

ON THE MONEY

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New Insights into Ohio's Metropolitan Areas

The August 10, 2012, edition of *On the Money* (Vol. 129, No. 42) discussed the economy of Ohio's six largest Metropolitan Statistical Areas (MSAs). It is time to revisit these MSAs – and the smaller ones as well – because two separate releases of information over the past six weeks give us new insight into their economic performance and their geographic reach. Their boundaries were comprehensively redrawn and their employment totals were corrected.

Meaning and Importance of MSAs

MSAs are collections of counties defined by the U.S. Office of Management and Budget (OMB) to give federal agencies a consistent geographical basis to report statistics. MSAs are centered on an urban core (one or more cities) with a population of at least 50,000. The county or counties containing the urban core are automatically included in the MSA. Adjacent counties are included in the MSA if they have what OMB terms, “a high degree of social and economic interaction with the core as measured by commuting ties.” Specifically, counties are included in the MSA if at least one of two conditions applies: (1) at least 25 percent of the employed residents of the outlying county commute to one of the central counties for work; or (2) at least 25 percent of the jobs in the outlying county are filled by workers who live in a central county.

There is no requirement of population density or urbanization for a county to be included in the MSA, so MSAs can include rural counties, such as the Columbus MSA's Morrow County and the Cincinnati MSA's Brown County. MSAs can – and regularly do – cross state lines.

There is a second analogous concept, a Micropolitan Statistical Area (MicroSA). These are defined in the same way as MSAs, except the urban core is smaller – a population of at least 10,000 but less than 50,000. MSAs and MicroSAs are collectively known as Core-Based Statistical Areas (CBSAs). Finally, if two or more adjacent CBSAs have a degree of interdependency, they are grouped into a Combined Statistical Area.

So why should anyone but data-obsessed economists care about MSAs and their makeup? First, these are the reporting geographies used by federal and state agencies from the Census Bureau to the Bureau of Labor Statistics to the International Trade Administration to the Bureau of Economic Analysis to the Ohio Labor Market Information Bureau. So your MSA is the basis on which your region is being presented to you – and to the world.

Second, knowing the counties that are included in – and excluded from – your MSA gives you insight into where your workforce comes from, and goes to. Thus, these are the counties in whose workforce development efforts you have the greatest stake.

Finally, the once-a-decade changes in MSAs give insight into changes in workforce commuting. A county being dropped from the MSA could mean that the central county has become less attractive to workers in the outlying county, or that the employment opportunities in the outlying county have increased. For example, Union County was dropped from the Columbus MSA in 1993 after the development of the Honda plants in Union and Logan Counties, but returned in 2003 as significant office development in the Dublin area of Northwestern Franklin County began to attract many workers living in Union County. (This example notwithstanding, the changes made in 2003 did not necessarily reflect commuting pattern changes; significant changes in the criteria for including counties were implemented in that year – as was the concept of the MicroSAs.)

Ohio's New MSAs

OMB released its comprehensive nationwide revision of CBSAs on February 28. The old and new delineations for MSAs partly or completely in Ohio are shown in Exhibit 1 on the next two pages. Many MSAs' boundaries were unchanged. Cincinnati swapped one Indiana county for another, Columbus added two counties, as did Huntington – but both of Huntington's new counties are in West Virginia. Dayton and Toledo lost one county each. Parkersburg lost two, including its one Ohio County, so it is now an entirely West Virginia-based MSA.

Additionally, there are 32 MicroSAs in Ohio, up from 29 in 2003. All of these are single counties except for the Point Pleasant MicroSA, which includes one county in Ohio (Gallia) and one in West Virginia.

A comment is in order regarding the changes to the official name of some of the MSAs, even in cases where the composition of the MSA did not change. MSAs are always named after their "principal cities." The city that functions as the urban core is automatically a principal city. Additional cities are designated as principal cities on the basis of a complex set of rules including population and number of workers employed within the city. Local opinion was also considered under the old rules, but is no longer. That could account for at least some of the name changes.

