

ON THE MONEY

A Hannah News Service Publication

Vol. 133, No. 44 By Bill LaFayette, PhD, owner, Regionomics® LLC October 23, 2020

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 October 10 were 5.3% of the 2019 labor force, less than the 6.0% national average. Ohio's total claims declined at a faster-than-average rate through the end of June, but more slowly subsequently. There is considerable variation among counties and areas of the state but in general, larger MSAs' claims have declined by a smaller percentage from their peak than claims in smaller MSAs and rural counties.
- Ohio's unemployment rate in September was 8.4%, down from a record 17.6% in April. The U.S. rate was 7.9%, 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 September with a gain of 484,200 jobs. The net loss from February through September was 7.3% for Ohio and 7.0% for the U.S.

Introduction

This article is the fourth in a series of bimonthly updates of the economic impacts of the COVID-19 pandemic on Ohio. With rapidly increasing infection rates in Ohio and elsewhere, risks to the economy are increasing.

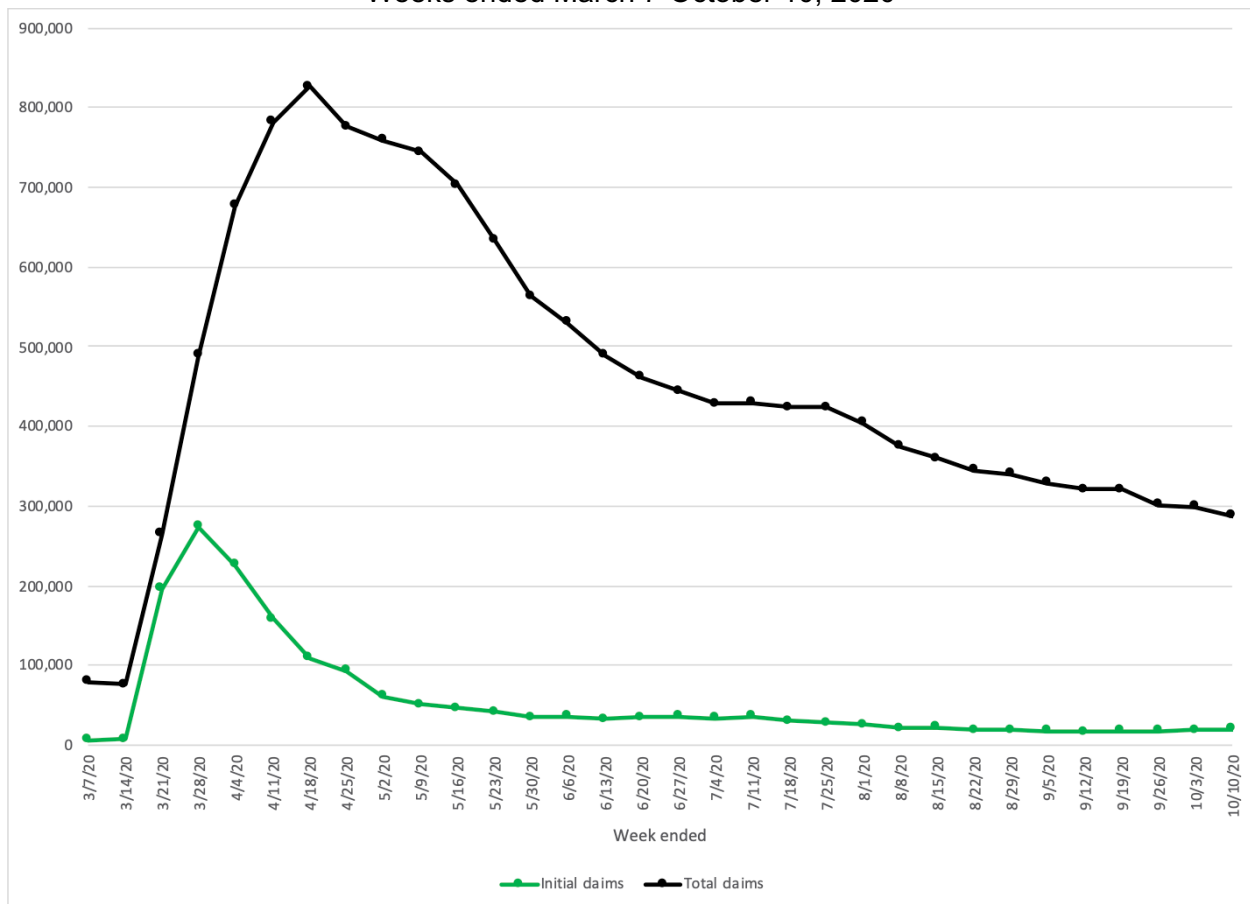
Ohio has set five daily record high COVID-19 infection totals over the last nine days. According to the Johns Hopkins Coronavirus Resource Center, Ohio's 14-day positivity rate has fallen below the World Health Organization's 5% threshold for safe reopening. However, confirmed and probable cases as of October 22 have totaled 190,430, and 5,161 Ohioans have died. Economic conditions have improved considerably from April, although some indicators suggest that the pace of improvement has slowed, 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.¹ Figure 1 charts Ohio’s weekly initial and total claims beginning in early March, just before the effects of the pandemic began to be felt. During the week ended October 10, a total of 20,090 new claims were filed statewide. But, as shown in Figure 2, this was the fourth consecutive week in which initial claims increased. (This chart begins in July to show recent trends more clearly.) The most recent increase brings initial claims back up to the same rate as in early August. However, the decrease in the number of active claims from prior weeks was sufficient to cause the continuing decrease in total claims shown in the black line in Figure 1. Total active claims during the week ended August 22 were 287,075, down 65% from their peak of 826,675 during the week ended April 18. During the same period last year, total claims were in the 45,000 range.

