

# ON THE MONEY

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## New Employment Estimates for Ohio and Its Metro Areas

Last month, revised 2012 and 2013 employment estimates were released for Ohio and its Metropolitan Statistical Areas (MSAs). These estimates provide new insights into employment growth both in recent years and since growth resumed at the beginning of 2010. The revisions reveal that growth over the two years was stronger in Ohio and most MSAs than first thought, but weaker in Akron, Dayton, and Steubenville. The revisions also permit an updated look at the performance of the state and its MSAs in the recovery.

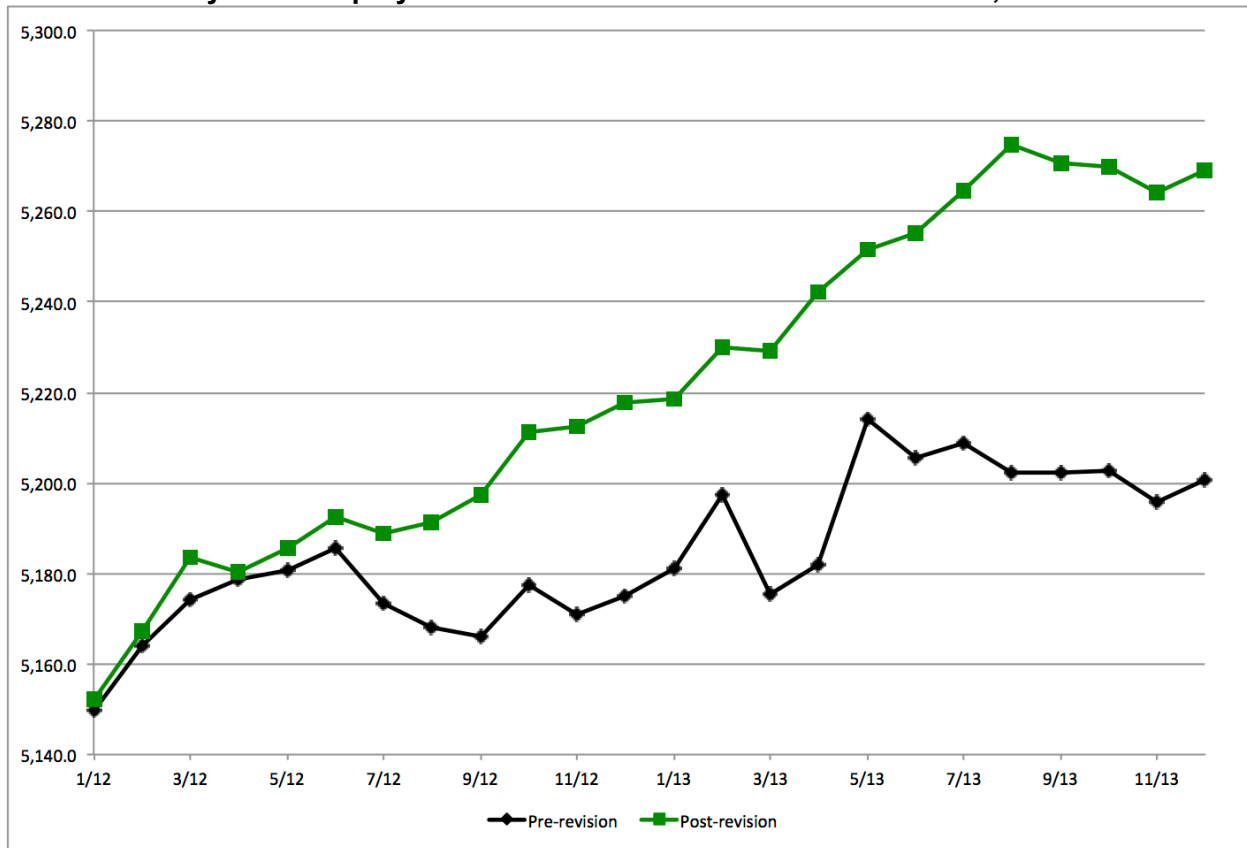
These estimates (called the Current Employment Statistics) are released monthly and refer to the previous month. However, in achieving this welcome timeliness the estimates sacrifice reliability. The estimates rely on a national sample of 526,000 workplaces covering about 43 million employees – 32 percent of workers. However, sample coverage is far greater in government (76 percent) than in the private sector, where the sample covers fewer than one-quarter of employment in most sectors. Consequently, revisions are issued when more complete and reliable information becomes available. Despite these revisions, the estimates for the most recent year (2013 in this case) are still somewhat tentative – especially for the last half of the year. Thus, we now have essentially the final word on 2012 but not yet on 2013. Note also that the original estimates are more reliable for the U.S. than for Ohio, more reliable for Ohio than for MSAs, and more reliable for large MSAs than small ones.