Exhibit 1
2003 and 2013 Delineations of MSAs Completely or Partly in Ohio

2003 Delineation	2013 Delineation
Akron, OH MSA Portage County, OH Summit County, OH	Akron, OH MSA Portage County, OH Summit County, OH
Canton-Massillon, OH MSA Carroll County, OH Stark County, OH	Canton-Massillon, OH MSA Carroll County, OH Stark County, OH
Cincinnati-Middletown, OH-KY-IN MSA Dearborn County, IN Franklin County, IN Ohio County, IN Boone County, KY Bracken County, KY Campbell County, KY Gallatin County, KY Grant County, KY Kenton County, KY Pendleton County, KY Brown County, OH Butler County, OH Clermont County, OH Hamilton County, OH Warren County, OH	Cincinnati, OH-KY-IN MSA Dearborn County, IN Ohio County, IN Union County, IN Boone County, KY Bracken County, KY Campbell County, KY Gallatin County, KY Grant County, KY Kenton County, KY Pendleton County, KY Brown County, OH Butler County, OH Clermont County, OH Hamilton County, OH Warren County, OH
Cleveland-Elyria-Mentor, OH MSA Cuyahoga County, OH Geauga County, OH Lake County, OH Lorain County, OH Medina County, OH	Cleveland-Elyria, OH MSA Cuyahoga County, OH Geauga County, OH Lake County, OH Lorain County, OH Medina County, OH
Columbus, OH MSA Delaware County, OH Fairfield County, OH Franklin County, OH Licking County, OH Madison County, OH Morrow County, OH Pickaway County, OH Union County, OH	Columbus, OH MSA Delaware County, OH Fairfield County, OH Franklin County, OH Hocking County, OH Licking County, OH Madison County, OH Morrow County, OH Perry County, OH Pickaway County, OH Union County, OH
Dayton, OH MSA Greene County, OH Miami County, OH Montgomery County, OH Preble County, OH	Dayton, OH MSA Greene County, OH Miami County, OH Montgomery County, OH

Exhibit 1

2003 and 2013 Delineations of MSAs Completely or Partly in Ohio (cont.)

2003 Delineation	2013 Delineation
Huntington-Ashland, WV-KY-OH MSA Boyd County, KY Greenup County, KY Lawrence County, OH Cabell County, WV Wayne County, WV	Huntington-Ashland, WV-KY-OH MSA Boyd County, KY Greenup County, KY Lawrence County, OH Cabell County, WV Lincoln County, WV Putnam County, WV Wayne County, WV
Lima, OH MSA Allen County, OH	Lima, OH MSA Allen County, OH
Mansfield, OH MSA Richland County, OH	Mansfield, OH MSA Richland County, OH
Parkersburg-Marietta-Vienna, WV-OH MSA Washington County, OH Pleasants County, WV Wirt County, WV Wood County, WV	Parkersburg-Vienna, WV MSA Wirt County, WV Wood County, WV
Sandusky, OH MSA Erie County, OH	Sandusky, OH MSA Erie County, OH
Springfield, OH MSA Clark County, OH	Springfield, OH MSA Clark County, OH
Toledo, OH MSA Fulton County, OH Lucas County, OH Ottawa County, OH Wood County, OH	Toledo, OH MSA Fulton County, OH Lucas County, OH Wood County, OH
Weirton-Steubenville, WV-OH MSA Jefferson County, OH Brooke County, WV Hancock County, WV	Weirton-Steubenville, WV-OH MSA Jefferson County, OH Brooke County, WV Hancock County, WV
Wheeling, WV-OH MSA Belmont County, OH Marshall County, WV Ohio County, WV	Wheeling, WV-OH MSA Belmont County, OH Marshall County, WV Ohio County, WV
Youngstown-Warren-Boardman, OH-PA MSA Mahoning County, OH Trumbull County, OH Mercer County, PA	Youngstown-Warren-Boardman, OH-PA MSA Mahoning County, OH Trumbull County, OH Mercer County, PA

Source: "Metropolitan and Micropolitan Statistical Areas," U.S. Census Bureau, <<http://www.census.gov/population/metro/>>.

Exhibit 2 on the next page maps these MSAs. The two counties added to the Columbus MSA are shown in a darker shade of blue; the counties that were removed from the Dayton, Parkersburg, and Toledo MSAs are designated by broken color.

**Exhibit 2
Map of MSAs Completely or Partly in Ohio**



Note: Counties added to the Columbus MSA shown in darker blue; counties excluded from MSAs in the 2013 delineations shown in broken color.

Exhibit 3 on the next page shows the impact of MSA changes on 2012 population and 2011 nonfarm employment (the most recent full year for which county-level employment is available). These totals are shown for the other MSAs as well – except for Parkersburg, which is no longer an Ohio MSA. Also shown is the percentage impact on MSA population and employment of the changes in delineations. By far the most significant impact of the revisions is on Huntington-Ashland: population is more than one-quarter higher and employment is more than one-fifth higher in the revised MSA.

Exhibit 3
Population and Employment Totals for 2003 and 2013 MSAs
and Percentage Impacts of Delineation Changes

	Population 2012	Employment 2011	MSA change impacts	
			Population	Employment
Akron, OH MSA	702,262	304,892		
Canton-Massillon, OH MSA	403,455	156,819		
Cincinnati, OH-IN-KY: 2003 MSA	2,145,493	951,549		
2013 MSA	2,128,603	949,104	-0.8%	-0.3%
Cleveland-Elyria, OH MSA	2,063,535	963,782		
Columbus, OH: 2003 MSA	1,878,714	881,896		
2013 MSA	1,944,002	894,401	3.5%	1.4%
Dayton, OH: 2003 MSA	842,858	357,819		
2013 MSA	800,972	347,912	-5.0%	-2.8%
Huntington-Ashland, WV-KY-OH: 2003 MSA	286,603	107,447		
2013 MSA	364,665	129,640	27.2%	20.7%
Lima, OH MSA	105,141	49,396		
Mansfield, OH MSA	122,673	51,434		
Sandusky, OH MSA	76,398	36,550		
Springfield, OH MSA	137,206	48,108		
Toledo, OH: 2003 MSA	650,050	287,111		
2013 MSA	608,711	273,631	-6.4%	-4.7%
Weirton-Steubenville, WV-OH MSA	122,547	40,706		
Wheeling, WV-OH MSA	146,420	62,920		
Youngstown-Warren-Boardman, OH-PA MSA	558,206	214,685		