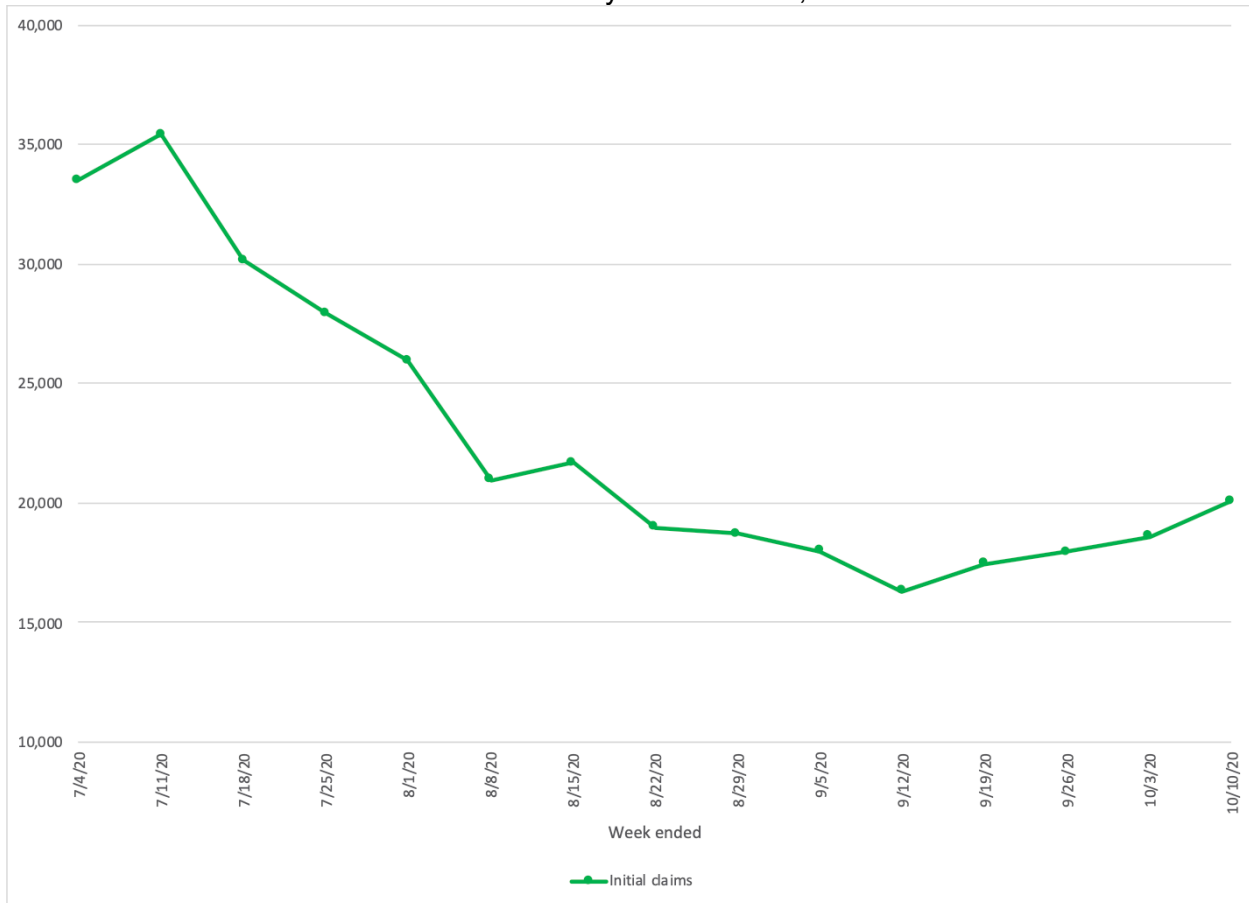
Figure 1
Ohio Initial and Total Claims for Unemployment Insurance
 Weeks ended March 7-October 10, 2020



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

¹ Ohio LMI typically releases claims by county on Thursday morning. The October 22 release of claims for the week ended October 17, however, was delayed and not available in time to be included in this update.

