# ON THE MONEY

## 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 August 22 were 6.6% of the 2019 labor force, less than the 9.0% 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, but larger MSAs' percentages are generally higher than those of the small MSAs and rural counties.
- Ohio's unemployment rate in July was 8.2%, down from a record 17.6% in April. The U.S. rate was 10.2%, 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%). Ohio recovered 44% of that loss between April and July with a gain of 395,100 jobs. The net loss from February through July was 8.9% for Ohio and 8.4% for the U.S.
- Economists are predicting very strong growth in gross domestic product over the coming four quarters, but not enough to return the economy to its pre-recession peak. If these forecasts are correct, the recession that began in the fourth quarter of 2019 could end in the current quarter.

### Introduction

This article is the third in a series of bimonthly updates of the economic impacts of the COVID-19 pandemic on Ohio. The U.S. has now been feeling the public health and economic effects of the pandemic for more than five months.

According to the Johns Hopkins Coronavirus Resource Center, Ohio has met a key criterion for reopening: a positivity rate of less than 5% for at least 14 days. Ohio's average has been 4.2%, down from 15.1% in April. However, cases as of August 27 have totaled 118,828, and 4,076 Ohioans have died. Economic conditions have improved considerably from April, but unemployment claims remain elevated, unemployment rates remain very high, and payroll employment remains well below its February levels.

