

ON THE MONEY

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COVID-19 and the Ohio Economy: Status Report

Summary

- This article is an update of economic trends during the pandemic.
- Ohio unemployment claims for the week ended June 20 were 8.6% of the 2019 labor force, less than the 11.8% national average. Ohio's total claims have declined at a faster-than-average rate. There is considerable variation among counties and areas of the state.
- Ohio's unemployment rate in May was 13.7%, down from a record 17.6% in April. The U.S. rate was 13.3%, down from April's 14.7%.
- Ohio's payroll employment declined an unprecedented 895,100 (16%) between February and April. The U.S. decline was 22 million (14.5%). Employment recovered somewhat in May as economies in Ohio and elsewhere began to reopen. Ohio employment increased 127,100 from April, while U.S. employment increased 2.5 million. The net loss from February through May was 13.7% for Ohio and 12.8% for the U.S.

Introduction

This article is the second in a series of bimonthly updates of the economic impacts of the COVID-19 pandemic on Ohio. It has now been more than three months since Ohio's first infection was recoded on March 9, and since Governor Mike DeWine's Stay at Home order took effect on March 24. Some facilities were allowed to reopen in May and June, but with restrictions on capacity and requirements for social distancing. This led to an improvement in the catastrophic economic conditions documented in the April employment and unemployment statistics.

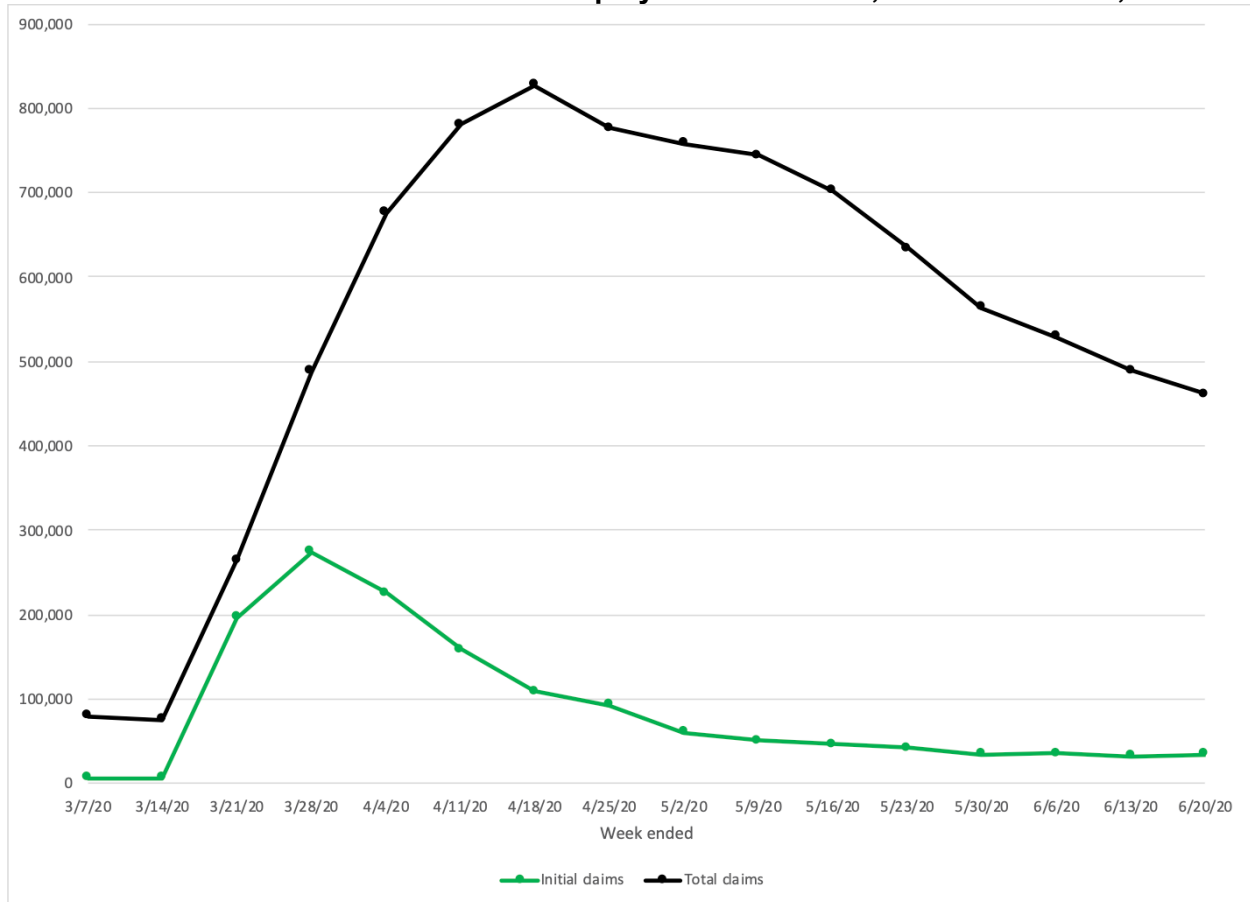
The Business Cycle Dating Committee of the National Bureau of Economic Research, the body which defines the beginning and end of business cycles, announced on June 8 that a recession had begun in February. This was an unusually quick declaration: the previous three announcements of economic peaks over the past 30 years occurred between 8 and 12 months after the recession began.