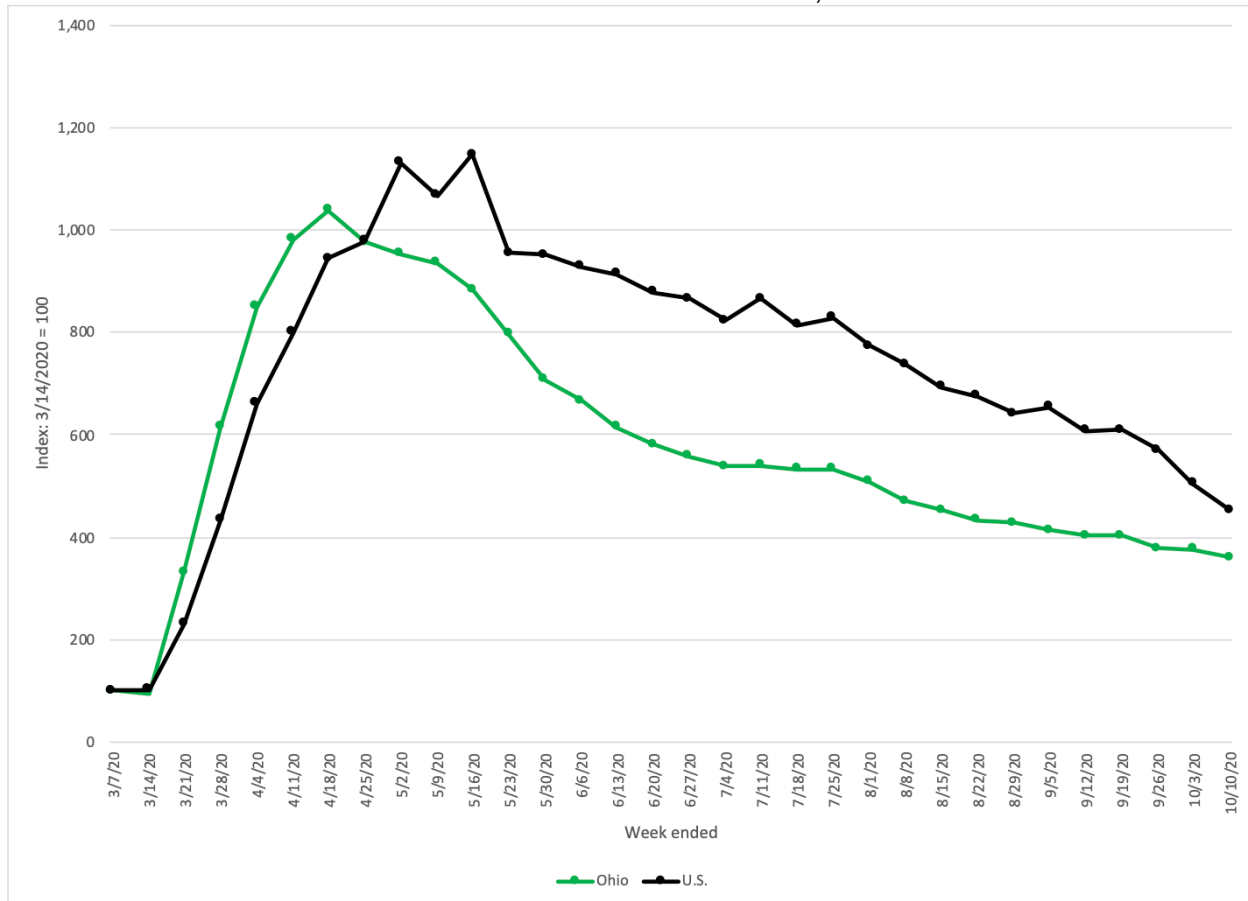
Figure 2
Ohio Initial Claims for Unemployment Insurance
 Weeks ended July 4-October 10, 2020



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

Figure 3 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 the pace of their initial rapid decline from the April peak has slowed, while U.S. claims have been declining more rapidly in recent weeks.

Figure 3
Change in Weekly Total Unemployment Claims, Ohio and United States
 Weeks ended March 7-October 10, 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 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.²

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 5.3% of Ohio’s 2019 labor force, a lower share than the 6.0% national average. The 10 highest counties had claims ranging from 5.5% to 7.3% of their 2019 labor force, versus the 6.5% to 8.5% in late August.

There has been little change in the highest-share counties over the past four months, although ranks have shifted. This list is dominated by counties with larger populations; six of the ten counties with the highest share of claims to labor force are also among the ten most populous. Similarly, the majority of counties with the lowest share were on the August list as well.

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.

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 October 10, 2020

Area	Total claims	Share of 2019 labor force	Area	Total claims	Share of 2019 labor force
Ohio	307,139	5.3%	United States*	9,840,717	6.0%
Counties with highest share of labor force			Counties with lowest share of labor force		
Cuyahoga	45,065	7.3%	Wyandot	363	2.8%
Lucas	12,863	6.1%	Delaware	3,029	2.7%
Mahoning	6,052	5.9%	Van Wert	410	2.7%
Montgomery	14,586	5.8%	Union	776	2.7%
Lorain	8,794	5.7%	Knox	827	2.6%
Carroll	739	5.7%	Paulding	221	2.6%
Trumbull	4,880	5.6%	Lawrence	497	2.1%
Erie	2,076	5.6%	Mercer	488	2.1%
Franklin	38,825	5.6%	Putnam	333	1.8%
Noble	260	5.5%	Holmes	233	1.1%
Most populous counties					
Franklin	38,825	5.6%	Lucas	12,863	6.1%
Cuyahoga	45,065	7.3%	Butler	8,750	4.5%
Hamilton	22,444	5.4%	Stark	9,246	5.0%
Summit	14,606	5.4%	Lorain	8,794	5.7%
Montgomery	14,586	5.8%	Warren	4,202	3.5%

*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 by county also allows an analysis of the impact of the pandemic at a regional level. The 13 regions analyzed are mapped in Figure 4, 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 4
Ohio Regions**



Northwest (pink) Toledo MSA (orange) West North Central (orange) Cleveland MSA (light green) Akron MSA (light grey) Northeast (brown) West (yellow) Columbus MSA (red) East North Central (red) Dayton MSA (purple) Cincinnati MSA (light pink) South (light blue) Southeast (yellow)

Table 2 displays total unemployment claims and their share of total labor force for the weeks ended March 14, April 25 (the week that statewide claims peaked), and October 10. The totals and percentages are provided for each of the 13 regions and the six smaller MSAs based in Ohio.³

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 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	October 10	March 14	April 25	October 10
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-Steubenville 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.