### Statewide Employment Growth

The original estimates issued during 2013 showed Ohio with among the weakest growth rates in the nation – a net increase of only 26,300 jobs (0.5 percent), less than one-third of national average growth. This was revised upward to an increase of 62,800; meanwhile 2012 growth was increased from 77,600 to 92,200. The revised estimates still imply that 2013 growth was less than the national average – 1.2 percent versus the 1.7 percent U.S. average – but certainly an improvement. Bear in mind also that the revisions to be released in March 2015 might raise this estimate further.

Figure 1 graphs monthly statewide employment before and after the revisions. By December 2013, the difference between the employment level originally reported and the revised estimate had widened to 68,300 (1.3 percent). Note too that the revised estimates lack the large month-to-month swings present in the originally-reported totals. This reinforces the point that it is never wise to put too much stock in these monthly changes as they are reported, but rather to look at trends over the past several or half-dozen months. Finally, the revised estimates show a break in the upward trend recently, with employment declining 5,800 from August through December. These estimates remain unconfirmed by other data sources, so this trend break may not actually have happened (or it may have been even worse).

**Figure 1**  
**Monthly Ohio Employment Before and After the 2014 Revisions, 2012-2013**



Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

Table 1 on the next page shows the impact of the revisions on the major industry sectors statewide. Business services and leisure saw particularly large upward revisions, construction and mining saw its net decline reversed, and the originally-reported declines in government and information employment were slashed by four-fifths. On the other hand, previously-estimated increases in wholesale and retail trade were trimmed back in the revisions.

Also on the next page, Table 2 shows the same information for each of the 13 Ohio-based MSAs. The revisions were good news for each of the three largest MSAs: two-year employment growth was more than triple the original estimate in Cincinnati, nearly triple in Cleveland, and 74 percent greater in Columbus. Although smaller in absolute terms, the growth estimate was tripled in Springfield and doubled in Toledo and Youngstown. Small losses became moderate gains in Lima and Sandusky. However, growth was revised downward in Akron and the net decline in Dayton more than doubled. Dayton and Mansfield were the only two MSAs to have fewer jobs in December 2013 than in January 2012 after the revisions.

**Table 1**  
**Impact of Employment Revisions on Ohio Industry Sectors**

Sector	Dec. 2013 employment*		Jan. 2012-Dec. 2013 change	
	Pre-revision	Post-revision	Pre-revision	Post-revision
Total	5,200,600	5,268,900	50,900	116,700
Construction and mining	189,700	199,400	-7,000	4,500
Manufacturing	663,000	666,200	12,600	16,500
Wholesale trade	227,300	226,200	5,200	3,900
Retail trade	568,600	565,500	9,500	6,600
Transportation and utilities	190,400	194,100	2,400	6,000
Information	69,900	74,200	-5,500	-1,100
Financial activities	278,600	281,300	1,300	3,800
Prof. & business services	681,100	695,100	14,900	28,200
Education & health svcs.	880,700	881,100	20,500	20,600
Leisure & hospitality	506,800	517,500	15,300	26,800
Other services	204,500	214,300	1,400	4,900
Government	740,000	754,000	-19,700	-4,000

\*Seasonally adjusted.

Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

**Table 2**  
**Impact of Employment Revisions on Ohio Metropolitan Statistical Areas**

Sector	Dec. 2013 employment*		Jan. 2012-Dec. 2013 change	
	Pre-revision	Post-revision	Pre-revision	Post-revision
Akron	331,700	329,700	9,600	7,300
Canton	167,700	170,500	2,900	5,200
Cincinnati	1,007,800	1,028,600	8,500	27,500
Cleveland	1,017,200	1,029,500	7,200	20,200
Columbus	967,100	985,600	24,600	42,900
Dayton	375,600	373,900	-2,200	-4,600
Lima	51,700	53,000	-300	1,000
Mansfield	52,100	52,100	-500	-400
Sandusky	36,800	37,600	-100	900
Springfield	50,400	52,800	800	2,400
Steubenville	44,800	44,700	200	100
Toledo	305,100	307,600	1,500	3,000
Youngstown	225,000	225,700	600	1,200

\*Seasonally adjusted.

Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

### Employment Recovery Status Report

Table 3 uses the newly-revised employment estimates to analyze the employment gains made by Ohio and its MSAs in the employment recovery that commenced at the beginning of 2010, comparing those gains to the losses suffered during the recession. The months designated as the pre-recession employment peak and the post-recession trough are specific to each area. Although the employment trough occurred in February 2010 for both Ohio and the U.S., employment hit bottom in individual areas as early as November 2009 or as late as June 2010 (in the case of Lima). Defining the peak is a larger challenge. National and state employment peaked in January 2008, but employment in most of Ohio's MSAs (those marked with an

asterisk in Table 3) declined fairly steadily throughout the 2000s. This was primarily due to the decade-long employment decline in manufacturing that has been analyzed in previous issues of *On the Money*. In order to focus solely on the impact of the recession, employment peaks were assumed to occur no earlier than October 2007. (The recession officially began in December.) However, in some cases this was either an intermediate peak or not a peak at all.

**Table 3**  
**Recovery of Recession Employment Losses by Ohio and its MSAs**

	Peak to trough		Trough to Feb. 2014		Percentage recovered
	Number	Percentage	Number	Percentage	
Ohio	-427,600	-7.9%	281,100	5.6%	65.7%
Akron	-28,400	8.3%	19,700	6.3%	69.4%
Canton	-15,400	-8.9%	11,800	7.5%	76.6%
Cincinnati	-71,900	-6.9%	55,000	5.6%	76.5%
Cleveland*	-85,200	-8.0%	45,900	4.7%	53.9%
Columbus	-52,600	-5.6%	87,800	9.8%	166.9%
Dayton*	-33,800	-8.4%	3,800	1.0%	11.2%
Lima*	-4,500	-8.1%	1,500	2.9%	33.3%
Mansfield*	-6,200	-10.8%	800	1.6%	12.9%
Sandusky*	-3,500	-9.2%	2,500	7.2%	71.4%
Springfield*	-4,300	-8.1%	4,400	9.1%	102.3%
Steubenville*	-5,500	-11.3%	900	2.1%	16.4%
Toledo*	-31,600	-9.8%	18,800	6.4%	59.5%
Youngstown*	-21,200	-8.9%	8,100	3.7%	38.2%
United States	-8,710,000	-6.3%	8,044,000	6.2%	92.4%

\*Employment was in decline prior to the recession.

Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

As Table 3 reveals, Ohio has made back about two-thirds of its lost jobs, compared to a more than 90 percent recovery at the national level. This was due more to the greater-than-average impact of the recession rather than the weakness of the recovery. Only Columbus and Springfield have recovered completely from the recession with employment gains far better than the national average. Springfield has made noteworthy strides over the past half-dozen years in diversifying its economy; nevertheless, as a result of job losses before the recession, the area is still 6,300 jobs (10.8 percent) below its June 2000 peak. On the other hand, employment growth has been notably weak in Dayton, Mansfield, and Steubenville. These areas are far from recovering their recession job losses, let alone those suffered even before the recession began.

### Industry Sector Performance in Ohio's Six Largest MSAs

The sizable differences in performance of the MSAs shown in Table 3 should come as no surprise to regular readers of this column, which has repeatedly emphasized the significant economic differences Ohio's regions. These differences are due to two factors: differences in industry concentrations and differences in performance of those industries. The remainder of this article will analyze those factors for the six largest MSAs: Akron, Cincinnati, Cleveland, Columbus, Dayton, and Toledo.

