|--------------------|--------------|
| | Number | % of total | 2010-2014 | 2013-2014 |
| United States | 20,568,785 | 15.1% | 10.3% | 1.8% |
| Ohio | 859,073 | 16.6% | 4.6% | 1.0% |
| Large MSAs | 626,470 | 17.0% | 5.8% | 1.4% |
| Akron MSA | 51,523 | 16.4% | 3.6% | 1.9% |
| Cincinnati MSA* | 132,216 | 16.8% | 6.4% | 2.5% |
| Cleveland MSA | 187,251 | 18.9% | 3.2% | -0.3% |
| Columbus MSA | 139,737 | 14.6% | 13.6% | 3.2% |
| Dayton MSA | 66,208 | 18.7% | 3.9% | 1.5% |
| Toledo MSA | 49,535 | 17.5% | -1.2% | -0.8% |
| Small MSAs and rural | 226,942 | 16.4% | 1.0% | -0.3% |
| Northwest | 8,782 | 12.4% | 0.3% | 1.1% |
| West North Central | 31,352 | 14.8% | -1.1% | -0.3% |
| East North Central | 16,226 | 14.6% | 3.1% | 0.0% |
| Northeast | 82,868 | 18.2% | 0.7% | -0.3% |
| West | 39,127 | 14.3% | 0.1% | -0.5% |
| South | 26,447 | 18.9% | 6.8% | 1.2% |
| Southeast | 859,073 | 16.6% | 4.6% | 1.0% |

*Ohio portion only.

Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics.

Table 4 analyzes government. It is interesting to note that the concentration of government in Columbus is not markedly higher than the national average, and lower than Dayton – home of Wright-Patterson Air Force Base. Columbus is one of the largest cities in the U.S. to serve as a state capital, so government employment does not dominate to the extent that it does in smaller capital cities. In some of these, government employment represents 25 percent of the MSA total, a lack of diversification that can have serious consequences if the government runs into budget problems. All four-year growth rates are negative and all but Columbus are worse than the U.S. decline. A few of the one-year rates are slightly positive, however.

Table 4
Government Employment Growth of Ohio Regions, 2010-2014 and 2013-2014

| Area | Employment, 2014 | | Percentage changes | |
|-----------------------------|-------------------|--------------|--------------------|-------------|
| | Number | % of total | 2010-2014 | 2013-2014 |
| United States | 21,045,528 | 15.4% | -2.7% | 0.2% |
| Ohio | 705,505 | 13.6% | -4.5% | 0.0% |
| Large MSAs | 500,868 | 13.6% | -4.5% | -0.1% |
| Akron MSA | 39,852 | 12.7% | -6.9% | -2.2% |
| Cincinnati MSA* | 85,820 | 10.9% | -6.1% | 0.1% |
| Cleveland MSA | 128,822 | 13.0% | -5.9% | 0.2% |
| Columbus MSA | 149,761 | 15.7% | -1.7% | 0.3% |
| Dayton MSA | 57,956 | 16.4% | -4.9% | -0.3% |
| Toledo MSA | 38,657 | 13.6% | -3.6% | -0.5% |
| Small MSAs and rural | 201,422 | 14.5% | -5.5% | 0.0% |
| Northwest | 10,373 | 14.7% | -5.4% | -0.7% |
| West North Central | 30,455 | 14.4% | -6.6% | 0.4% |
| East North Central | 14,661 | 13.2% | -7.1% | -0.9% |
| Northeast | 60,562 | 13.3% | -4.5% | 0.2% |
| West | 33,270 | 12.1% | -5.3% | -0.7% |
| South | 27,877 | 20.0% | -8.5% | -0.1% |
| Southeast | 705,505 | 13.6% | -4.5% | 0.0% |

*Ohio portion only.

Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics.

The professional and business services analysis is shown in Table 5. This employment is strongly focused in the large MSAs: these establishments tend to cluster in large cities from which they can serve a regional market. One exception is the Southeast, which lacks a nearby major city. Growth rates have mostly been below the national average, although Columbus has exceeded the national average over both the four-year and one-year periods, and Toledo's growth was higher than average last year. There have also been some very high four-year growth rates among the small MSA/rural regions. As is evident, though, this growth has been from a small base, and employment concentrations remain relatively low.