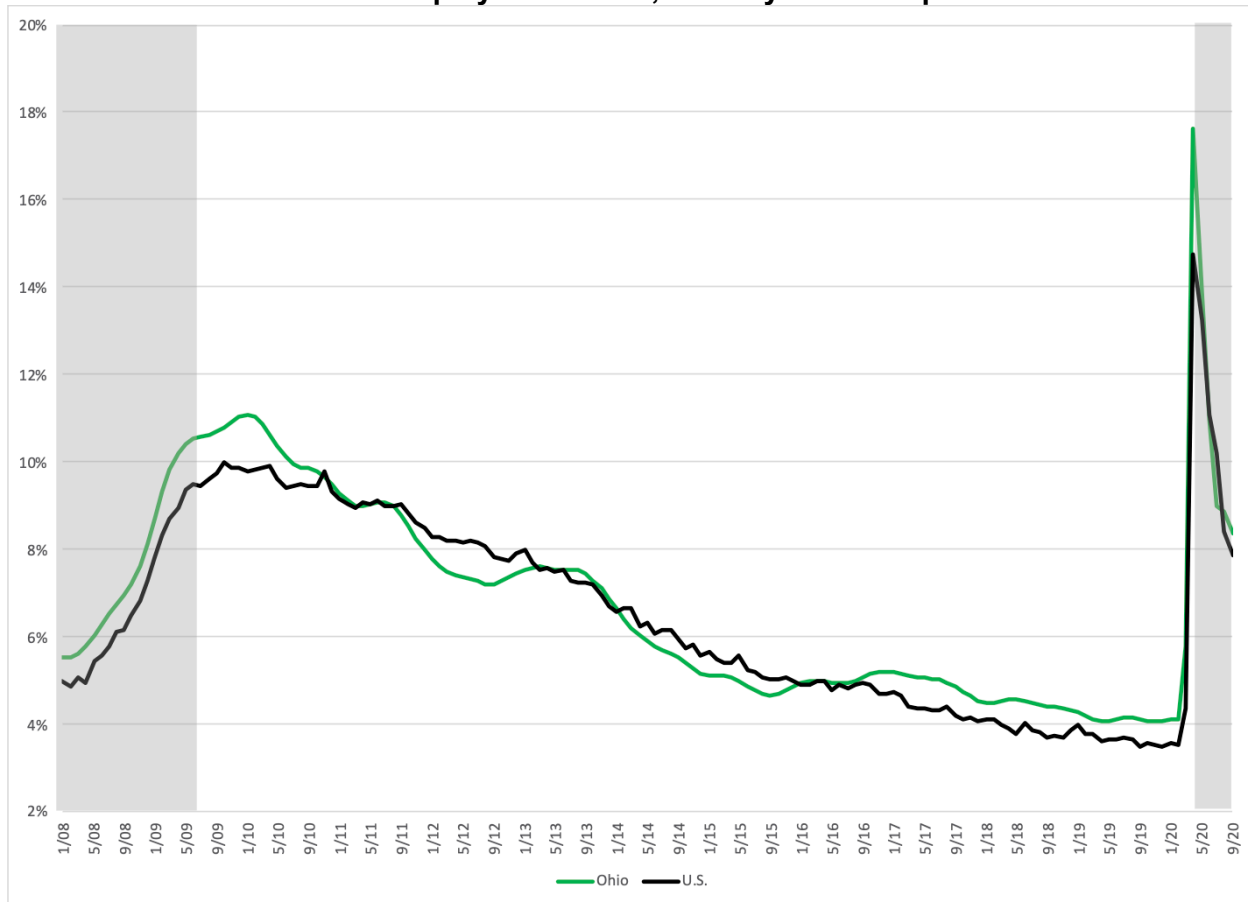
Claims in the large MSAs as a class have declined less than the other two groupings since April. Claims in these areas together are off 54% from their April peak, but they are off 63% in the smaller MSAs, 67% in the seven regions outside of the large MSAs, and 58% statewide. Not only have claims declined less in the large MSAs since April, they increased by a larger percentage between March and April. This is due to the underperformance of Cincinnati, Cleveland, and Columbus. Claims in Cincinnati and Columbus have declined 53%, and claims in Cleveland have declined 48%. This is not because claims increased less than average before April, however. The only reason why the total percentage of claims to labor force in Columbus is less than average now is that it was less than average in March.

Among the smaller MSAs, only Youngstown's percentage of claims to labor force is higher than the state average. While the March to April increase in Lima, Mansfield, and Springfield was greater than average, claims in these three regions since April have fallen by two-thirds or more. The better-than-average performance of these smaller MSAs contributed to that of the seven small MSA/rural regions.

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 stood at 8.4% in September and the U.S. rate was 7.9%. The initial rapid rate of decline in the unemployment rate has slowed as the pace of employment growth has slowed. Figure 5 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 5
Ohio and U.S. Unemployment Rates, January 2008 – September 2020



Note: Shaded area indicate recessions.