Table 4 presents the analysis for Akron. This and the following tables show for each industry sector seasonally-adjusted employment totals for February 2014, employment growth of the

sector from the trough through February 2014 for the MSA, the state, and the U.S., and the location quotient. This is the percentage of total MSA employment in the sector divided by the percentage of U.S. employment in that sector. A location quotient greater than 1.0 implies that the MSA has a greater-than-average employment concentration in that sector. (Total employment has a location quotient of 1.00 by definition.)

**Table 4**  
**Sector Employment Changes and Concentration in the Akron MSA**

Sector	MSA empl. Feb. 2014	Percentage change, trough-Feb. 2014			Location quotient
		MSA	Ohio	U.S.	
Construction and mining	11,800	0.2%	7.8%	10.5%	0.701
Manufacturing	40,200	10.2%	8.1%	5.3%	1.386
Wholesale trade	18,400	11.0%	5.6%	7.1%	1.326
Retail trade	35,800	3.4%	2.3%	5.8%	0.998
Transportation & utilities	10,200	2.6%	8.2%	8.7%	0.830
Information	3,900	-5.2%	-5.2%	-3.0%	0.609
Financial activities	12,800	-2.5%	2.0%	2.4%	0.691
Prof. and business svcs.	53,600	14.4%	13.9%	14.6%	1.140
Education & health svcs.	52,000	6.2%	5.5%	7.8%	1.027
Leisure and hospitality	33,500	20.4%	8.3%	12.0%	0.912
Other services	14,000	4.8%	4.0%	3.3%	1.066
Government	45,800	-6.1%	-2.9%	-2.7%	0.889
<b>Total</b>	<b>332,000</b>	<b>6.3%</b>	<b>5.2%</b>	<b>6.2%</b>	<b>1.000</b>

Source: Current Employment Statistics, U.S. Bureau of Labor Statistics; seasonal adjustment by Regionomics.

Akron's employment growth has been helped by much better than average growth in its two most heavily-concentrated sectors, manufacturing and wholesale trade. (Manufacturing's location quotient of 1.386 implies that there are 38.6 percent more jobs in manufacturing than would be expected in an economy Akron's size.) Growth rates of the other two sectors with above-average concentration, professional and business services and education and health services, have been stronger than that of Ohio but weaker than that of the U.S. (The education and health services sector includes only private education, so it consists primarily of healthcare employment.) The leisure and hospitality sector (arts, entertainment, recreation, hotels, and restaurants) has also been very strong. The primary negative has been the decline in government employment; although the concentration is less than average, this is a very large sector. Construction and financial activities have also been disappointing.

Cincinnati's sector characteristics are shown in Table 5. This is the only one of the large MSAs with employment outside of Ohio: 63 percent of MSA employment is in Kentucky, 30 percent is in Ohio, and seven percent is in Indiana. Cincinnati employment growth in total equals the state average. Of the six sectors with above-average concentration, wholesale trade has grown strongly, as have financial activities and education and health services. Leisure's growth has been better than Ohio's but not as good as that of the U.S. Government has contracted, but not as badly as elsewhere. These sectors offset weakness in transportation and utilities, as well as in the highly-concentrated manufacturing sector.

**Table 5**  
**Sector Employment Changes and Concentration in the Cincinnati MSA**

Sector	MSA empl. Feb. 2014	Percentage change, trough-Feb. 2014			Location quotient
		MSA	Ohio	U.S.	
Construction and mining	37,200	-1.3%	7.8%	10.5%	0.764
Manufacturing	107,700	4.5%	8.1%	5.3%	1.177
Wholesale trade	60,600	10.2%	5.6%	7.1%	1.377
Retail trade	103,600	2.8%	2.3%	5.8%	0.914
Transportation & utilities	39,000	-1.3%	8.2%	8.7%	1.013
Information	14,000	-1.2%	-5.2%	-3.0%	0.699
Financial activities	65,500	5.6%	2.0%	2.4%	1.110
Prof. and business svcs.	167,400	14.3%	13.9%	14.6%	1.173
Education & health svcs.	159,200	8.7%	5.5%	7.8%	0.988
Leisure and hospitality	110,900	10.4%	8.3%	12.0%	1.036
Other services	40,500	-4.5%	4.0%	3.3%	0.975
Government	127,300	-2.0%	-2.9%	-2.7%	0.775
<b>Total</b>	<b>1,033,000</b>	<b>5.6%</b>	<b>5.2%</b>	<b>6.2%</b>	<b>1.000</b>

Source: Current Employment Statistics, U.S. Bureau of Labor Statistics; seasonal adjustment by Regionomics.