### 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, just before the effects of the pandemic began to be felt. During the week ended August 22, a total of 18,988 new claims were filed statewide. Although this was substantially less than the peak of 274,215 in late March, it was still more than triple the 4,700 to 5,000 claims per week during the same time last year. Total active claims during the week ended August 22 were 344,432, down nearly 60% from their peak of 826,675 during the week ended April 18. During the same period last year, total claims were in the 46,000 to 49,000 range.
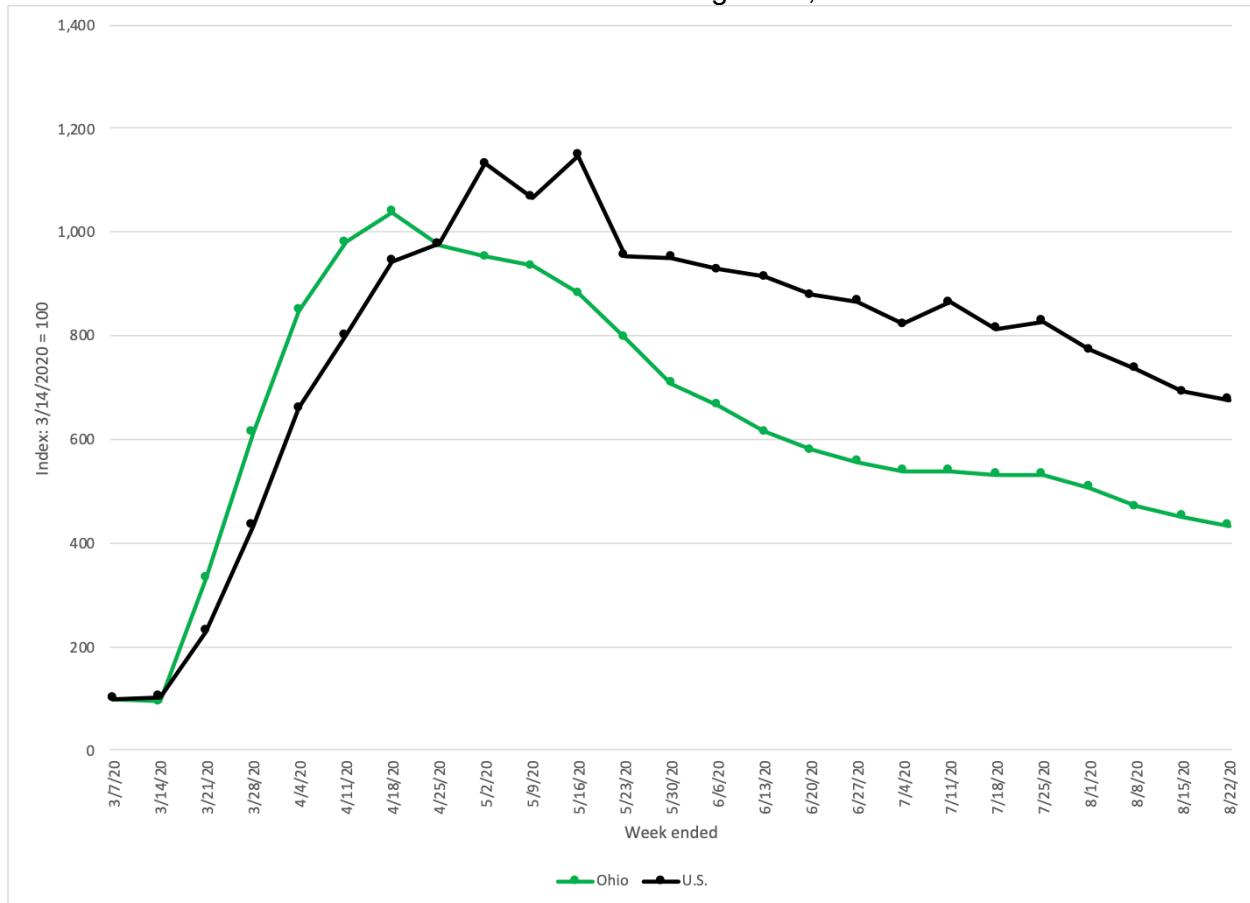
**Figure 1**
**Ohio Initial and Total Claims for Unemployment Insurance**
Weeks ended March 7-August 22, 2020
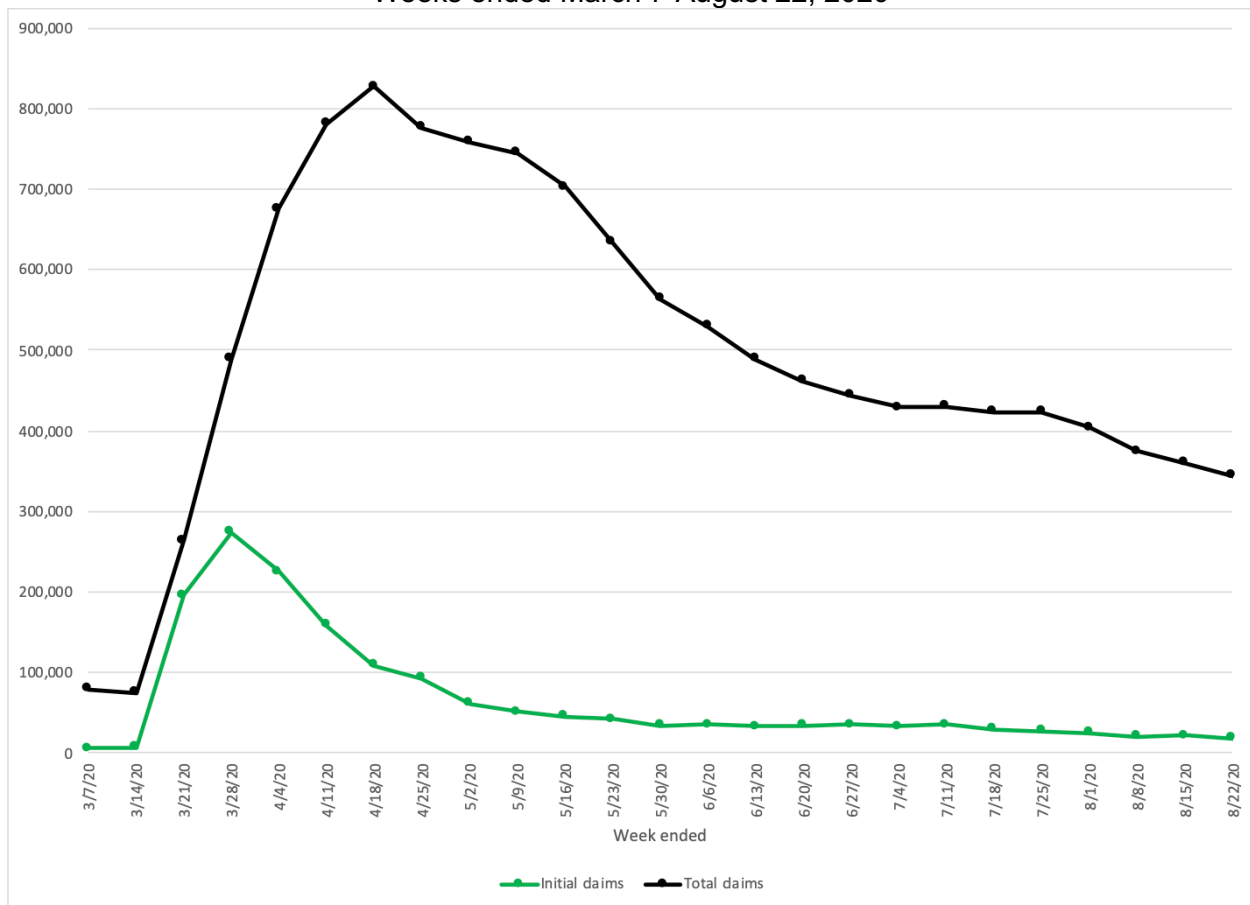


**Source**: Unemployment Insurance Claims, Ohio Labor Market Information Bureau.

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 since mid-April.

**Figure 2**
**Change in Weekly Total Claims, Ohio and United States**
Weeks ended March 7-August 22, 2020

Ohio unemployment claims data are also available by county, allowing a more detailed analysis of patterns of unemployment. Total claims for the week ended August 22 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 6.6% of Ohio's 2019 labor force, a lower share than the 9.0% national average. In contrast to the late June analysis, there are no counties with total active claims amounting to more than 8.5% of their 2019 labor force; in June, there were five counties greater than 10%.

There is little difference in the highest-share counties in June and August, although ranks have shifted. This list is dominated by counties with higher populations; six of the ten counties with the highest share of claims to labor force are also among the ten most populous. There is less

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[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.

consistency between the June and August lists of lowest-share counties. Curiously, Van Wert was one of the highest-share counties in June, but is now one of the lowest.