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

New MSA Employment Estimates

The U.S. Bureau of Labor Statistics issues monthly employment estimates for the nation, states, and MSAs. These estimates – the Current Employment Statistics (CES) – are very timely: they are generally issued with only a one-month lag. Thus, they give a close to real-time view of employment in total and for industry sectors. However, the axiom, “Accurate statistics are not timely; timely statistics are not accurate,” definitely applies. In order to produce the estimates so quickly, the Bureau of Labor Statistics bases them on a sample. The national sample totals approximately 145,000 firms and government agencies representing about 557,000 worksites; the sample in Ohio is 4,160 firms covering 20,150 worksites (out of a total of 288,500). Basing the CES totals on a sample creates a margin of error. This is larger the smaller the MSA and the smaller the industry sector, but can misstate employment trends materially even for larger MSAs such as Cincinnati, Cleveland and Columbus. The implication is that this very timely view of the local economy might be misleading.

National CES estimates are corrected each February and state and local estimates are corrected each March as more accurate data become available. These data are primarily the Unemployment Insurance (UI) tax reports required of nearly all employers (and covering about 97 percent of total employment). These UI reports form the basis of the Quarterly Census of Employment and Wages used in Exhibit 3 above. They provide an employment count, not an estimate, and are used to correct the CES totals for the previous two years.

The new MSA delineations discussed above are *not* incorporated in the CES corrections. The 2003 MSAs will continue to be the basis of the 2013 and 2014 CES estimates, labor force estimates, and unemployment rates. The Bureau of Labor Statistics will issue comprehensive revisions of all statistics based on the new MSAs early in 2015. However, because all of these statistics except for CES are available at the county level, county totals can be aggregated now to produce employment, labor force, unemployment, and unemployment rates for the new MSAs – as in Exhibit 3.

The CES corrections were in some cases good news: the U.S. and some Ohio MSAs have been recovering more strongly than we thought. The state is doing about as well as originally reported, but some MSAs have been doing worse. Exhibit 4 shows the corrected percentage employment growth for the U.S, Ohio, and the MSAs with principal cities in Ohio. In addition to 2011 and 2012 employment growth, the table shows net growth from the employment trough to December 2012. This is measured from the minimum employment in each area in whatever month the minimum occurred – as early as December 2009 and as late as March 2010. As shown, the revisions increased U.S. employment in both years, while those at the state level cut 2011 growth and increased 2012, resulting in a near wash. Among MSAs, the corrections were most beneficial for Akron, Cleveland, Columbus, and Toledo. Cincinnati and many of the smaller MSAs suffered downward revisions. Cleveland's upward revisions coupled with Cincinnati's downward revisions reveals that Cleveland has been outperforming Cincinnati, contrary to the implication of the original estimates. It should be noted that this is not the last word on 2012. These estimates will be revised once more next March using the full year of 2012 UI statistics – which weren't completely available this March.

Exhibit 4
Impact of Current Employment Statistics Corrections

	Pct change, 2010-11		Pct change, 2011-12		Trough-Dec. 2012	
	Original	Corrected	Original	Corrected	Original	Corrected
U.S.	1.1%	1.2%	1.4%	1.7%	3.7%	4.2%
Ohio	1.7%	1.3%	1.0%	1.5%	3.6%	3.5%
Akron	0.6%	0.9%	1.2%	1.5%	2.9%	4.1%
Canton-Massillon	1.9%	1.9%	3.3%	2.1%	6.7%	6.2%
Cincinnati-Middletown	0.9%	0.9%	2.2%	1.2%	3.7%	2.4%
Cleveland-Elyria-Mentor	0.2%	1.0%	0.4%	1.5%	1.5%	3.8%
Columbus	1.5%	2.5%	2.0%	2.6%	4.5%	6.5%
Dayton	1.5%	1.2%	0.6%	0.9%	2.7%	2.3%
Lima	0.8%	0.0%	2.3%	0.6%	3.7%	0.8%
Mansfield	1.0%	1.2%	0.6%	-0.6%	3.9%	1.0%
Sandusky	3.0%	1.9%	4.3%	-1.4%	7.9%	3.1%
Springfield	1.6%	1.4%	1.0%	0.2%	3.3%	3.7%
Toledo	1.0%	1.3%	0.5%	1.7%	3.2%	4.6%
Weirton-Steubenville	-1.4%	-0.5%	0.7%	0.5%	-0.2%	2.8%
Youngstown-Warren-Boardman	1.2%	1.4%	0.9%	0.8%	3.5%	3.6%

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