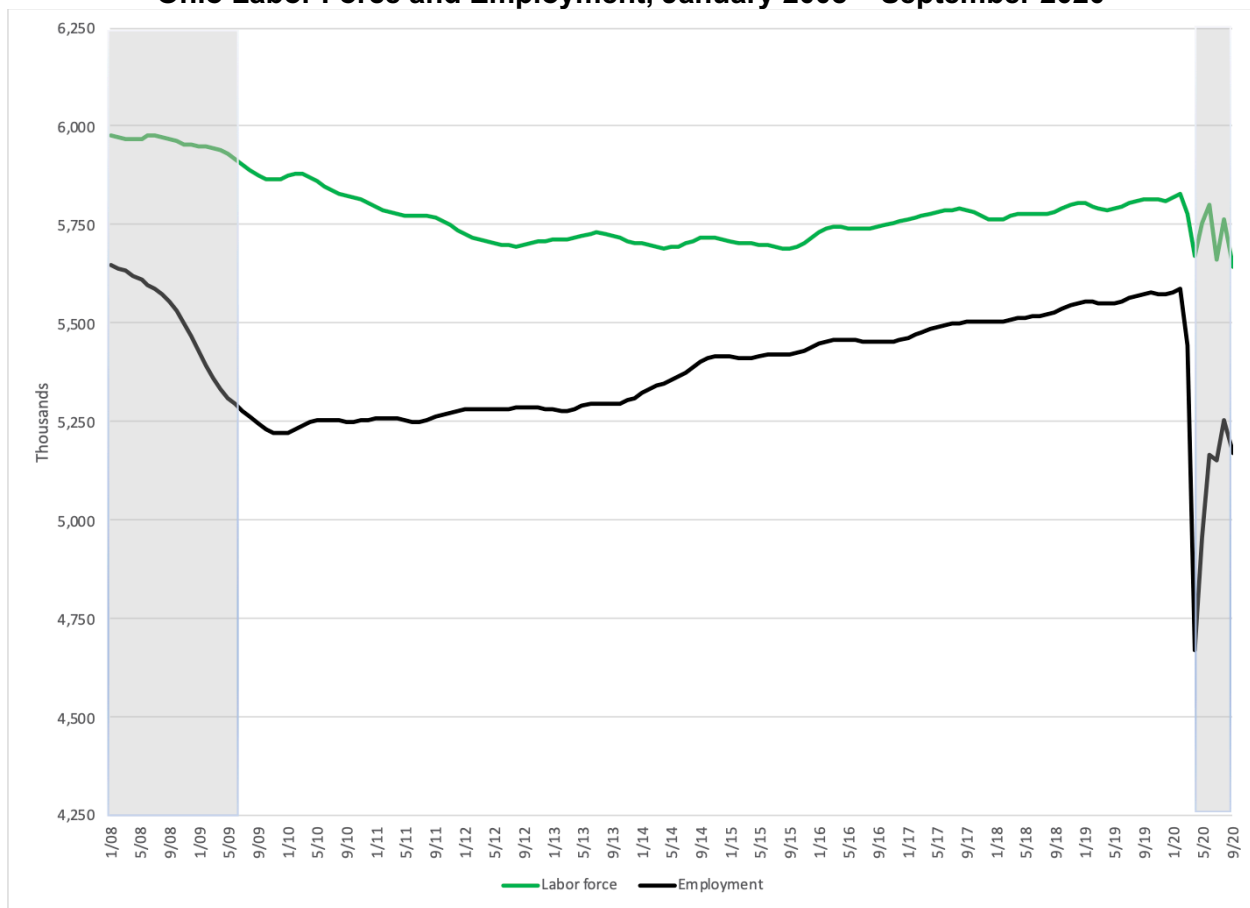
Source: Local Area Unemployment Statistics and Labor Force Statistics from the Current Population Survey, U.S. Bureau of Labor Statistics.

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 6, which graphs total Ohio labor force and employment monthly from January 2008. The distance between the two lines is the number defined as unemployed. Both trends have become unusually volatile, both because of smaller sample sizes that make the estimates less reliable and because of difficulties with the seasonal adjustment model in the current economic climate, but there is evident a slight downward trend in the labor force and a slight upward trend in resident employment. Both trends contribute to the decline in the unemployment rate.

Figure 6
Ohio Labor Force and Employment, January 2008 – September 2020



Note: Shaded areas indicate recessions.

