ON THE MONEY

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COVID-19 and the Ohio Economy: Status Report

Summary

- In lieu of the standard April review of last year's population and metropolitan area employment change, this article is a survey of initial data on Ohio's economy in the presence of the COVID-19 pandemic.
- The first indicator of job loss is the trend in weekly national, Ohio, and county weekly unemployment claims. Total Ohio claims through the week ended April 18 are 14.2% of the 2019 labor force, while U.S. claims are 12.7%. There is considerable variation among counties and areas of the state.
- Ohio's unemployment rate for March was 5.5%, up from 4.4% in February. The U.S. rate was 4.4%, up from 3.5% in February. However, these rates refer to the week before significant impacts on employment, and their increase was dampened by a simultaneous decline in the labor force. Had that labor force decline not occurred, Ohio's March unemployment rate would have been 7%.
- Payroll employment suffered a monthly decline of 39,700 (0.7%) in March. The U.S. decline was 0.5%. Again, declines varied widely among Ohio's metropolitan areas. Two-thirds of the statewide decline was in accommodation and food services. The declines in future months are likely to be more widespread.

Introduction

The April Issue of *On the Money* is typically an annual review of population change and sector employment trends during the previous year. But the unprecedented economic impacts imposed by the COVID-19[1] pandemic on the U.S. and Ohio call for an analysis of economic data currently available. These data provide insights into the impacts on unemployment and employment in Ohio and its regions.

These data as of now are fairly sparse. Five weeks of elevated unemployment insurance claims data have been released, as have labor force, unemployment, and employment data for March. But as will be explained, the March data give only a partial indication of economic impacts as of last month.

[1] COVID-19 is short for **CO**rona **VI**rus **D**isease 20**19**.

According to Microsoft's Bing Coronavirus Tracker, Ohio's first three cases were confirmed on March 9, more than six weeks after the first confirmed U.S. case. The first death in Ohio occurred on March 20. As of April 22, 14,694 cases had been diagnosed, including 656 deaths.

The Ohio Department of Health's statewide Stay at Home order went into effect at 11:59 pm, March 23. As of now, the order extends through May 1. This order prohibits the operation of non-essential businesses, including theaters, gyms and recreation centers, beauty parlors and barbers, spas, museums, casinos and racetracks, some wholesale businesses, some retail stores, among others. Restaurants are allowed to operate, but only for takeout and delivery services, which requires fewer workers for many restaurants.

Unemployment Claims

The U.S. Department of Labor issues weekly counts of unemployment claims for the U.S. The Ohio Labor Market Information Bureau issues state and county-level counts. These counts are issued on Thursdays for the week ended the previous Saturday. Figure 1 charts Ohio's weekly initial and total claims for March and April.