Unemployment Claims

The most immediate indicator of labor market trends is the weekly count of unemployment claims. These are issued on Thursdays for the week ended the previous Saturday by the U.S. Department of Labor or the U.S. and the Ohio Labor Market Information Bureau for Ohio and its counties. Figure 1 charts Ohio's weekly initial and total claims beginning in March. During the

week ended June 20, a total of 34,553 new claims were filed statewide. Although this was substantially less than the peak in late March, it was four to five times the level before the shutdown began. Active claims totaled 496,111. While total claims continue to decline, initial claims have continued steady for the past several weeks.

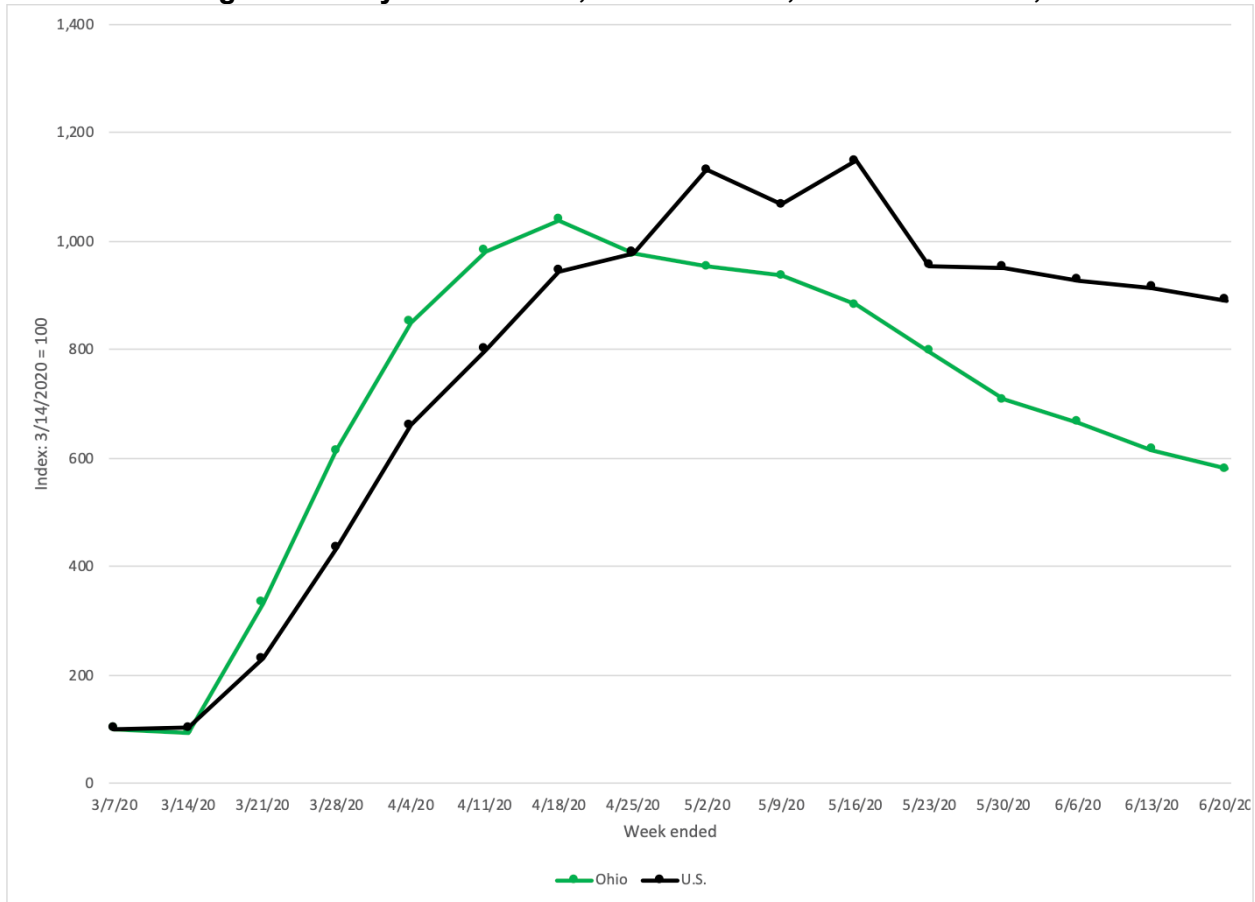
Figure 1
Ohio Initial and Total Claims for Unemployment Insurance, March 7-June 20, 2020



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

Figure 2 compares the trends of total claims in Ohio and nationwide. The Ohio trend of total claims replicates that in Figure 1. Ohio's claims initially increased at a faster-than-average pace, but have been falling much faster than U.S. claims more recently.