As Table 6 reveals, Cleveland's growth in the recovery has been less than average. This is primarily due to weakness in two of the region's more-concentrated sectors: financial activities and education and health services. The performance of other services and government have also been notably weak. On the other hand, manufacturing has nearly matched Ohio's growth and bested growth nationwide. Construction has enjoyed outstanding growth, while job gains in wholesale and leisure have at least exceeded Ohio's growth in these sectors.

**Table 6**  
**Sector Employment Changes and Concentration in the Cleveland MSA**

Sector	MSA empl. Feb. 2014	Percentage change, trough-Feb. 2014			Location quotient
		MSA	Ohio	U.S.	
Construction and mining	37,500	18.8%	7.8%	10.5%	0.677
Manufacturing	123,700	7.9%	8.1%	5.3%	1.370
Wholesale trade	49,100	6.4%	5.6%	7.1%	1.135
Retail trade	103,300	4.6%	2.3%	5.8%	0.897
Transportation & utilities	31,100	7.0%	8.2%	8.7%	0.798
Information	14,900	-6.7%	-5.2%	-3.0%	0.747
Financial activities	62,400	-3.5%	2.0%	2.4%	1.059
Prof. and business svcs.	147,400	13.4%	13.9%	14.6%	1.042
Education & health svcs.	195,700	4.8%	5.5%	7.8%	1.233
Leisure and hospitality	94,000	9.1%	8.3%	12.0%	0.886
Other services	39,600	-5.1%	4.0%	3.3%	0.968
Government	131,100	-5.4%	-2.9%	-2.7%	0.808
<b>Total</b>	<b>1,022,200</b>	<b>4.7%</b>	<b>5.2%</b>	<b>6.2%</b>	<b>1.000</b>

Source: Current Employment Statistics, U.S. Bureau of Labor Statistics; seasonal adjustment by Regionomics.

Table 7 shows the analysis for Columbus. Central Ohio is by far the best-performing large region in the state, accounting for nearly a third of statewide employment growth during the recovery. The highly-concentrated financial services sector has enjoyed rapid growth, while

government employment has increased while declining elsewhere – primarily as a result of a growing concentration of state government employment in the area. Other sectors showing especially high growth are construction, wholesale trade, education and healthcare, and leisure. This growth was sufficient to offset slight weakness in two other key sectors, transportation and business and professional services (particularly in the professional and technical subsector).

**Table 7  
Sector Employment Changes and Concentration in the Columbus MSA**

Sector	MSA empl. Feb. 2014	Percentage change, trough-Feb. 2014			Location quotient
		MSA	Ohio	U.S.	
Construction and mining	32,400	21.1%	7.8%	10.5%	0.657
Manufacturing	67,300	6.6%	8.1%	5.3%	0.784
Wholesale trade	40,600	11.8%	5.6%	7.1%	0.949
Retail trade	99,800	4.6%	2.3%	5.8%	0.924
Transportation & utilities	47,500	7.5%	8.2%	8.7%	1.283
Information	18,200	9.8%	-5.2%	-3.0%	0.944
Financial activities	74,100	7.6%	2.0%	2.4%	1.331
Prof. and business svcs.	161,700	13.7%	13.9%	14.6%	1.225
Education & health svcs.	140,000	14.1%	5.5%	7.8%	0.911
Leisure and hospitality	97,900	15.2%	8.3%	12.0%	0.962
Other services	38,500	9.3%	4.0%	3.3%	0.958
Government	163,400	3.9%	-2.9%	-2.7%	1.040
<b>Total</b>	<b>981,500</b>	<b>9.8%</b>	<b>5.2%</b>	<b>6.2%</b>	<b>1.000</b>

Source: Current Employment Statistics, U.S. Bureau of Labor Statistics; seasonal adjustment by Regionomics.