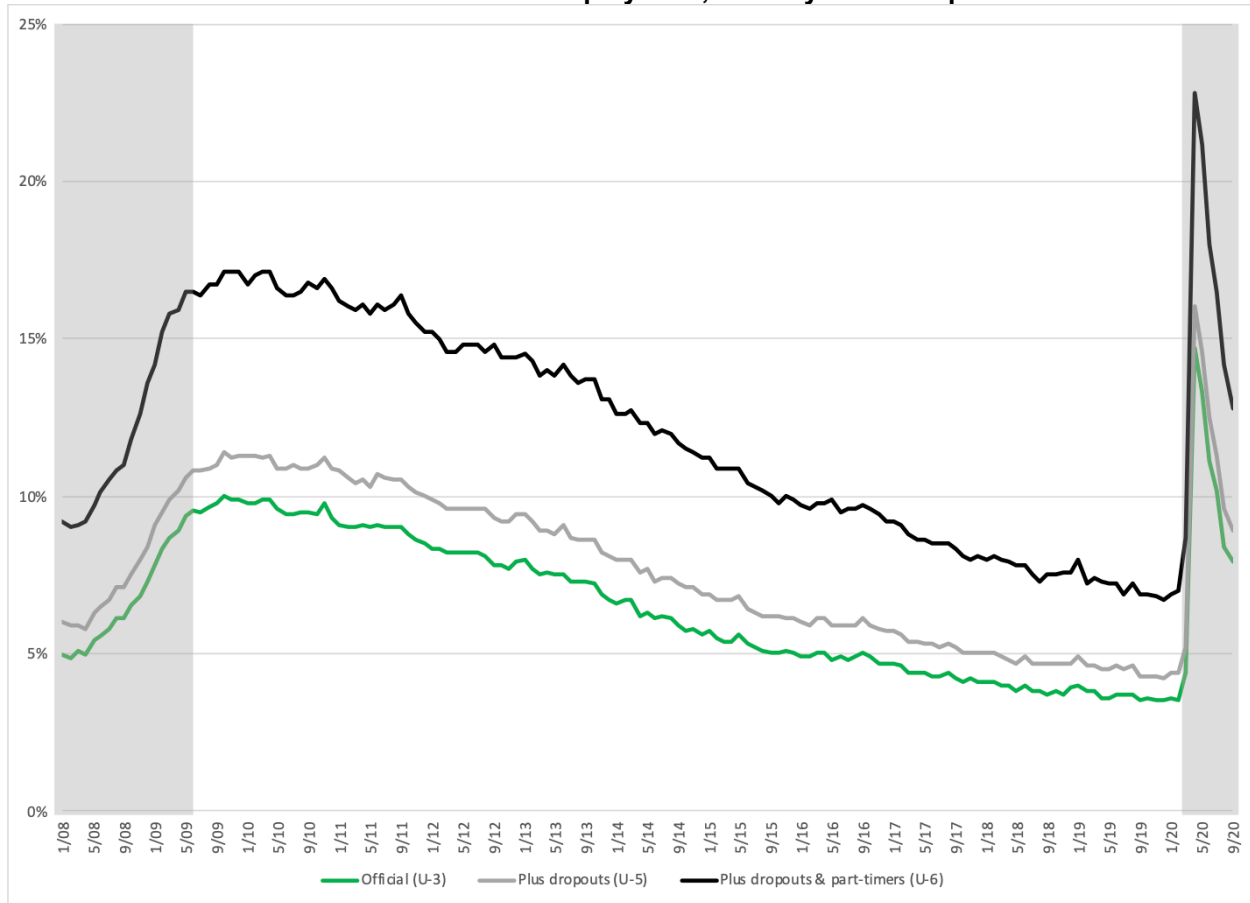
Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics.

There are six increasingly less restrictive measures of U.S. unemployment that attempt to tackle the measurement problems. 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 30 days 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 7, all three measures of unemployment had been trending downward prior to the pandemic, and were at or slightly below their levels at the end of the 1990s boom. The rates soared in April, with U-6 reaching a record 22.8%. All three rates have declined significantly since then. As stated above, U-3 was 7.9% in September. Meanwhile, U-5 was 8.9% and U-6 was 12.8%. U-3 is now at levels comparable to those at the beginning of 2013, the U-5 rate is comparable to rates that summer, and U-6 was last at its current level in early 2014.