**Table 1**
**Total Unemployment Claims and Share of Labor Force, Ohio, U.S., and Ohio Counties with Lowest and Highest Share and Largest Population**
Week ended August 22, 2020

| Area | Total claims | Share of 2019 labor force | Area | Total claims | Share of 2019 labor force |
|---|---|---|---|---|---|
| **Ohio** | **381,248** | **6.6%** | **United States*** | **14,731,463** | **9.0%** |
| **Counties with highest share of labor force** | | | **Counties with lowest share of labor force** | | |
| Cuyahoga | 52,474 | 8.5% | Delaware | 3,967 | 3.6% |
| Lucas | 16,193 | 7.7% | Geauga | 1,770 | 3.6% |
| Trumbull | 6,187 | 7.1% | Darke | 909 | 3.5% |
| Mahoning | 7,270 | 7.1% | Union | 1,002 | 3.5% |
| Montgomery | 17,674 | 7.0% | Van Wert | 496 | 3.3% |
| Lorain | 10,473 | 6.8% | Mercer | 721 | 3.1% |
| Franklin | 47,126 | 6.8% | Paulding | 260 | 3.0% |
| Summit | 17,966 | 6.6% | Lawrence | 708 | 3.0% |
| Hamilton | 27,281 | 6.6% | Putnam | 470 | 2.5% |
| Erie | 2,434 | 6.5% | Holmes | 287 | 1.4% |
| **Most populous counties** | | | | | |
| Franklin | 47,126 | 6.8% | Lucas | 16,193 | 7.7% |
| Cuyahoga | 52,474 | 8.5% | Butler | 10,675 | 5.5% |
| Hamilton | 27,281 | 6.6% | Stark | 10,905 | 5.9% |
| Summit | 17,966 | 6.6% | Lorain | 10,473 | 6.8% |
| Montgomery | 17,674 | 7.0% | Warren | 5,190 | 4.4% |

*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 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, April 25 (the week that statewide claims peaked), and August 22. The totals and percentages are provided for each of the 13 regions and the six smaller MSAs based in Ohio.[2]

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[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 included only as part of the seven small-MSA/rural regions.

**Table 2**
**Total Unemployment Insurance Claims by Region**
Weeks Ended March 14, April 25, and August 22, 2020

| Region | Total unemployment claims | | | Percentage of 2019 labor force | | |
|---|---|---|---|---|---|---|
| Week ended: | March 14 | April 25 | August 22 | March 14 | April 25 | August 22 |
| **Ohio** | **75,514** | **869,222** | **363,397** | **1.3%** | **15.0%** | **6.3%** |
| **Large MSAs** | **43,067** | **559,675** | **256,133** | **1.1%** | **13.8%** | **6.3%** |
| Akron MSA | 4,959 | 51,182 | 22,242 | 1.4% | 14.2% | 6.2% |
| Cincinnati MSA* | 7,350 | 104,630 | 49,313 | 0.9% | 12.2% | 5.8% |
| Cleveland MSA | 14,255 | 149,903 | 76,812 | 1.4% | 14.4% | 7.4% |
| Columbus MSA | 8,967 | 136,667 | 63,917 | 0.8% | 12.4% | 5.8% |
| Dayton MSA | 3,564 | 58,217 | 23,750 | 0.9% | 14.9% | 6.1% |
| Toledo MSA | 3,972 | 59,076 | 20,099 | 1.3% | 19.4% | 6.6% |
| **Small MSAs** | **9,361** | **95,943** | **35,767** | **1.6%** | **16.6%** | **6.2%** |
| Canton MSA | 3,327 | 29,824 | 11,669 | 1.7% | 15.0% | 5.9% |
| Lima MSA | 685 | 9,193 | 2,631 | 1.4% | 19.2% | 5.5% |
| Mansfield MSA | 725 | 9,723 | 3,050 | 1.4% | 18.6% | 5.8% |
| Springfield MSA | 864 | 10,289 | 3,424 | 1.4% | 16.3% | 5.4% |
| Weirton-Steuben-ville MSA* | 431 | 3,221 | 1,536 | 1.6% | 11.6% | 5.5% |
| Youngstown MSA* | 3,329 | 33,693 | 13,457 | 1.8% | 17.7% | 7.1% |
| **Small MSA/rural** | **27,025** | **270,672** | **88,623** | **1.5%** | **15.5%** | **5.1%** |
| Northeast | 9,454 | 86,241 | 33,973 | 1.7% | 15.4% | 6.1% |
| Southeast | 3,271 | 18,659 | 7,464 | 2.0% | 11.7% | 4.7% |
| South | 3,727 | 26,943 | 9,780 | 1.9% | 13.6% | 5.0% |
| West | 3,524 | 59,220 | 14,944 | 1.1% | 18.0% | 4.5% |
| Northwest | 1,032 | 14,689 | 3,319 | 1.1% | 15.8% | 3.6% |
| W North Central | 4,354 | 48,987 | 13,687 | 1.7% | 19.1% | 5.3% |
| E North Central | 1,663 | 15,933 | 5,456 | 1.1% | 10.2% | 3.5% |

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

As pointed out in previous articles, 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.