Figure 2
Change in Weekly Total Claims, Ohio and U.S., March 7-June 20, 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. Total claims for the week ended June 20 can be divided by average 2019 labor force to provide an estimate of the share of the labor force affected by layoffs and furloughs.¹

Table 1 lists total claims and the share of the labor force represented by these claims for the 10 counties with the highest share, the 10 counties with the lowest share, and the 10 most populous counties. Statewide claims are 8.6% of Ohio’s 2019 labor force, a lower share than the 11.8% national average. There are substantial differences between the counties with the highest and lowest claims in late April and those in these lists. The highest county shares in April were manufacturing-heavy counties in western and northwestern Ohio. Only Crawford, Erie, and Lucas remain on the current list. Other top spots currently are occupied by some of the state’s most populous counties, including Lucas. There is somewhat more consistency between April and June in the counties with lowest shares. Counties with a place on this list both in April and June include Holmes, Lawrence, Athens, Geauga, Delaware, and Knox. All of the most heavily populated counties have shares lower than the national average. Franklin,

¹ 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.

Hamilton, Butler, Stark, and Warren have shares lower than or equal to the state average. Shares in Cuyahoga, Summit, Montgomery, Lucas, 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	496,111	8.6%	United States*	19,378,655	11.8%
Counties with highest share of labor force			Counties with lowest share of labor force		
Lucas	23,415	11.1%	Madison	1,090	5.2%
Erie	4,052	10.9%	Athens	1,438	5.2%
Cuyahoga	66,269	10.8%	Geauga	2,557	5.2%
Van Wert	1,586	10.5%	Ashland	1,371	5.1%
Mahoning	10,274	10.0%	Knox	1,608	5.1%
Crawford	1,791	9.8%	Union	1,456	5.0%
Trumbull	8,471	9.8%	Putnam	936	5.0%
Montgomery	24,121	9.6%	Delaware	5,489	5.0%
Summit	24,349	8.9%	Lawrence	845	3.6%
Lorain	13,673	8.9%	Holmes	445	2.1%
Most populous counties					
Franklin	59,859	8.6%	Lucas	23,415	11.1%
Cuyahoga	66,269	10.8%	Butler	14,626	7.5%
Hamilton	35,786	8.6%	Stark	15,604	8.4%
Summit	24,349	8.9%	Lorain	13,673	8.9%
Montgomery	24,121	9.6%	Warren	7,491	6.3%

*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. Counties are combined into these regions based primarily on similarities in manufacturing and agricultural activities.

**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 shows 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.²

² 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 25	June 20	March 14	April 25	June 20
Ohio		75,514	869,222	496,111	1.3%	15.0%	8.6%
Large MSAs		43,067	593,800	341,331	1.1%	14.7%	8.4%
Akron MSA		4,959	54,374	30,210	1.4%	15.1%	8.4%
Cincinnati MSA*		7,350	111,542	66,369	0.9%	13.0%	7.7%
Cleveland MSA		14,255	158,747	98,981	1.4%	15.2%	9.5%
Columbus MSA		8,967	144,621	83,273	0.8%	13.2%	7.6%
Dayton MSA		3,564	61,844	32,857	0.9%	15.9%	8.4%
Toledo MSA		3,972	62,672	29,641	1.3%	20.6%	9.8%
Small MSAs		9,361	102,696	51,271	1.6%	17.7%	8.8%
Canton MSA		3,327	32,291	16,714	1.7%	16.3%	8.4%
Lima MSA		685	9,680	4,227	1.4%	20.2%	8.8%
Mansfield MSA		725	10,374	4,560	1.4%	19.9%	8.7%
Springfield MSA		864	10,940	5,184	1.4%	17.3%	8.2%
Weirton-Steubenville MSA*		431	3,497	1,841	1.6%	12.6%	6.6%
Youngstown MSA*		3,329	35,914	18,745	1.8%	18.9%	9.9%
Small MSA/rural		27,025	270,672	131,947	1.5%	15.5%	7.5%
Northeast		9,454	86,241	47,491	1.7%	15.4%	8.5%
Southeast		3,271	18,659	10,265	2.0%	11.7%	6.4%
South		3,727	26,943	13,466	1.9%	13.6%	6.8%
West		3,524	59,220	24,995	1.1%	18.0%	7.6%
Northwest		1,032	14,689	6,355	1.1%	15.8%	6.8%
W North Central		4,354	48,987	21,451	1.7%	19.1%	8.4%
E North Central		1,663	15,933	7,924	1.1%	10.2%	5.1%

*Ohio counties only.