As Table 3 revealed, Dayton’s employment growth in the recovery has been the weakest of all 13 MSAs in the state, generating fewer than 4,000 jobs in a 370,000-job economy over the past four years. Table 8 on the next page details the performance of individual sectors in order to gain insight into the reasons for this weakness. As is apparent from this table, the chief culprits have been professional and business services, education and healthcare, leisure, and other services. If these four sectors had grown at the statewide average, Dayton would have added more than 13,000 additional jobs to its economy during the recovery, generating growth of 4.8 percent. The Miami Valley has enjoyed above-average growth in its most highly-concentrated sector, manufacturing, as well as in transportation and financial activities. The information sector has suffered serious job losses in percentage terms, but its small size limits the overall impact of these declines.

Also on the next page, Table 9 shows the sector-level details for Toledo, whose growth has been slightly greater than both state and national averages. The primary sector contributing to the above-average growth is manufacturing. The location quotient of 1.55 is the highest for this sector among the six large MSAs. The gains in manufacturing have been outstanding – more than double Ohio’s growth. Other highly-concentrated sectors outperforming the averages include transportation, leisure, and other services; however, the performance of financial activities, education and healthcare, and government have been disappointing.

**Table 8**  
**Sector Employment Changes and Concentration in the Dayton MSA**

Sector	MSA empl. Feb. 2014	Percentage change, trough-Feb. 2014			Location quotient
		MSA	Ohio	U.S.	
Construction and mining	11,500	2.7%	7.8%	10.5%	0.617
Manufacturing	41,100	9.4%	8.1%	5.3%	1.246
Wholesale trade	12,900	6.4%	5.6%	7.1%	0.808
Retail trade	39,900	2.8%	2.3%	5.8%	0.966
Transportation & utilities	12,000	11.5%	8.2%	8.7%	0.847
Information	8,400	-21.7%	-5.2%	-3.0%	1.174
Financial activities	17,200	4.1%	2.0%	2.4%	0.795
Prof. and business svcs.	44,000	-2.8%	13.9%	14.6%	0.927
Education & health svcs.	69,700	1.2%	5.5%	7.8%	1.198
Leisure and hospitality	36,500	2.2%	8.3%	12.0%	0.938
Other services	15,200	0.9%	4.0%	3.3%	1.001
Government	63,000	-2.9%	-2.9%	-2.7%	1.052
Total	371,300	1.0%	5.2%	6.2%	1.000

Source: Current Employment Statistics, U.S. Bureau of Labor Statistics; seasonal adjustment by Regionomics.

**Table 9**  
**Sector Employment Changes and Concentration in the Toledo MSA**

Sector	MSA empl. Feb. 2014	Percentage change, trough-Feb. 2014			Location quotient
		MSA	Ohio	U.S.	
Construction and mining	11,400	8.0%	7.8%	10.5%	0.772
Manufacturing	43,300	17.8%	8.1%	5.3%	1.552
Wholesale trade	11,700	10.8%	5.6%	7.1%	0.886
Retail trade	34,100	4.9%	2.3%	5.8%	0.987
Transportation & utilities	14,000	9.4%	8.2%	8.7%	1.173
Information	3,400	5.6%	-5.2%	-3.0%	0.559
Financial activities	10,300	-7.0%	2.0%	2.4%	0.583
Prof. and business svcs.	35,800	14.9%	13.9%	14.6%	0.828
Education & health svcs.	52,700	1.2%	5.5%	7.8%	1.111
Leisure and hospitality	34,800	12.9%	8.3%	12.0%	1.054
Other services	13,600	17.6%	4.0%	3.3%	1.075
Government	46,100	-6.5%	-2.9%	-2.7%	0.955
Total	311,100	6.4%	5.2%	6.2%	1.000

Source: Current Employment Statistics, U.S. Bureau of Labor Statistics; seasonal adjustment by Regionomics.

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