Figure 1
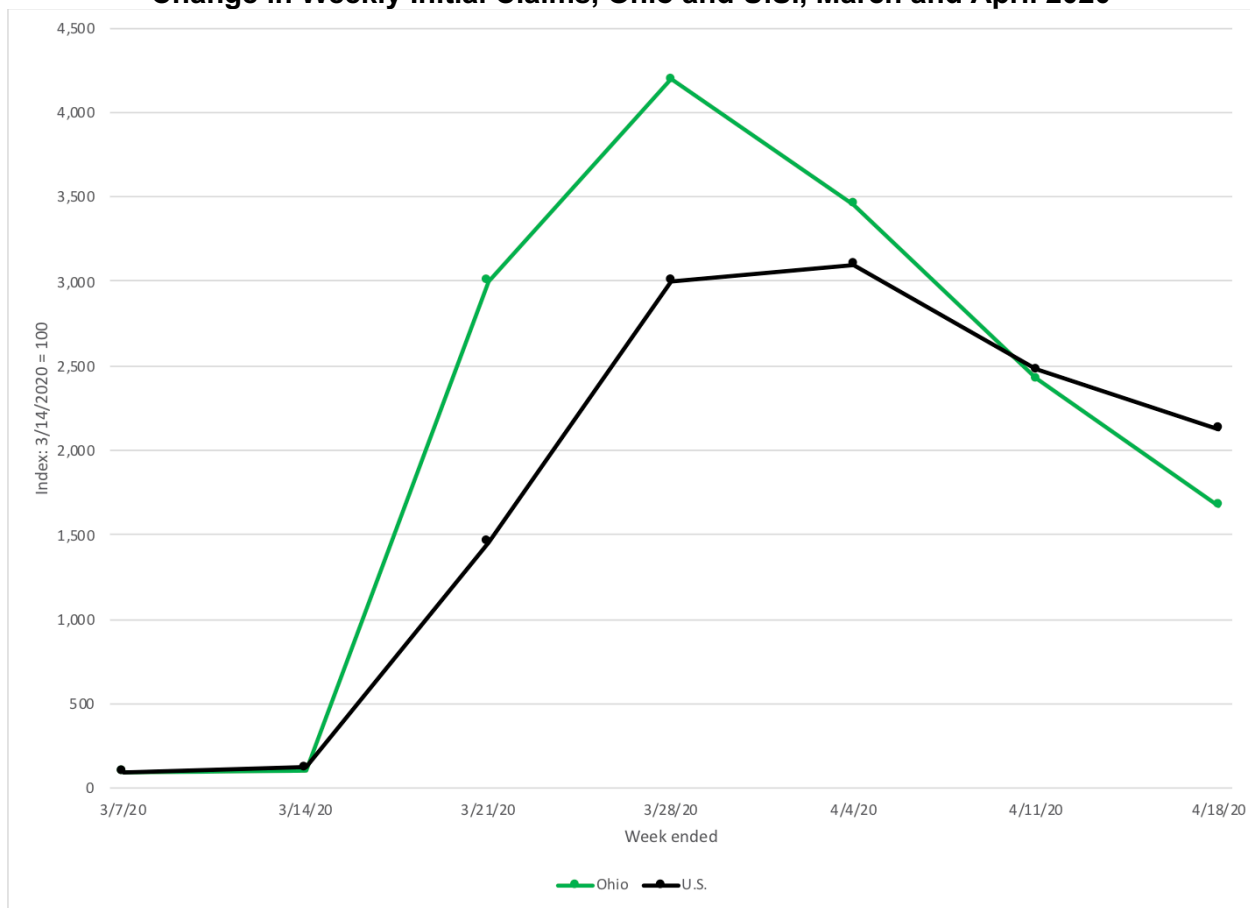**Ohio Initial and Total Claims for Unemployment Insurance, March and April 2020**
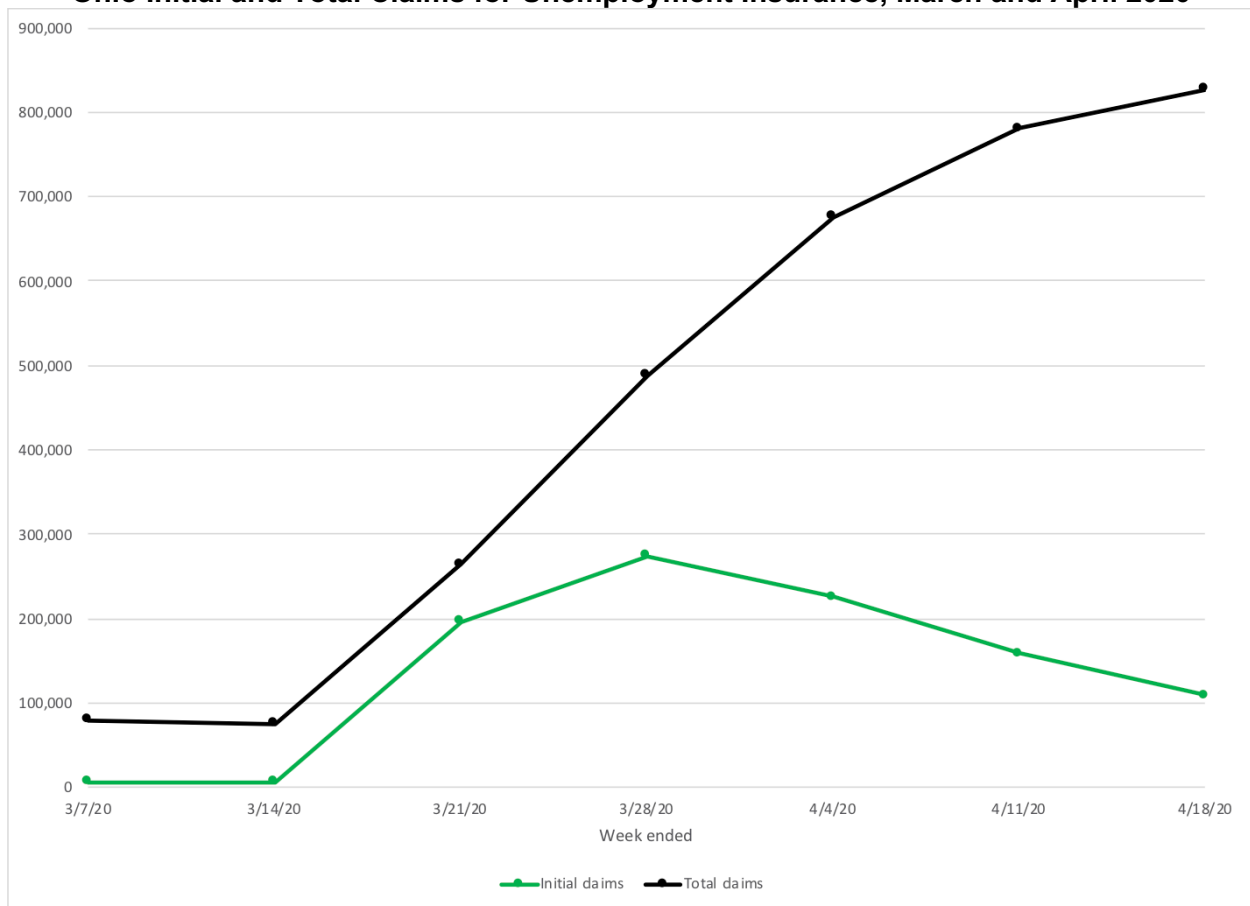
Source: Unemployment Insurance Claims, Ohio Labor Market Information Bureau.