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

As pointed out in the April article, 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.

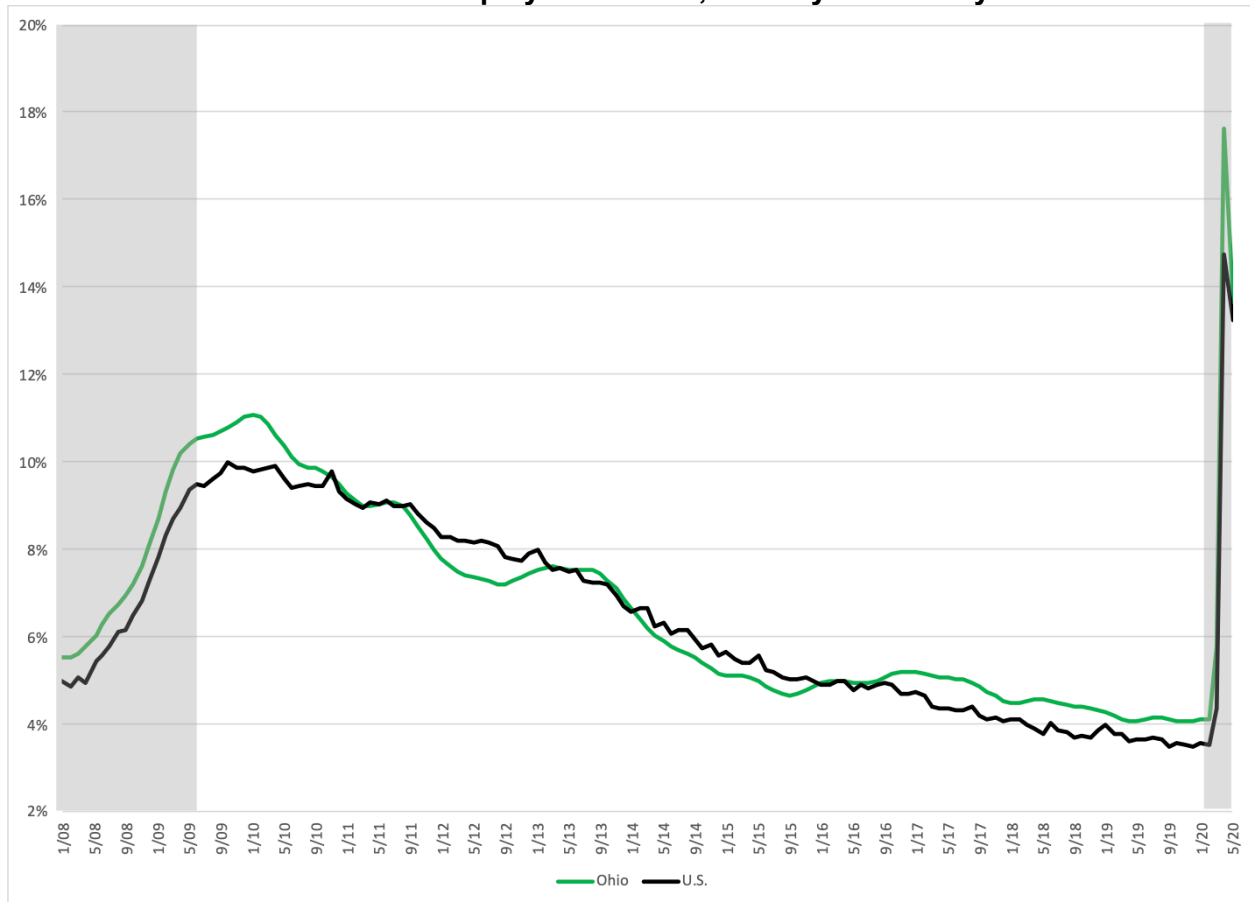
The large MSAs as a class have lower claims as a percentage of labor force than the six smaller MSAs. This difference is due to the low percentages in Cincinnati and Columbus. As shown in Table 1, however, the claims percentages in Franklin County and Hamilton County are roughly a percentage point higher than the Columbus MSA and Cincinnati MSA, respectively. In contrast to Cincinnati and Columbus, the claims percentages in Cleveland and Toledo are among the highest in the state. Two of the small MSAs stand out: Weirton-Steubenville's claims percentage is among the lowest, while Youngstown is the highest of all the regions.