Claims in the larger MSAs as a class have declined less than the other two groupings. In April, this group had a percentage of claims to labor force less than the statewide average and lower than the other two groups. Now it is equal to the state average and higher than the other groups. This is consistent with the finding in Table 1 that populous counties have emerged as those with the highest shares of unemployment claims to labor force. The majority of the populous counties are core counties of the large MSAs.

Among the smaller MSAs, only Youngstown's percentage of claims to labor force is higher than the state average. However, as was true in June, the unemployment claims percentage of the group of seven regions including both small MSAs and rural counties is lower than that of the small MSA counties alone. All of these regions rank below the state average, and five of the six regions have claims percentages at or below 5%.

**Unemployment Rates**

Unemployment rates have declined considerably from their April peak. That month, the U.S. unemployment rate peaked at 14.7% and Ohio's rate reached 17.6%, the highest rates since the Depression. The Ohio unemployment rate fell below double digits in July, with a reading of 8.2%. The U.S. rate was 10.2%. 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 – July 2020**
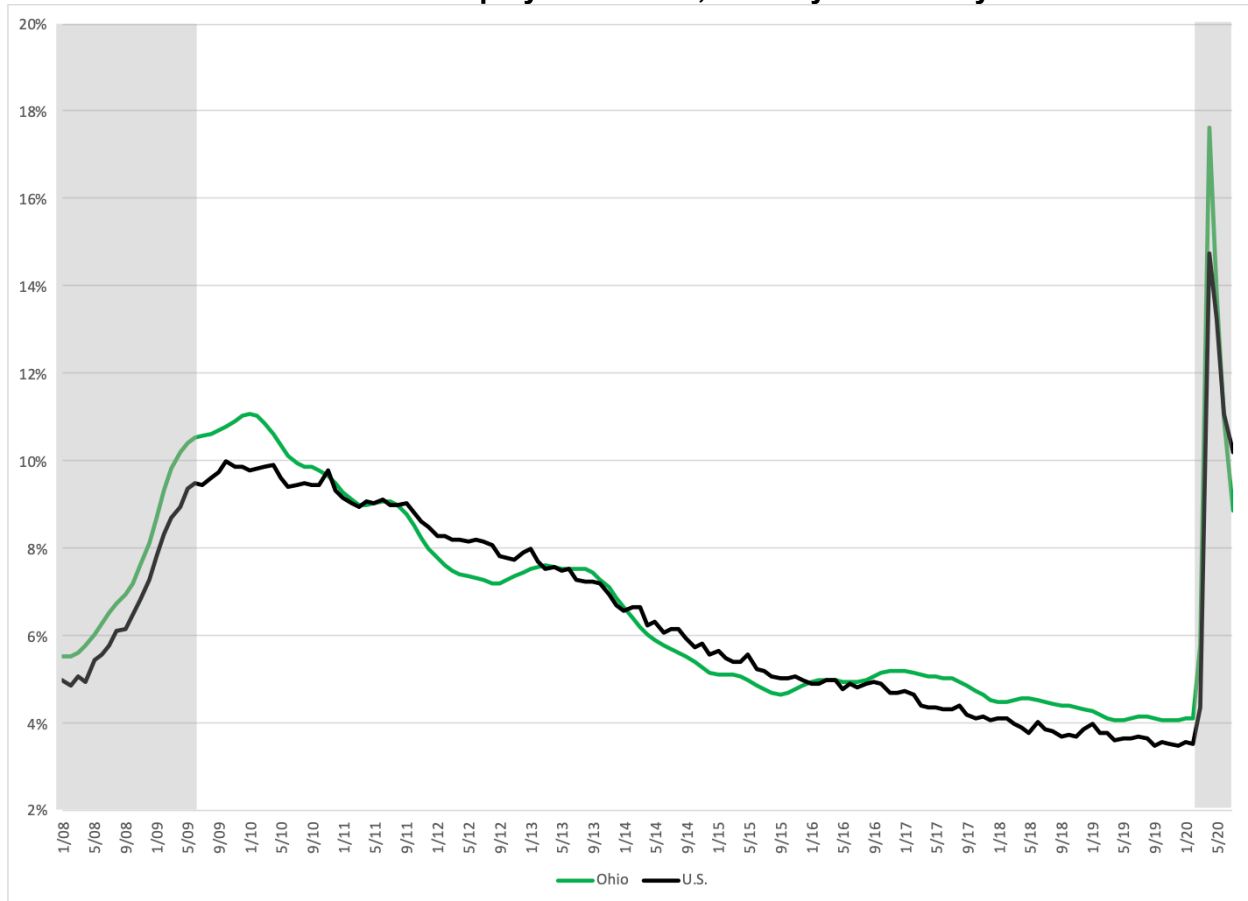