During the week ended March 14, 7,042 new claims increased previous claims to yield a total of 75,514. The following week, before the Stay at Home order took effect, initial claims increased

nearly 28 times to a then-record 196,297. New and continuing claims totaled 264,568. The peak came the following week with 274,215 initial claims. Although the pace of initial claims has slowed in more recent weeks, they continued at unprecedented levels. As of the week ended April 18, active claims totaled 826,675, equivalent to the combined city populations of Cincinnati, Cleveland, and Dayton.

Figure 2 compares the trends of initial claims in Ohio and nationwide. Differences in these patterns are due to the timing and extent of Ohio's Stay at Home and business closure orders relative to those of other states, and the industry sector composition of Ohio versus that elsewhere. Ohio's peak was higher than average but the slowdown in the pace of initial claims has been much greater than average. This is visible in the slowdown in the growth of total claims in Figure 1.

Figure 2
Change in Weekly Initial Claims, Ohio and U.S., March and April 2020

Source: Unemployment Insurance Claims, Ohio Labor Market Information Bureau, and Weekly Claims Reports, Employment and Training Administration, U.S. Department of Labor.

Ohio unemployment claims data are also available by county, allowing a more detailed analysis of patterns of unemployment. This also requires context for these totals. The total claims for the

week ended April 18 can be divided by average 2019 labor force to provide an estimate of the share of the labor force affected by layoffs and furloughs.[2]

Table 1 lists claims and the labor force share for the 10 counties with the highest share, the 10 counties with the lowest share, and the ten most populous counties. These differences are influenced by the county's industry mix. Statewide claims are 14.2% of Ohio's 2019 labor force, a higher share than the 12.7% national average. The highest county shares are manufacturing-heavy counties in western and northwestern Ohio. Many, but not all, of the counties with the lowest shares are in southern and southeastern Ohio. Exceptions are Holmes and Knox in the northeast and two suburban counties, Geauga and Delaware. Among the most heavily populated counties, Franklin, Hamilton and Warren each have rates lower than the national average, while rates in Montgomery, Lucas, Stark, and Lorain are higher than the Ohio average.

Table 1
Total Unemployment Claims and Share of Labor Force, Ohio, U.S., and Ohio Counties with Lowest and Highest Share and Largest Population, April 18, 2020

Area	Total claims	Share of 2019 labor force	Area	Total claims	Share of 2019 labor force
Ohio	826,675	14.2%	United States*	20,706, 328	12.7%
Counties with highest share of labor force			Counties with lowest share of labor force		
Logan	6,308	27.6%	Holmes	1,101	5.3%
Erie	8,399	22.6%	Lawrence	1,574	6.6%
Crawford	3,943	21.7%	Athens	2,432	8.8%
Shelby	5,164	21.4%	Geauga	4,528	9.2%
Lucas	43,073	20.5%	Delaware	10,169	9.2%
Huron	5,461	19.5%	Washington	2,661	9.7%
Seneca	5,304	19.4%	Gallia	1,192	9.8%
Fulton	4,338	19.3%	Monroe	542	10.1%
Hardin	2,633	19.1%	Knox	3,267	10.4%
Allen	8,871	18.5%	Wayne	6,472	10.4%
Most populous counties					
Franklin	82,774	11.9%	Lucas	43,073	20.5%
Cuyahoga	85,447	13.9%	Butler	23,493	12.0%
Hamilton	48,468	11.6%	Stark	26,824	14.4%
Summit	37,824	13.9%	Lorain	24,066	15.6%
Montgomery	38,490	15.2%	Warren	13,340	11.2%

*Not seasonally adjusted.
Source: Unemployment Insurance Claims, Ohio Labor Market Information Bureau, and Weekly Claims Reports, Employment and Training Administration, U.S. Department of Labor.

The availability of unemployment insurance claims at the county level also allows an analysis of the initial impact of the pandemic at a regional level. The 13 regions analyzed are mapped in Figure 3, and are familiar to regular readers of these articles. They include the state's six largest Metropolitan Statistical Areas (MSAs) and seven other regions including smaller MSAs and rural counties, which are combined based primarily on similarities in manufacturing and agricultural activities.

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[2] It would be incorrect to divide total claims by the current labor force: as discussed later, the labor force total is affected by layoffs, hence claims.

Figure 3
Ohio Regions

Northwest	■	Toledo MSA	■	West North Central	■	Cleveland MSA	■	Akron MSA	■
Northeast	■	West	■	Columbus MSA	■	East North Central	■	Dayton MSA	■
Cincinnati MSA	■	South	■	Southeast	■				

Table 2 lays out total unemployment claims and the share of total labor force for the weeks ended March 14 and April 18. These are, respectively, the week before the explosion in claims began and the most recent data available. The totals and percentages are provided for each of the 13 regions and the six smaller MSAs based in Ohio.[3]

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[3] Belmont County is part of the Wheeling MSA and Lawrence County is part of the Huntington-Ashland MSA. But because the core cities of these two MSAs are outside of Ohio, they are not included in the analysis.