The unemployment claims percentage of the group of seven regions including small MSAs and rural counties is lower than that of the small MSA counties alone. The East North Central region, which includes Amish Country, continues to have by far the lowest rate of claims in Ohio, at 5.1%. The West region's claims percentage was far higher than the state average two months ago, but is now lower than average. The Southeast, South, and Northwest regions are also lower than average.

Unemployment Rates

The labor force data for April and May, as expected, showed historically high unemployment rates. The U.S. in April recorded an unemployment rate of 14.7%, the highest since monthly statistics were first released in 1948, and the highest since a later annual estimate of 17.2% in 1939.³ Ohio's unemployment in April reached 17.6%. Rates in May improved to 13.3% for the U.S. and 13.7% for Ohio. Figure 4 compares trends in Ohio and U.S. unemployment rates from the beginning of the 2007-2009 recession. (The shaded areas indicate that recession and the current one.)

Figure 4
Ohio and U.S. Unemployment Rates, January 2008 – May 2020



Note: Shaded area indicate recessions.

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

The April article discussed shortcomings in the unemployment rate as an indicator of labor market conditions. The most serious of these is how unemployment and the labor force (the denominator of the unemployment rate) are defined. To be counted as unemployed, not only must an individual not have worked, he or she must have undertaken activities that could have

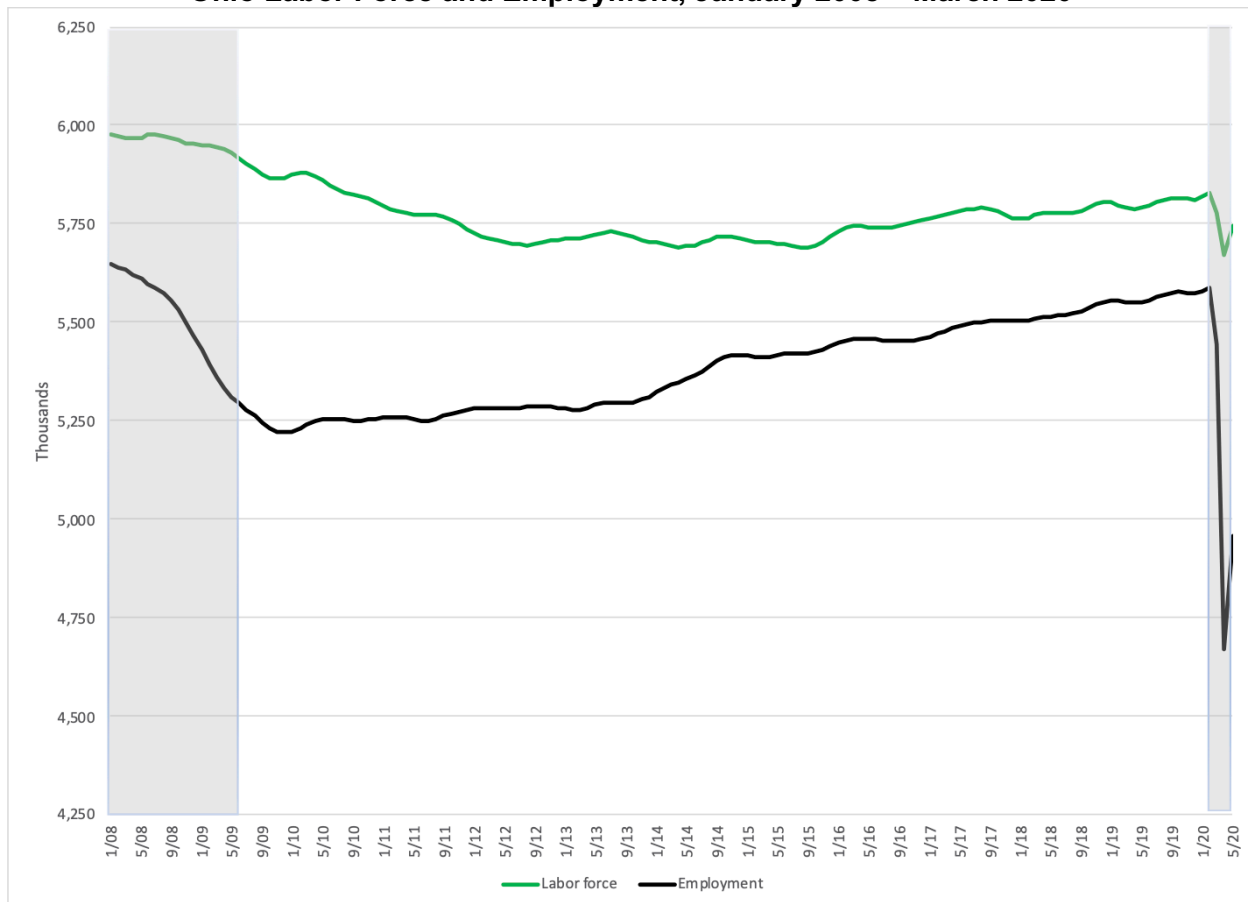
³ This estimate does not count participants in Depression-era work programs as employed. A later analysis that does so estimates the 1939 unemployment rate at 11.3%. Under this assumption, the April unemployment rate is the highest since the 16% rate during 1934.

led directly to employment within the past four weeks. 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 or the unemployment rate – despite their availability for work and their desire for a job.