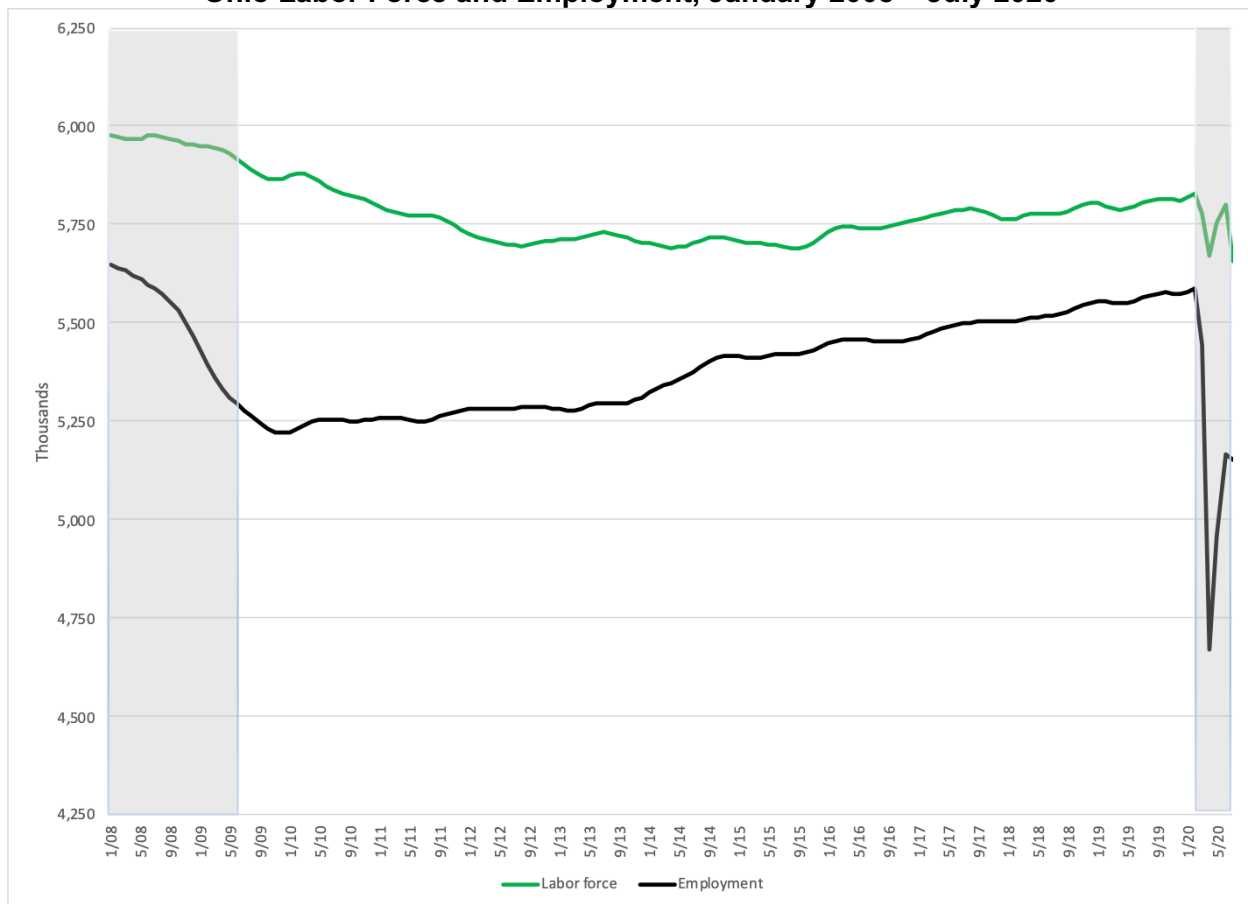**Note**: Shaded area indicate recessions.
**Source**: Local Area Unemployment Statistics and Labor Force Statistics from the Current Population Survey, U.S. Bureau of Labor Statistics.

Previous articles have discussed the shortcomings in the measurement of the unemployment rate, particularly 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 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 the number defined as unemployed. It is clear from this chart that the only reason for the decline of the Ohio unemployment rate from 11.0% in June to 8.9% in July was a decline in the labor force – fewer people in an active job search. Labor force declined 144,800 (2.6%), while the number of employed Ohioans also declined marginally (11,700, or 0.2%).