Table 2
Total Unemployment Insurance Claims by Region
Weeks Ended March 14 and April 18, 2020

Region	Total unemployment claims		Percentage of 2019 labor force	
Week ended:	**March 14**	**April 18**	**March 14**	**April 18**
Ohio	**79,600**	**826,675**	**1.4%**	**14.2%**
Large MSAs	**45,173**	**533,438**	**1.1%**	**13.2%**
Akron MSA	4,886	48,610	1.4%	13.5%
Cincinnati MSA*	7,366	100,109	0.9%	11.7%
Cleveland MSA	14,126	142,953	1.4%	13.7%
Columbus MSA	8,882	128,521	0.8%	11.7%
Dayton MSA	3,665	55,516	0.9%	14.2%
Toledo MSA	6,248	57,729	2.1%	19.0%
Small MSA/rural	**34,427**	**293,237**	**2.0%**	**16.7%**
Northeast	9,932	82,983	1.8%	14.8%
Southeast	3,766	20,507	2.1%	11.6%
South	3,996	27,703	1.9%	13.2%
West	3,405	54,373	1.1%	17.7%
Northwest	1,141	14,804	1.2%	15.9%
W. North Central	4,075	44,678	1.7%	19.0%
E. North Central	1,670	15,665	1.1%	10.1%
Small MSAs	**9,761**	**92,320**	**1.7%**	**15.9%**
Canton MSA	3,649	28,737	1.8%	14.5%
Lima MSA	706	8,871	1.5%	18.5%
Mansfield MSA	733	9,571	1.4%	18.3%
Springfield MSA	879	9,921	1.4%	15.7%
Weirton-Steuben-ville MSA*	455	3,094	1.6%	11.2%
Youngstown MSA*	3,339	32,126	1.8%	16.9%

*Ohio counties only.
Source: Unemployment Insurance Claims, Ohio Labor Market Information Bureau.

Note first that the percentages of March 14 claims to the 2019 labor force are much less than the unemployment rates. This is because, contrary to popular belief, the level of unemployment claims is not the only ingredient in the unemployment rate. In general, the rates do not suggest what upcoming unemployment rates will be. Rather, they suggest the relative impact of job loss on existing unemployment rates.

The large MSAs as a class have lower claims as a percentage of labor force than either the other seven regions or the small MSAs. This is probably because of the more diversified economies of these regions. The Toledo MSA, however, which is heavily manufacturing-focused, is tied with the West North Central region for the highest percentage of claims in the state. On the other hand, the Cincinnati and Columbus MSAs are each among the lowest, at 11.7%. Referring to Table 1, the Cincinnati MSA rate is slightly higher than the rate in Hamilton County, and the Columbus MSA rate is slightly lower than that in Franklin County.

The status of the six regions including small MSAs and rural counties is mixed. Consistent with its strong economic performance in recent years, the East North Central region, which includes Amish Country, has by far the lowest rate of claims in Ohio, at 10.1%. Consistent with the concentration of the low percentage of claims in southeastern counties as shown in Table 1, that region's overall percentage is second lowest. Conversely, the West and West North Central regions have rates far higher than the statewide average.

Other than Weirton-Steubenville, the small MSAs have rates higher than the state average. Those in Lima (Allen County) and Mansfield (Richland County) are especially high.

Unemployment Rates

The March unemployment rate was released Friday, April 17. It showed Ohio with an unemployment rate of 5.5%, up 1.1 percentage points in a month and its highest level since September 2014. The U.S. rate was 4.4%, up 0.9 percentage points from February. This was the highest national unemployment rate since May 2017. To provide context, Figure 3 compares trends in Ohio and U.S. unemployment rates from the beginning of the 2007-2009 recession. (The shaded area indicates the recession.)