Table 5
Professional and Business Services Employment Growth of Ohio Regions
2010-2014 and 2013-2014

| Area | Employment, 2014 | | Percentage changes | |
|-----------------------------|-------------------|--------------|--------------------|-------------|
| | Number | % of total | 2010-2014 | 2013-2014 |
| United States | 19,073,009 | 14.0% | 14.1% | 3.2% |
| Ohio | 709,034 | 13.7% | 13.6% | 3.0% |
| Large MSAs | 569,113 | 15.4% | 11.9% | 3.1% |
| Akron MSA | 49,310 | 15.7% | 6.7% | 2.6% |
| Cincinnati MSA* | 133,106 | 16.9% | 8.8% | 1.8% |
| Cleveland MSA | 140,945 | 14.2% | 12.5% | 1.5% |
| Columbus MSA | 166,239 | 17.4% | 17.9% | 5.7% |
| Dayton MSA | 45,635 | 12.9% | 5.1% | 2.8% |
| Toledo MSA | 33,878 | 11.9% | 11.0% | 3.6% |
| Small MSAs and rural | 102,148 | 7.4% | 11.1% | 0.7% |
| Northwest | 3,412 | 4.8% | 26.0% | 15.3% |
| West North Central | 12,398 | 5.9% | -3.0% | 0.2% |
| East North Central | 6,862 | 6.2% | 3.6% | -4.0% |
| Northeast | 41,010 | 9.0% | 7.3% | -1.6% |
| West | 22,835 | 8.3% | 22.8% | 2.5% |
| South | 8,326 | 6.0% | 24.4% | 1.9% |
| Southeast | 709,034 | 13.7% | 13.6% | 3.0% |

*Ohio portion only.

Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics.

Table 6 shows manufacturing concentration and growth. Of all the 13 regions, only Central Ohio's concentration is below the national average. The smaller regions are generally more manufacturing-focused than the large MSAs; of all six major MSAs, only Toledo's share is greater than the 13 percent state average. This is because large tracts of relatively inexpensive land are more readily available in less-populous regions (although some may lack necessary infrastructure). All regions except the South have had four-year growth higher than the national average, although the minimal growth in Akron, Cleveland, and Columbus is troubling. On the other hand, the South's 3.1 percent growth in 2014, has helped to offset the employment decline suffered in earlier years.

Table 6
Manufacturing Employment Growth of Ohio Regions, 2010-2014 and 2013-2014

| Area | Employment, 2014 | | Percentage changes | |
|-----------------------------|-------------------|-------------|--------------------|-------------|
| | Number | % of total | 2010-2014 | 2013-2014 |
| United States | 12,155,092 | 8.9% | 5.8% | 1.3% |
| Ohio | 674,186 | 13.0% | 8.7% | 1.8% |
| Large MSAs | 399,747 | 10.8% | 7.3% | 1.5% |
| Akron MSA | 39,588 | 12.6% | 6.0% | 0.2% |
| Cincinnati MSA* | 85,458 | 10.8% | 3.4% | 2.8% |
| Cleveland MSA | 123,794 | 12.5% | 6.3% | 0.2% |
| Columbus MSA | 69,785 | 7.3% | 7.9% | 0.6% |
| Dayton MSA | 38,828 | 11.0% | 8.6% | 1.1% |
| Toledo MSA | 42,294 | 14.9% | 19.0% | 5.7% |
| Small MSAs and rural | 273,021 | 19.7% | 10.7% | 2.2% |
| Northwest | 21,642 | 30.6% | 17.4% | 3.6% |
| West North Central | 48,312 | 22.9% | 7.6% | 2.1% |
| East North Central | 30,447 | 27.4% | 15.5% | 2.5% |
| Northeast | 71,848 | 15.8% | 9.3% | 1.6% |
| West | 70,701 | 25.8% | 18.2% | 3.7% |
| South | 18,840 | 13.5% | -0.7% | 3.1% |
| Southeast | 674,186 | 13.0% | 8.7% | 1.8% |

*Ohio portion only.

Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics.

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