**Figure 5**
**Ohio Labor Force and Employment, January 2008 – July 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 have declined subsequently. As stated above, U-3 reached 10.2% in July. Meanwhile, U-5 was 11.3% and U-6 was 16.5%. These rates are comparable to those at the end of the 2007-2009 recession.
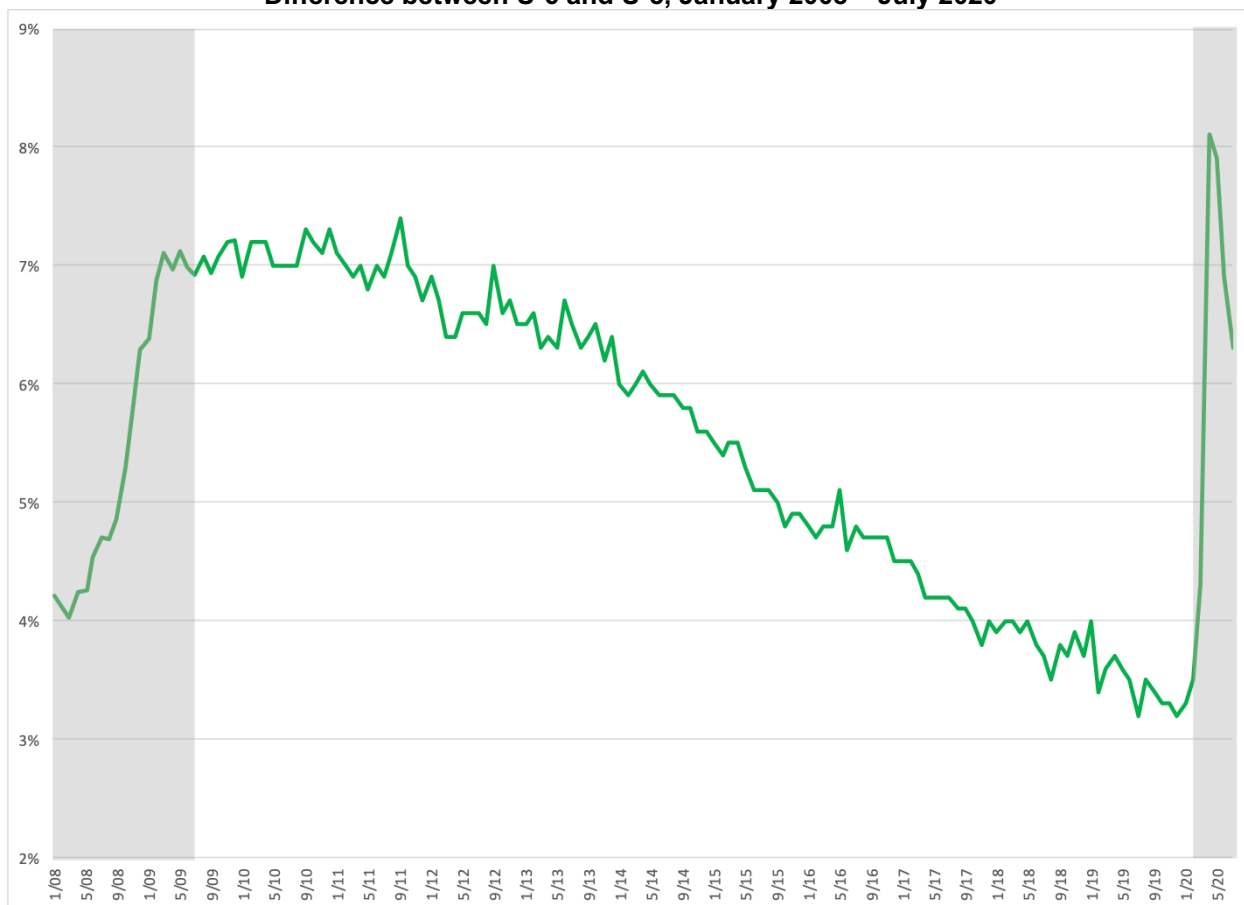
**Figure 6**
**Alternative Measures of U.S. Unemployment, January 2008 – July 2020**
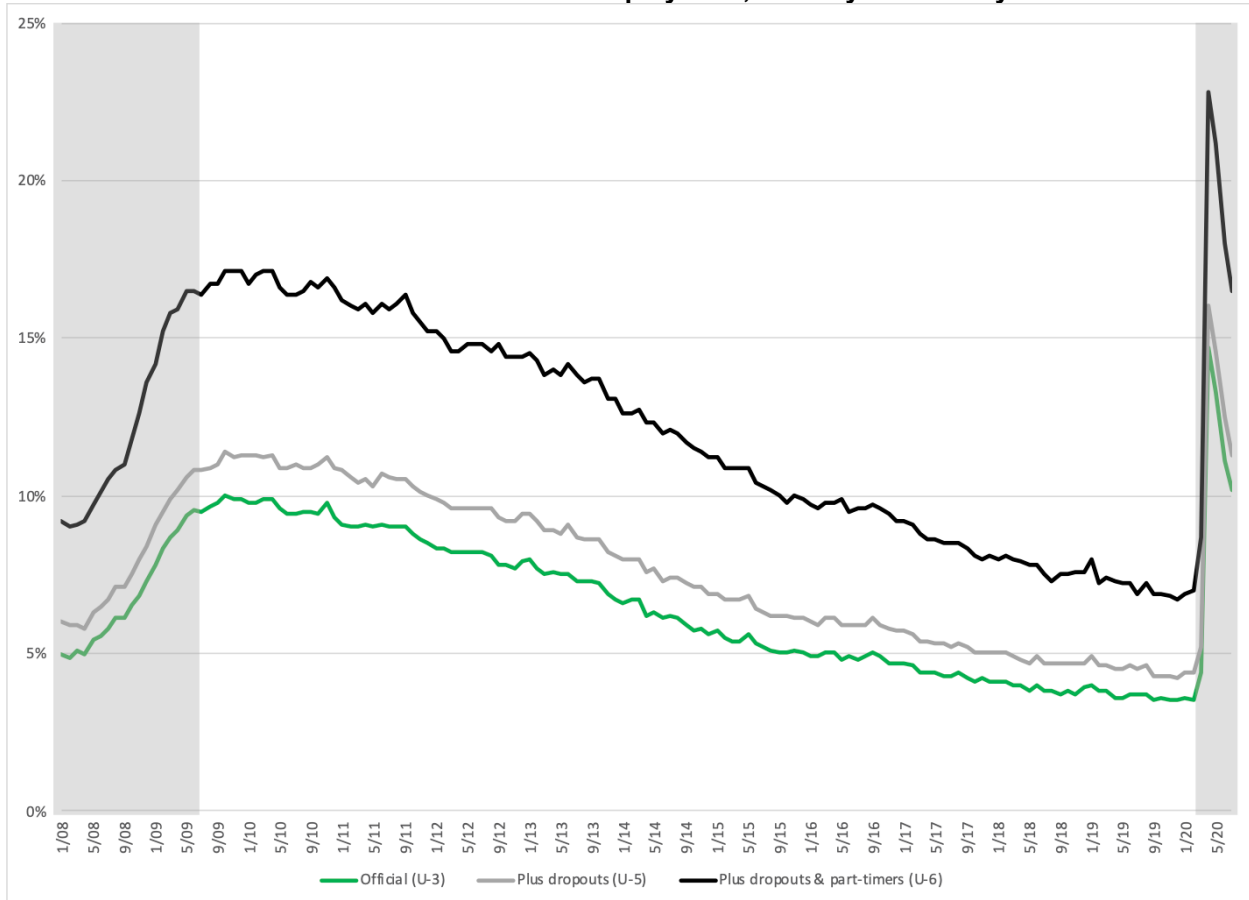


