# ON THE MONEY

**A Hannah News Service Publication**

Vol. 133, No. 48 By Bill LaFayette, PhD, owner, Regionomics® LLC December 21, 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 December 12 were 3.3% of the 2019 labor force, less than the 3.9% national average. However, total claims during that week were almost 15% higher than their level a month before. This was driven in part by a doubling of initial claims. The variation among counties and areas of the state has generally decreased, but in general, smaller MSAs' claims are a higher percentage of their 2019 labor force than claims in larger MSAs and rural counties.
- Ohio's unemployment rate in November was 5.7%, down from a record 17.6% in April. The U.S. rate was 6.7%, down from April's 14.7%. Problems with Ohio's seasonal adjustment model could have depressed the state's November unemployment rate.
- 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 61% of that loss between April and November with a gain of 543,100 jobs. The net loss from February through November was 6.3% for Ohio and 6.5% for the U.S.

**Introduction**

This article is the fifth in a series of bimonthly updates of the economic impacts of the COVID-19 pandemic on Ohio. The hopeful news of the approval of two COVID-19 vaccines is offset by infection rates in Ohio and elsewhere that have increased to record levels.

More than 63,600 new COVID-19 cases were diagnosed during the week ended December 19. That was down from the record 87,700 cases during the previous week, but still much higher than during the autumn. According to the Johns Hopkins Coronavirus Resource Center, Ohio's 14-day positivity rate has increased to 15.7%. Confirmed and probable cases as of December 19 have totaled 605,862, and 7,967 Ohioans have died. Economic conditions have improved considerably from April, although the pace of improvement continues to slow, and payroll employment remains well below its February levels.

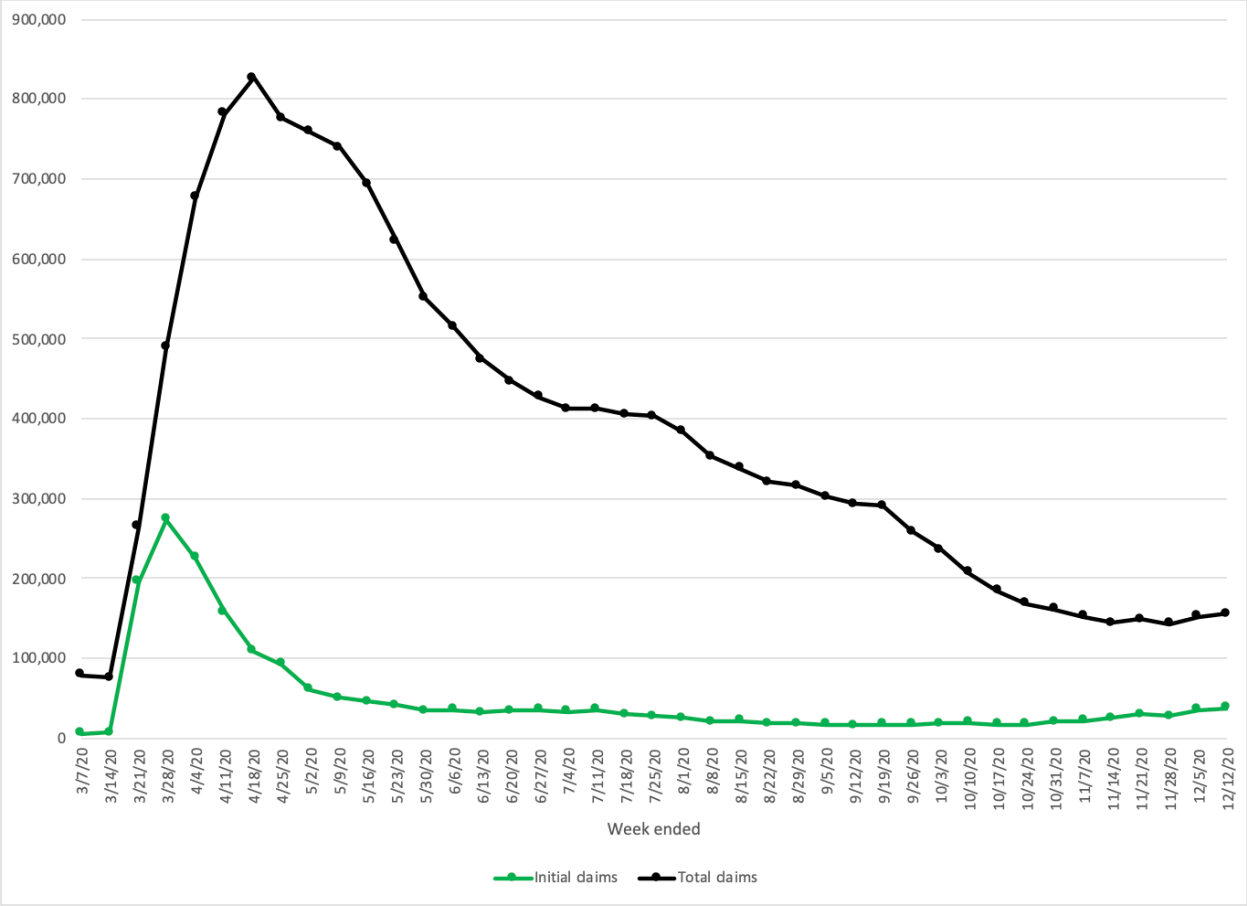
**Unemployment Claims**

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 for 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 early March, just before the effects of the pandemic began to be felt.