Figure 3
Ohio and U.S. Unemployment Rates, January 2008 – March 2020
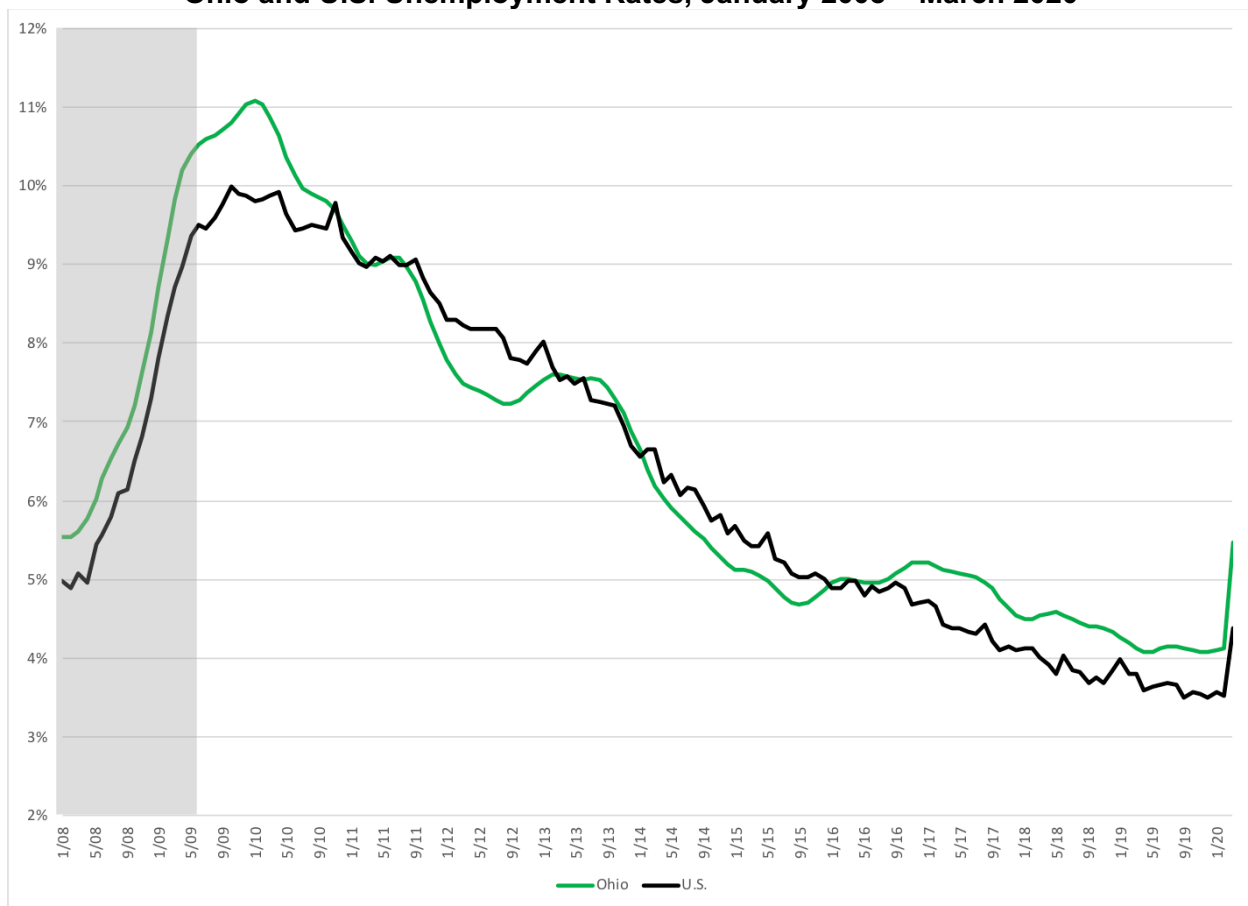
Note: The shaded area indicates the recession.
Source: Local Area Unemployment Statistics and Labor Force Statistics from the Current Population Survey, U.S. Bureau of Labor Statistics.

However, for at least three reasons, these unemployment rate increases are not a good indicator of the extent of COVID-19's economic impacts. First, unemployment statistics and the payroll employment totals to be discussed in the next section are not monthly averages. They refer to a single week, the week containing the 12th of the month. This was the week ending

March 14. Referring to Figure 2, this was the week before the massive increases in unemployment claims began.

The other two difficulties with using the unemployment rate by itself as an indicator of labor market conditions are more general, and center on the way that the rate is calculated and the way that the underlying concepts are defined.

The first difficulty arises from the definition of employment. Individuals are counted as employed if they worked at all, even for one hour, during the reference week. In this case, someone could have worked a few hours on Monday, March 9, lost his or her job at the end of the day, and filed for unemployment the following week. This individual would have been counted in the March labor force statistics as employed, regardless of the fact that she or he was unemployed for most of the month.

Second, the unemployment rate is calculated by dividing the number of people unemployed by the labor force. In order to be counted as unemployed, an individual must not have worked during the reference week and must have actively searched for employment within the past 30 days. Actively searching involves more than simply scanning job postings. It requires undertaking activities that could directly lead to employment such as submitting résumés, going on job interviews, or attending job fairs. The labor force is defined as the sum of employment and unemployment. Individuals who have neither worked nor actively searched for work are not included in the labor force and the unemployment rate – despite their availability for work and their desire for a job. Essentially, these problems arise because the Bureau of Labor Statistics by necessity defines as a yes-or-no question what is really more-or-less.

This definition of the labor force causes it to rise and fall over time. In general, the labor force declines in a weak economy and increases in a strong economy as people become less or more optimistic about their prospects for employment. As a result, it is not uncommon for the unemployment rate to fall for several months as jobs are declining and rise for several months as jobs are increasing. Correctly analyzing trends in the unemployment rate requires breaking the rate apart into its employment and labor force components and comparing the trends in each. This is shown in Figure 4, which graphs total Ohio labor force and employment monthly from January 2008. The distance between the two lines is unemployment.

Notice that the rapid decline in the unemployment rate following the recession as shown in Figure 3 was primarily due to a continuing decline in the labor force rather than a meaningful increase in employment. There is nothing ambiguous about the sharp contraction in both labor force and employment in the March statistics, though. The contractions in both are unprecedented. Labor force fell 1.7% to a four-year low and employment fell 3% to a more than four-year low. The decline in the labor force dampened the increase in the unemployment rate. If the labor force had not declined along with employment, the March unemployment rate would have risen not to 5.5% but to 7%.