**Source**: Labor Force Statistics from the Current Population Survey, U.S. Bureau of Labor Statistics.

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 of 8.1 percentage points. The spread is now down to 6.3 percentage points, less than the 7-plus percentage point spread early in the expansion.

**Figure 7**
**Difference between U-6 and U-3, January 2008 – July 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, as it is in the smaller MSAs. The table features estimates for February (the employment peak), April (the employment trough), and July (the most recent month). The Dayton MSA continues to have the best performance of all the MSAs. Its net loss of 5.3% since February is less than two-thirds the statewide average. In contrast, the Youngstown and Cleveland MSAs have the worst performance, with net losses of 10.9% and 11.9%, respectively.

**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 | July 2020 | Feb.-Apr. | Apr.-July | Feb.-July |
| **United States** | **152,463** | **130,303** | **139,582** | **-22,160** | **9,279** | **-8.4%** |
| **Ohio** | **5,599.1** | **4,704.0** | **5,101.1** | **-895.1** | **397.1** | **-8.9%** |
| Akron MSA | 336.9 | 284.8 | 306.3 | -52.1 | 21.5 | -9.1% |
| Canton MSA | 172.7 | 147.8 | 158.1 | -24.9 | 10.3 | -8.5% |
| Cincinnati MSA | 1,122.2 | 949.5 | 1,040.5 | -172.7 | 91.0 | -7.3% |
| Cleveland MSA | 1,079.2 | 895.8 | 951.2 | -183.4 | 55.4 | -11.9% |
| Columbus MSA | 1,123.2 | 961.7 | 1,015.8 | -161.5 | 54.1 | -9.6% |
| Dayton MSA | 390.8 | 343.9 | 370.0 | -46.9 | 26.1 | -5.3% |
| Toledo MSA | 309.5 | 253.7 | 285.9 | -55.8 | 32.2 | -7.6% |
| Youngstown MSA | 213.8 | 178.3 | 190.5 | -35.5 | 12.2 | -10.9% |

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

Table 4 presents the same statistics for Ohio employment and employment changes by industry sector. Every sector's employment is lower than its February level. Arts, entertainment, hotels, and restaurants continue to have the worst performance. Arts, entertainment, and recreation has lost 54.8% since February, including a small net loss after the general trough in April. Accommodation and food service has begun a recovery, but employment remains 44% lower than its February level.

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

| Area | Employment (thousands) | | | Numerical change | | Pct.chng. |
|---|---|---|---|---|---|---|
| | Feb. 2020 | Apr. 2020 | July 2020 | Feb.-Apr. | Feb.-July | Feb.-July |
| **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 | -43.2 | -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.

**Economic Prospects**

The Federal Reserve Bank of Philadelphia surveys economists each quarter on their forecasts of economic prospects over the coming four quarters. The third quarter survey attracted 35 forecasts, which are averaged to produce a consensus forecast. Figure 8 charts Gross Domestic Product (GDP) levels from the beginning of the 2007-2009 recession, through the most recent GDP estimate in the second quarter of 2020, to the forecasts running through the third quarter of 2021. Also included is the previous forecast ending with the second quarter.