This definition of the labor force causes it to rise and fall over time. 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 to determine the reason for the unemployment rate change. This is shown in Figure 5, which graphs total Ohio labor force and employment monthly from January 2008. The distance between the two lines is unemployment.

The declines in the labor force and employment in April and the increases in June are both of an unprecedented scale. Labor force fell 1.8% in April and rose 1.3% in May, while the number of employed Ohioans fell a staggering 14.1% in April and rose 6.1% in May. Changes of this magnitude typically occur over multiple years. A key point is that but for the large labor force decline in April, that month’s unemployment rate would have been much higher than it was.

Figure 5
Ohio Labor Force and Employment, January 2008 – March 2020



Note: Shaded areas indicate recessions.

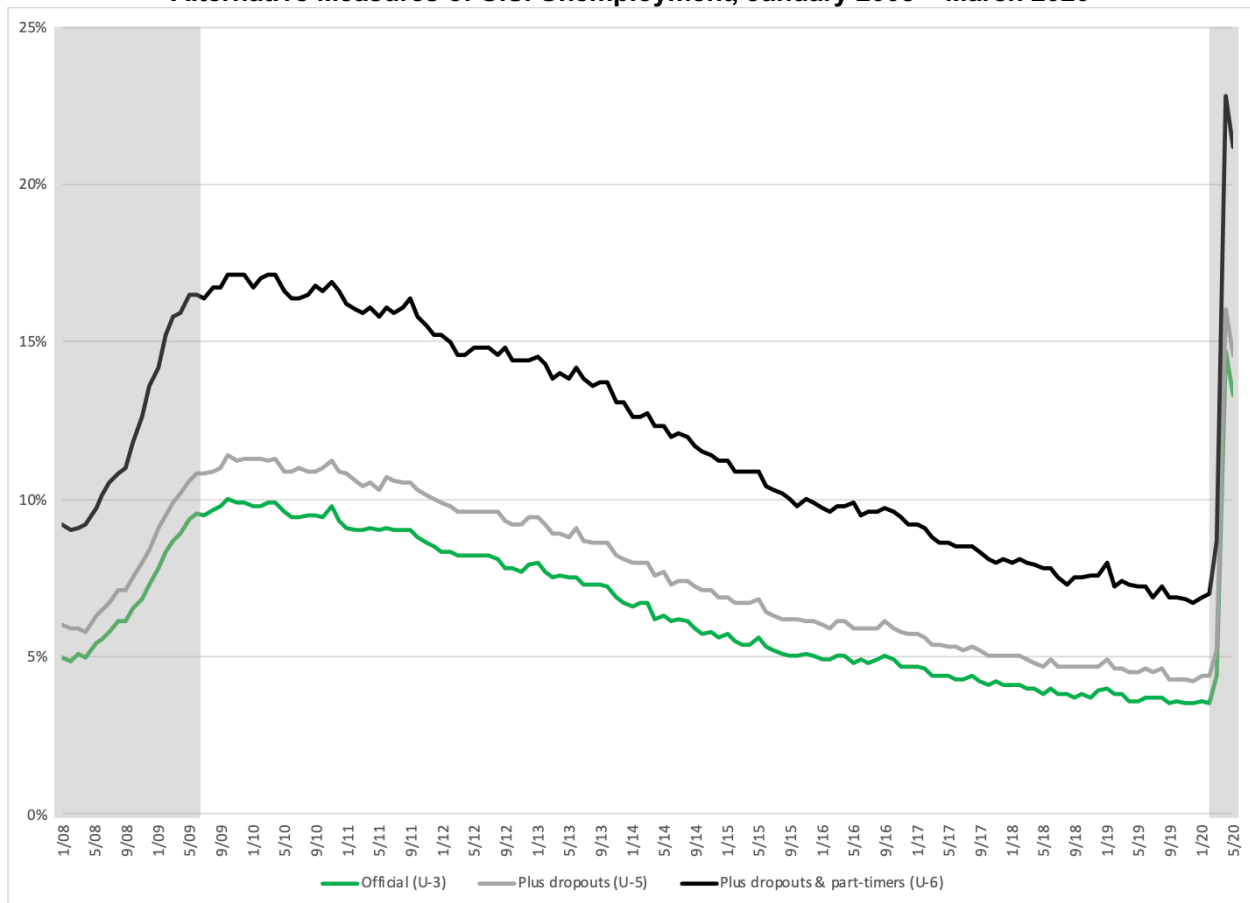
Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics.