Labor force data are also available at the MSA and county level and for cities with a population of at least 25,000. Seasonally adjusted totals are not available, however. These are required to make meaningful comparisons from month to month.

Figure 4
Ohio Labor Force and Employment, January 2008 – March 2020
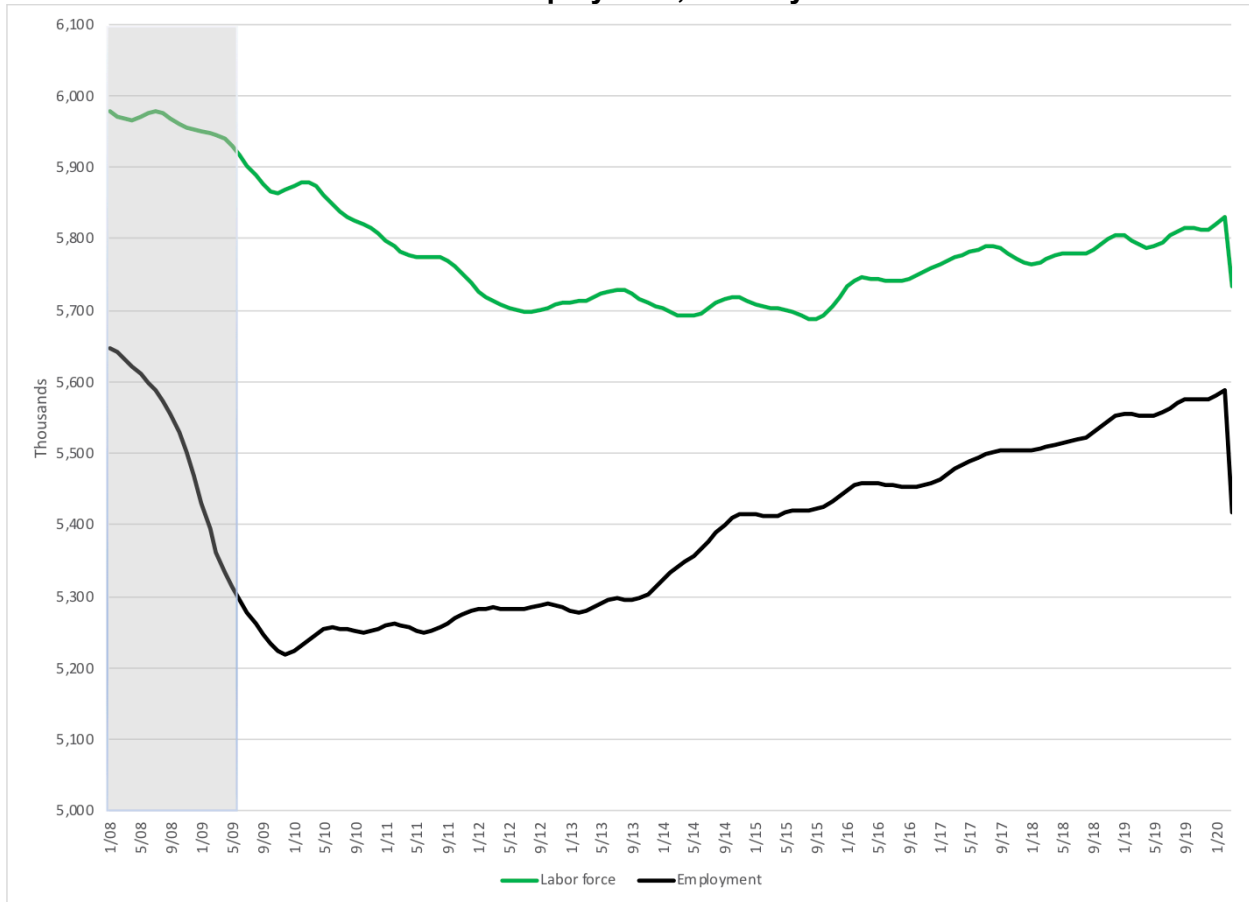
Note: The shaded area indicates the recession.
Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics.

There are six increasingly less restrictive measures of U.S. unemployment that attempt to tackle these conceptual problems. These alternative measures will be useful to follow as the crisis unfolds.[4] The headline unemployment rate is U-3, the third most restrictive. Figure 5 graphs this rate along with U-5, the second least restrictive, and U-6, the least restrictive. U-5 includes the unemployed as defined above plus discouraged workers, who want a job but are not in an active job search because of a lack of confidence in their job prospects, and the marginally attached, who are not in a job search for whatever reason. U-6 includes all these groups plus those who are working part-time because they cannot find full-time employment. As shown in Figure 5, all three measures of unemployment had been trending downward, and were at levels not seen in nearly 20 years. U-3 increased 1.1 percentage points in March, but U-6 increased 1.7 points.

A useful gauge of the extent to which U-3 is understating broader unemployment is the difference between U-6 and U-3. This is graphed in Figure 6, and shows that the spread has increased to a three-year high. If this spread continues to increase, it will be an indication of lingering negative economic effects of the pandemic.