The second quarter GDP decline was the largest since records began: a loss of 9.5%, or 32.9% annualized. If the forecasts are correct, the growth during this quarter will be equally historic, with a gain of 4.5% (19.1% annualized). Growth during the following quarters will taper off to a still very strong annualized rate of 3.6%.

Note, however, that even this rapid growth is not enough to overcome the first and second quarter declines. The predicted GDP reading at the end of the forecast period is still 2.4% less than the fourth quarter 2019 peak.

If this forecast comes to pass, a new economic expansion period is likely to be declared this quarter. An expansion begins not when the previous peak is surpassed, but rather when the economy begins to grow after a contraction (recession). This also implies that this recession could last for a very short time. The National Bureau of Economic Research defines economic turning points both by month and by quarter. The current recession began with a peak in February 2020, but in the fourth quarter of 2019. Contrary to popular belief, there is no necessity that recessions include two consecutive quarters of declining GDP. This one already has, however.

**Figure 8**
**Gross Domestic Product, Historical and Forecasts**
Fourth Quarter 2007 – Third Quarter 2021
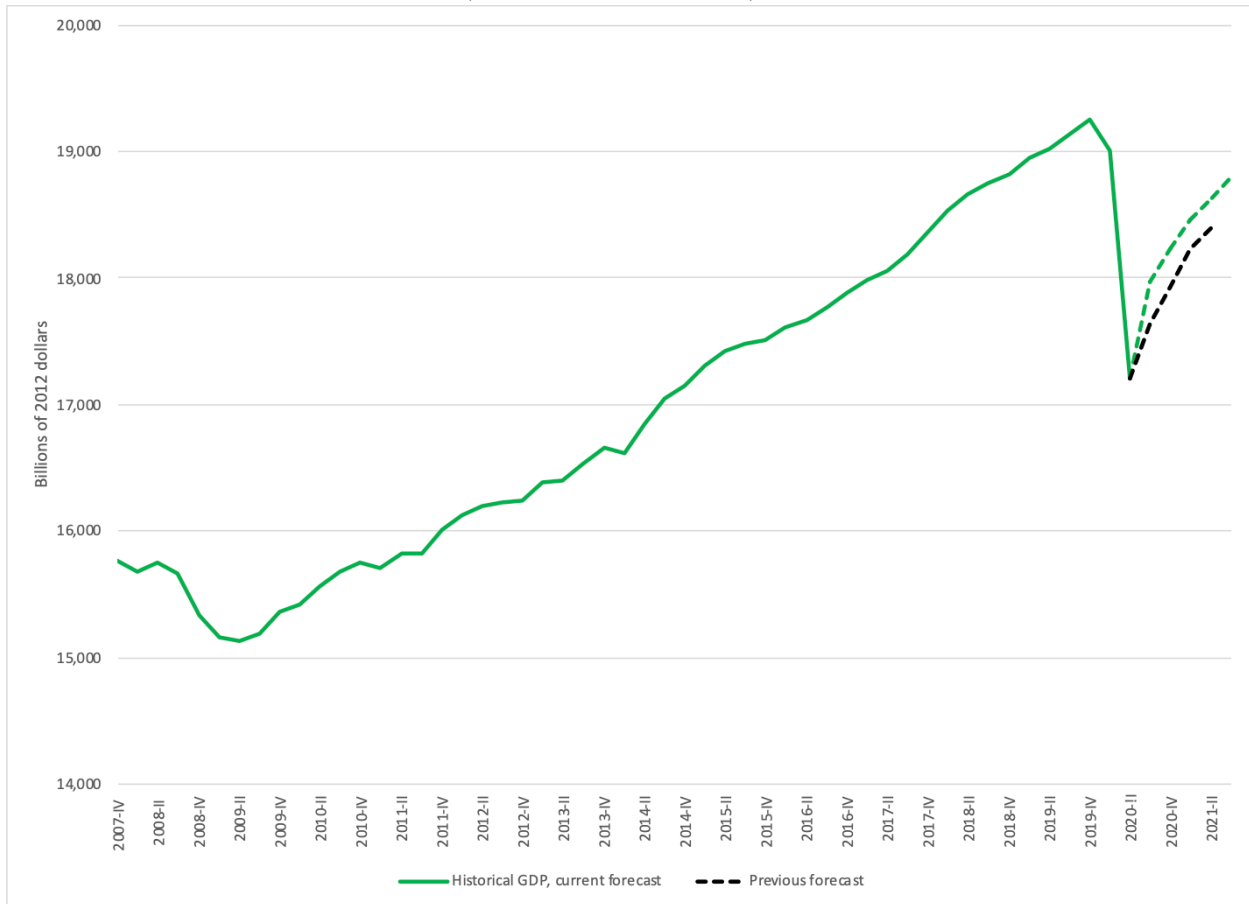


**Note**: Dashed lines are forecasts.
**Source**: National Economic Accounts, U.S. Bureau of Economic Analysis; Second and Third Quarter 2020 Survey of Professional Forecasters, Philadelphia Federal Reserve.