There are six increasingly less restrictive measures of U.S. unemployment that attempt to tackle the measurement problems with the unemployment rate. The headline unemployment rate is U-

3, the third most restrictive. Figure 6 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 “marginally attached” individuals, who want and are available for work, but are not defined as unemployed because they did not actively search for a job during the last four weeks for whatever reason. U-6 includes the unemployed, the marginally attached, as well as those who are working part-time because they cannot find full-time employment.

As shown in Figure 6, all three measures of unemployment had been trending downward prior to the pandemic, and were at levels not seen in nearly 20 years. The rates soared in April, with U-6 reaching 22.8%. All three rates fell back somewhat in May. As stated above, U-3 was 13.3%. Meanwhile, U-5 was 14.6% and U-6 was 21.2%.

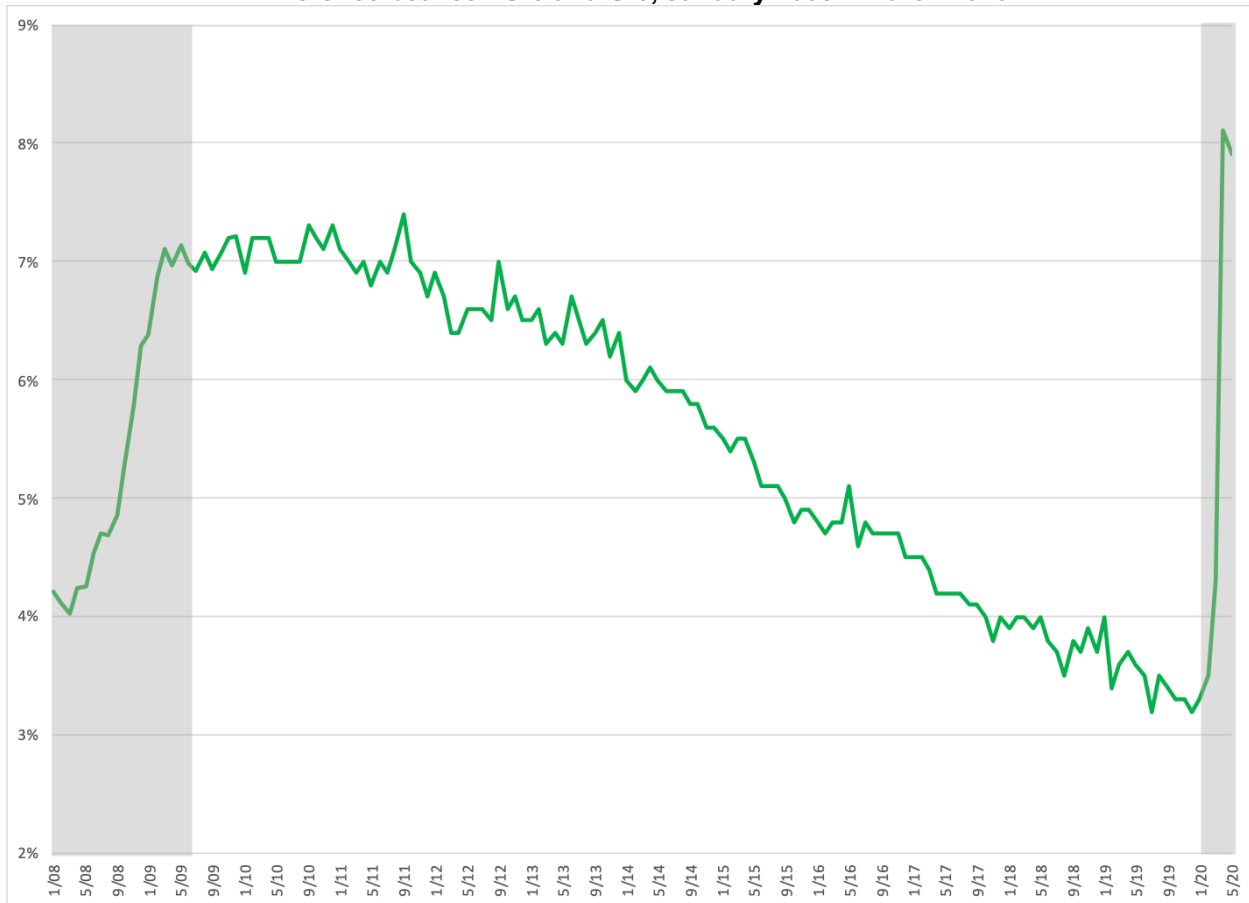
Figure 6
Alternative Measures of U.S. Unemployment, January 2008 – March 2020



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

A useful gauge of underemployment and the extent to which the headline unemployment rate understates true unemployment is the difference between U-6 and U-3. As graphed in Figure 7, the spread in April rose to an all-time high. Its decline in May was only 0.2 percentage points, suggesting that the improvement in the unemployment rate substantially overstates the improvement in underemployment.