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[4] These measures are available at the state level, but only as quarterly moving averages.

Figure 5
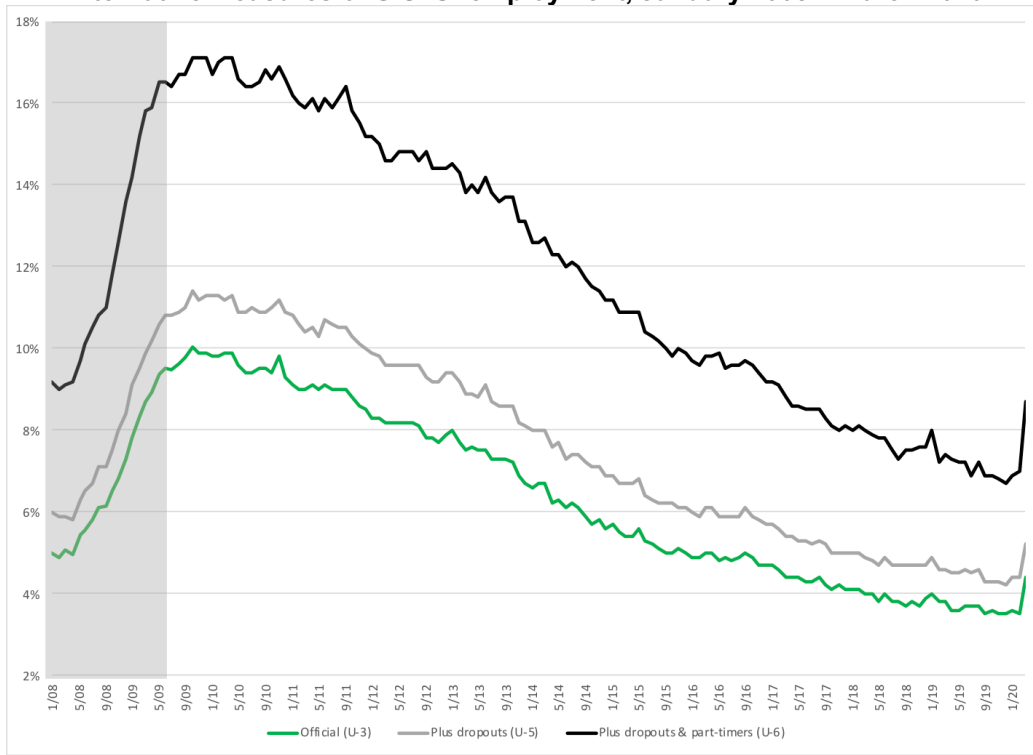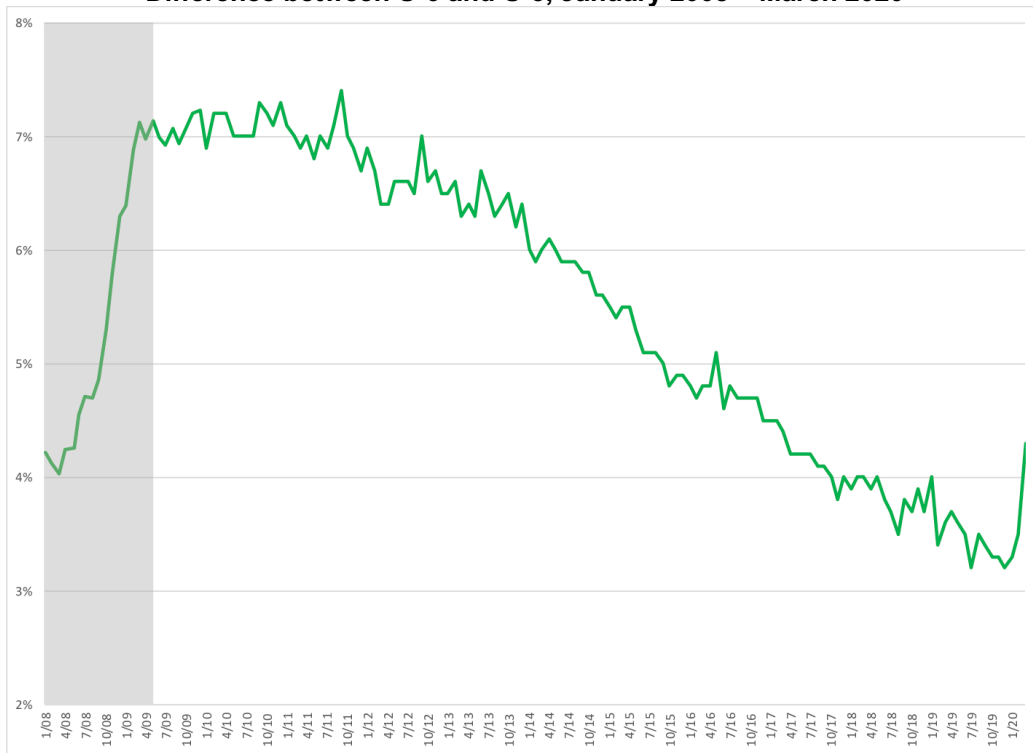**Alternative Measures of U.S. Unemployment, January 2008 – March 2020**

Figure 6
Difference between U-6 and U-3, January 2008 – March 2020

Source: Labor Force Statistics from the Current Population Survey, U.S. Bureau of Labor Statistics.