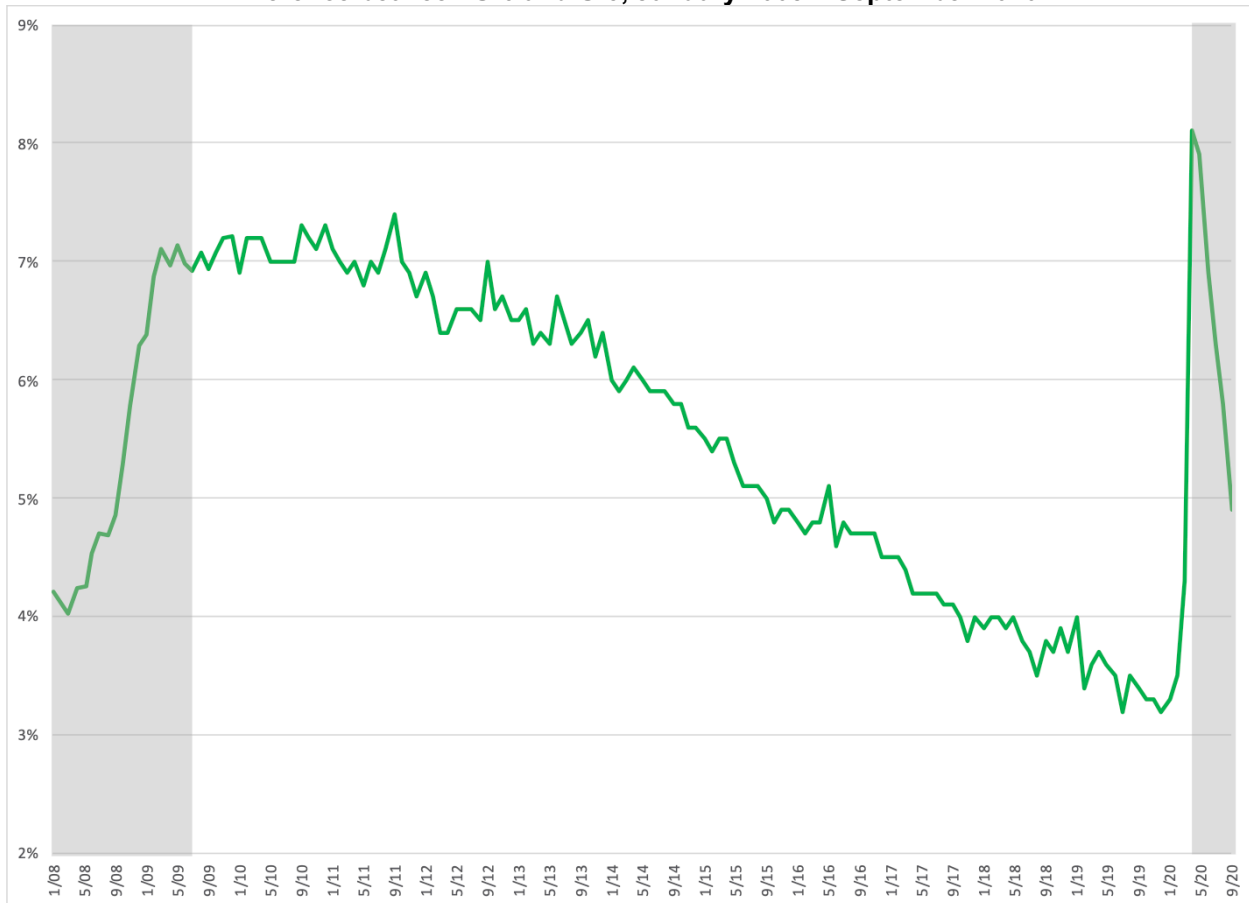
Figure 7
Alternative Measures of U.S. Unemployment, January 2008 – September 2020



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 8, the spread in April rose to an all-time high of 8.1 percentage points. The spread is now down to 4.9 percentage points, lower than any point during the first five years of the expansion.

Figure 8
Difference between U-6 and U-3, January 2008 – September 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 September (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 around three-quarters the statewide average. (There has been no significant improvement in Dayton MSA employment since July, however.) In contrast, the Youngstown MSAs has the worst performance, with a net loss of 10.4%.

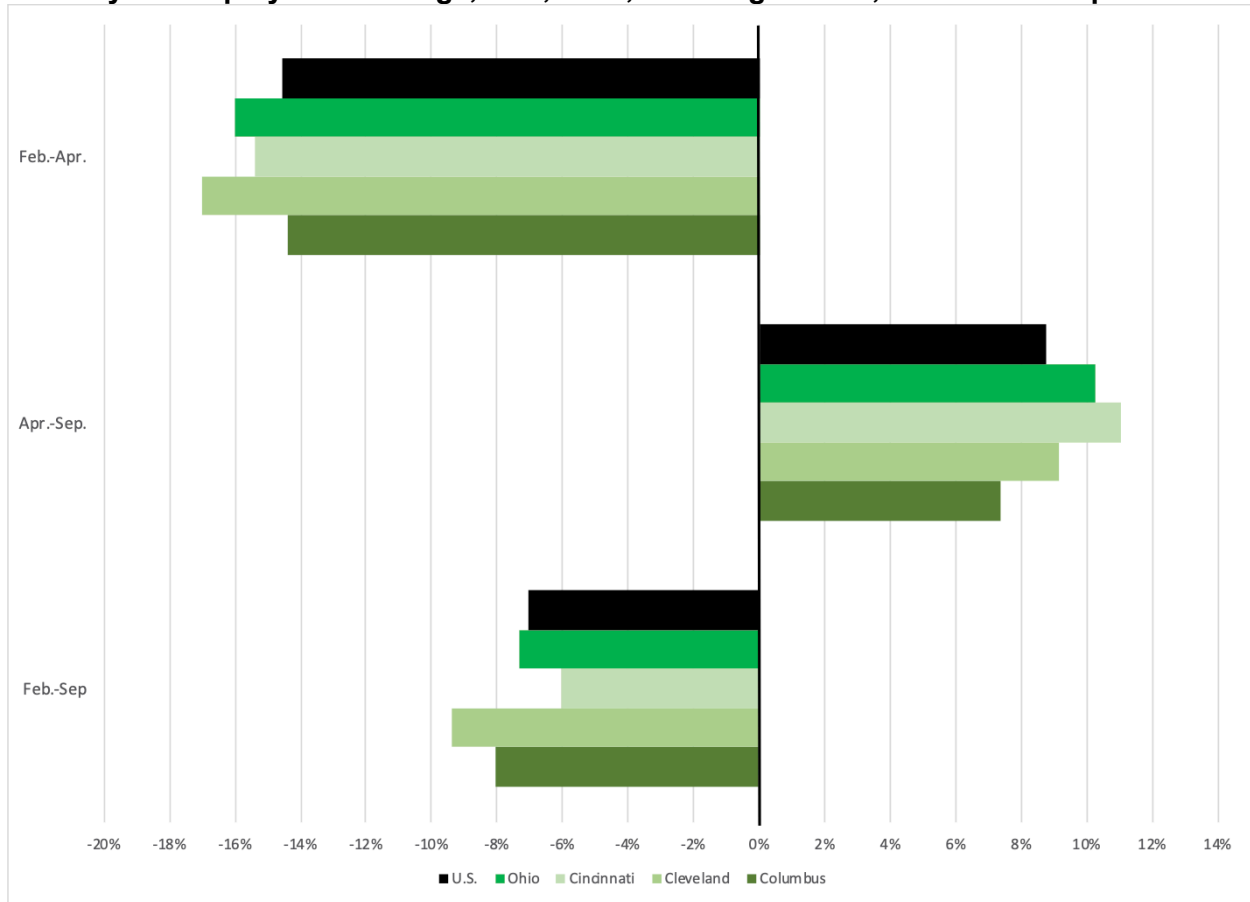
Table 3
Payroll Employment and Change, U.S., Ohio, and MSAs, Feb. 2020 – Sep. 2020
 Employment totals in thousands