Figure 7
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

As discussed in previous articles, two separate surveys feed the labor force estimates. A survey of households generates unemployment rates, while a survey of employers' payroll positions provides estimates of employment by industry sector. Note the implied difference in the definition of employment. The household survey measures the number of employed Ohio residents, who may or may not work in Ohio. The payroll survey measures the number of jobs within Ohio, which may or may not be filled by Ohio residents.

Table 3 compares numerical and percentage changes in the number of jobs within the U.S., Ohio, and the eight largest MSAs. This analysis can only be meaningfully undertaken for the larger MSAs because of the rounding of employment totals to the nearest hundred. This rounding can produce misleading results when total employment is only 40,000 or 50,000. The table features estimates for February (the employment peak), April (the employment trough), and May (the most recent month). Differences in net percentage employment changes between February and May among most of the regions are not substantial. The Dayton MSA has the smallest net decline, at 10.4%, while the Cleveland MSA has the largest, at 16%.

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

Area	Employment (thousands)			Numerical change		Pct.chng.
	Feb. 2020	Apr. 2020	May 2020	Feb.-Apr.	Feb.-May	Feb.-May
United States	152,463	130,403	132,912	-22,060	2,509	-12.8%
Ohio	5,599.1	4,704.0	4,831.1	-895.1	127.1	-13.7%
Akron MSA	336.9	284.8	291.6	-52.1	6.8	-13.4%
Canton MSA	172.7	147.8	151.1	-24.9	3.3	-12.5%
Cincinnati MSA	1,122.2	949.5	977.6	-172.7	28.1	-12.9%
Cleveland MSA	1,079.2	895.8	906.2	-183.4	10.4	-16.0%
Columbus MSA	1,123.2	961.7	979.9	-161.5	18.2	-12.8%
Dayton MSA	390.8	343.9	350.3	-46.9	6.4	-10.4%
Toledo MSA	309.5	253.7	266.4	-55.8	12.7	-13.9%
Youngstown MSA	213.8	178.3	182.4	-35.5	4.1	-14.7%

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. Arts, entertainment, hotels, and restaurants have borne the brunt of the pandemic impact. Arts, entertainment, and recreation has lost more than half its total employment since February, while accommodation and food service is down 44%. Private education services are down 25%, and administrative and waste services (which includes all temporary employment) are down 20%. Losses are less in sectors such as finance and insurance and management of companies, where many employees can work remotely.

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

Area	Employment (thousands)			Numerical change		Pct.chng.
	Feb. 2020	Apr. 2020	May 2020	Feb.-Apr.	Feb.-May	Feb.-May
Total	5,599.1	4,704.0	4,831.1	-895.1	127.1	-13.7%
Construction and mining	240.7	198.7	218.1	-42.0	19.4	-9.4%
Manufacturing	700.2	602.9	621.9	-97.3	19.0	-11.2%
Wholesale trade	233.7	212.5	214.8	-21.2	2.3	-8.1%
Retail trade	549.9	470.6	493.0	-79.3	22.4	-10.3%
Transportation and utilities	243.2	217.4	224.1	-25.8	6.7	-7.9%
Information	70.0	64.5	63.7	-5.5	-0.8	-9.0%
Finance/insurance	241.1	237.7	238.8	-3.4	1.1	-1.0%
Real estate/rental	66.2	55.8	56.7	-10.4	0.9	-14.4%
Professional and tech. svcs.	273.2	246.7	251.8	-26.5	5.1	-7.8%
Mgt. of companies	140.1	134.8	135.2	-5.3	0.4	-3.5%
Administrative & waste svcs.	319.3	250.1	256.5	-69.2	6.4	-19.7%
Private education services	117.0	94.2	88.3	-22.8	-5.9	-24.5%
Healthcare & soc. assistance	831.4	737.1	760.0	-94.3	22.9	-8.6%
Arts and entertainment	83.2	40.0	37.6	37.6	-2.4	-54.8%
Accommodation & food svcs.	494.7	238.6	277.6	-256.1	39.0	-43.9%
Other services	212.9	162.5	176.4	-50.4	13.9	-17.1%
Federal govt.	79.8	79.6	79.6	-0.2	0.0	-0.3%
State government	172.2	165.8	163.8	-6.4	-2.0	-4.9%
Local government	530.3	494.5	473.2	-35.8	-21.3	-10.8%

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

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