Payroll Employment

The March statistical release included payroll employment for Ohio and its MSAs. This release is a customary subject of the annual April survey of metropolitan area economic trends. Now, however, this release gives another preliminary view of the impact of the pandemic on the economy in March, with the same warning that the estimates refer to the week ended March 11.

Table 3 compares numerical and percentage changes across Ohio's MSAs. This analysis can only be meaningfully undertaken for the larger MSAs because the employment totals are rounded to the nearest hundred. This rounding can produce misleading results when total employment is only 40,000 or 50,000. Table 3 also lists the month in which the employment total was most recently at a lower level than the March total. The U.S. and Columbus declines only erased several months of gains, while the Akron and Canton loss returned employment to mid-decade levels. Employment in Youngstown has been in decline since 1998, so the March total represents a new low – at least since January 1990, when this employment series began.

Table 3
Payroll Employment Change, U.S., Ohio, and MSAs, Feb. 2020 – Mar. 2020
Employment totals in thousands

	Employment		Change		Most recent
	Feb. 2020	Mar. 2020	Number	Percent	lower total
United States	**152,487**	**151,786**	**-701.0**	**-0.5%**	**Oct. 2019**
Ohio	**5,599.1**	**5,559.4**	**-39.7**	**-0.7%**	**Apr. 2018**
Akron MSA	336.9	335.0	-1.9	-0.6%	Sep. 2014
Canton MSA	172.7	172.3	-0.4	-0.2%	Dec. 2015
Cincinnati MSA	1,122.2	1,109.4	-12.8	-1.1%	Jun. 2018
Cleveland MSA	1,079.2	1,071.1	-8.1	-0.8%	May 2018
Columbus MSA	1,123.2	1,117.7	-5.5	-0.5%	Nov. 2019
Dayton MSA	390.8	390.4	-0.4	-0.1%	Dec. 2018
Toledo MSA	309.5	307.8	-1.7	-0.5%	Sep. 2017
Youngstown MSA	213.8	212.8	-1.0	-0.5%	*

*Employment has been in decline. This is the lowest total since the employment series began in January 1990.
Source: Current Employment Statistics, U.S. Bureau of Labor Statistics.

Table 4 presents the same statistics for Ohio employment and employment changes by industry sectors. Employment in accommodation and food services accounted for two-thirds of the total March employment decline. (The same was true at the national level.) The loss of more than 26,000 jobs brought sector employment back to its level in late 2015. Other noteworthy percentage declines occurred in private education services and wholesale trade. The declines in future months are likely to be more widespread with the closure of more businesses, the substantial decline in the consumer sentiment as measured by the University of Michigan index, and the indirect and induced economic impacts of the decline in activity. Future issues of *On the Money* will continue to analyze these impacts.

Table 4
Ohio Employment by Industry Sector, Feb. 2020 – Mar. 2020
Employment totals in thousands

Sector	Employment		Change		Most recent lower total
	Feb. 2020	Mar. 2020	Number	Percent	
Total employment	**5,599.1**	**5,559.4**	**-39.7**	**-0.7%**	**Apr. 2018**
Construction and mining	240.7	239.1	-1.6	-0.7%	Nov. 2019
Manufacturing	700.2	699.0	-1.2	-0.2%	Nov. 2019
Wholesale trade	233.7	231.3	-2.4	-1.0%	Sep. 2017
Retail trade	549.9	550.0	0.1	0.0%	Sep. 2019
Transportation and utilities	243.2	241.1	-2.1	-0.9%	Oct. 2019
Information	70.0	69.8	-0.2	-0.3%	Jan. 2020
Finance and insurance	241.1	241.1	0.0	0.0%	Nov. 2016
Real estate and rental	66.2	65.7	-0.5	-0.8%	Feb. 2019
Professional and tech. svcs.	273.2	275.0	1.8	0.7%	Feb. 2020
Management of companies	140.1	139.9	-0.2	-0.1%	Jan. 2020
Administrative & waste svcs.	319.3	317.3	-2.0	-0.6%	Jan. 2020
Private education services	117.0	114.6	-2.4	-2.1%	Apr. 2013
Healthcare & soc. assistance	831.4	831.6	0.2	0.0%	Feb. 2020
Arts and entertainment	83.2	82.6	-0.6	-0.7%	Dec. 2019
Accommodation & food svcs.	494.7	468.3	-26.4	-5.3%	Nov. 2015
Other services	212.9	211.3	-1.6	-0.8%	Nov. 2014
Federal government	79.8	79.7	-0.1	-0.1%	Dec. 2019
State government	172.2	171.7	-0.5	-0.3%	Aug. 2013
Local government	530.3	530.3	0.0	0.0%	Jan. 2020
Total employment	5,599.1	5,559.4	-39.7	-0.7%	Apr. 2018

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