Area	Employment (thousands)			Numerical change		Pct.chng.
	Feb. 2020	Apr. 2020	Sep. 2020	Feb.-Apr.	Apr.-Sep.	Feb.-Sep.
United States	152,463	130,303	141,720	-22,160	11,417	-7.0%
Ohio	5,599.1	4,704.0	5,188.2	-895.1	484.2	-7.3%
Akron MSA	336.9	284.8	309.0	-52.1	24.2	-8.3%
Canton MSA	172.7	147.8	159.8	-24.9	12.0	-7.5%
Cincinnati MSA	1,122.2	949.5	1,054.4	-172.7	104.9	-6.0%
Cleveland MSA	1,079.2	895.8	977.9	-183.4	82.1	-9.4%
Columbus MSA	1,123.2	961.7	1,032.7	-161.5	71.0	-8.1%
Dayton MSA	390.8	343.9	369.9	-46.9	26.0	-5.3%
Toledo MSA	309.5	253.7	287.5	-55.8	33.8	-7.1%
Youngstown MSA	213.8	178.3	191.5	-35.5	13.2	-10.4%

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

Figure 9 charts differences in decline, recovery, and net change among the U.S., Ohio, and the three largest MSAs. The graph shows for each area the February through April percentage decline, the April through September percentage recovery, and the net change for the total period. The springtime employment declines in Ohio, Cincinnati, and Cleveland were all greater than the national average, while the decline in Columbus matched the average. The recoveries in Ohio, Cincinnati, and Cleveland were likewise greater than average, but in contrast to the other two MSAs, the recovery in Cleveland has been only marginally better than average, and insufficient to overcome the large employment decline through April. The employment decline in Columbus was equal to the national average, but the recovery has lagged. As a result, the net February through September change in Columbus has been less than all other areas except Cleveland.

Figure 9
Payroll Employment Change, U.S., Ohio, and Large MSAs, Feb. 2020 – Sep. 2020



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

Table 4 presents Ohio employment and employment changes by industry sector. There has been considerable improvement from the April trough in most cases, and in many cases improvement since July. Arts and entertainment, and accommodation and food services continue to have the worst performance, but have recovered substantially from their earlier 50% decline. State government continues to add to its losses: its September level was down 12% from February. Wholesale trade and finance and insurance have also suffered declines since April, but these have been much smaller than state government. Management of companies and enterprises employment has increased only modestly, but its decline from February through April was also fairly modest – thanks to the ability of many of these employees to work from home.

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

Area	Employment (thousands)			Numerical change		Pct.chng.
	Feb. 2020	Apr. 2020	Sep. 2020	Feb.-Apr.	Apr.-Sep.	Feb.-Sep.
Total	5,599.1	4,704.0	5,188.2	-895.1	484.2	-7.3%
Construction and mining	240.7	198.7	223.2	-42.0	24.5	-7.3%
Manufacturing	700.2	602.9	662.8	-97.3	59.9	-5.3%
Wholesale trade	233.7	212.5	211.7	-21.2	-0.8	-9.4%
Retail trade	549.9	470.6	530.4	-79.3	59.8	-3.5%
Transportation and utilities	243.2	217.4	231.5	-25.8	14.1	-4.8%
Information	70.0	64.5	66.6	-5.5	2.1	-4.9%
Finance/insurance	241.1	237.7	237.4	-3.4	-0.3	-1.5%
Real estate/rental	66.2	55.8	58.3	-10.4	2.5	-11.9%
Professional and tech. svcs.	273.2	246.7	259.5	-26.5	12.8	-5.0%
Mgt. of companies	140.1	134.8	135.0	-5.3	0.2	-3.6%
Administrative & waste svcs.	319.3	250.1	287.6	-69.2	37.5	-9.9%
Private education services	117.0	94.2	102.5	-22.8	8.3	-12.4%
Healthcare & soc. assistance	831.4	737.1	802.5	-94.3	65.4	-3.5%
Arts and entertainment	83.2	40.0	58.1	-43.2	18.1	-30.2%
Accommodation & food svcs.	494.7	238.6	378.9	-256.1	140.3	-23.4%
Other services	212.9	162.5	205.9	-50.4	43.4	-3.3%
Federal govt.	79.8	79.6	87.2	-0.2	7.6	9.3%
State government	172.2	165.8	151.4	-6.4	-14.4	-12.1%
Local government	530.3	494.5	497.7	-35.8	3.2	-6.1%

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

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