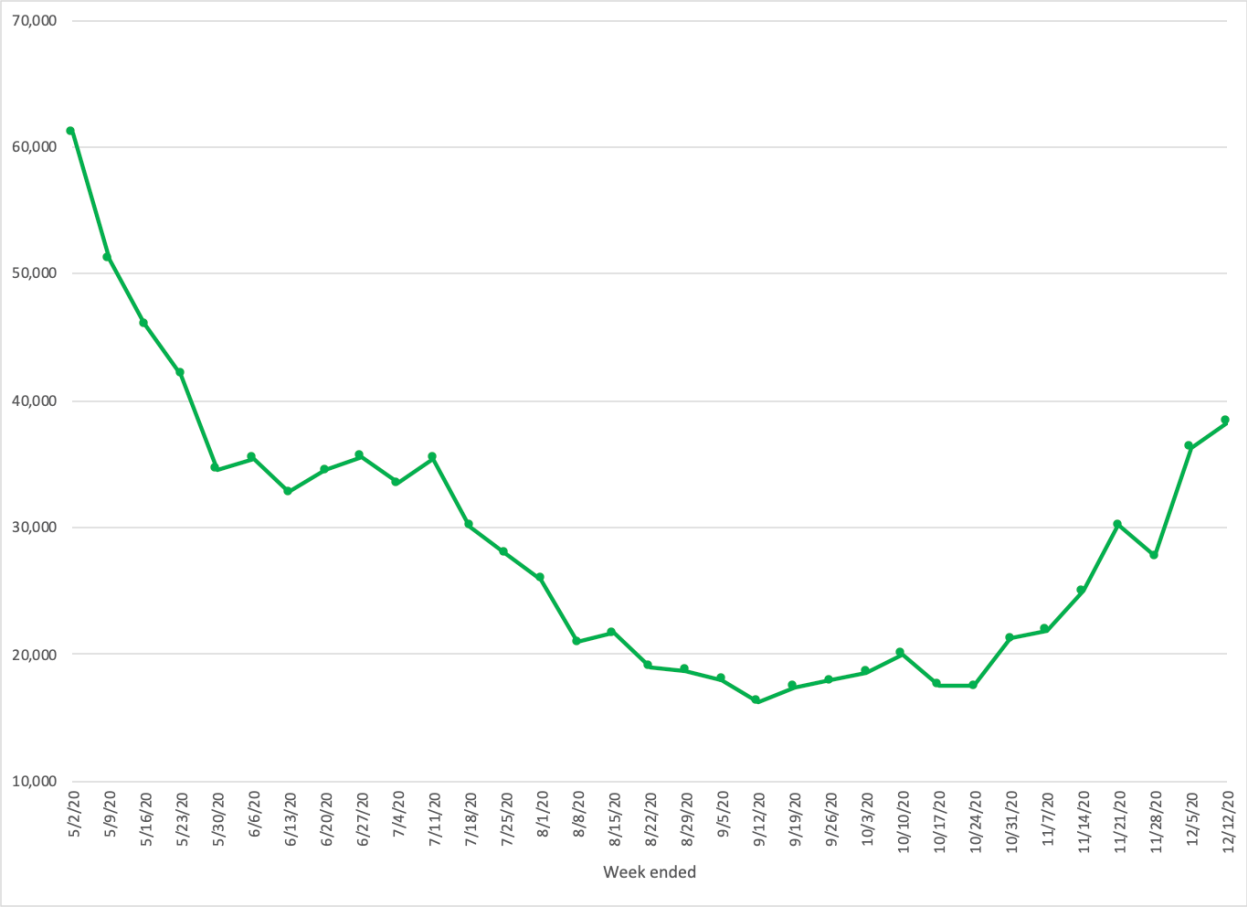
During the week ended December 12, a total of 38,327 new claims were filed statewide. As shown in Figure 2, this represents a troubling trend of initial claim increases. (This chart begins in May to show recent trends more clearly.) This is more than double the level in September. Although claims from previous weeks are still being cleared, the increase in incoming claims has caused the steady decrease in total claims to reverse. Total claims in the week ended December 12 were 193,953, up 14.6% from their low point a month ago. This implies that the pace of job growth in coming months may slow.

**Figure 1**
**Ohio Initial and Total Claims for Unemployment Insurance**
Weeks ended March 7-December 12, 2020




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

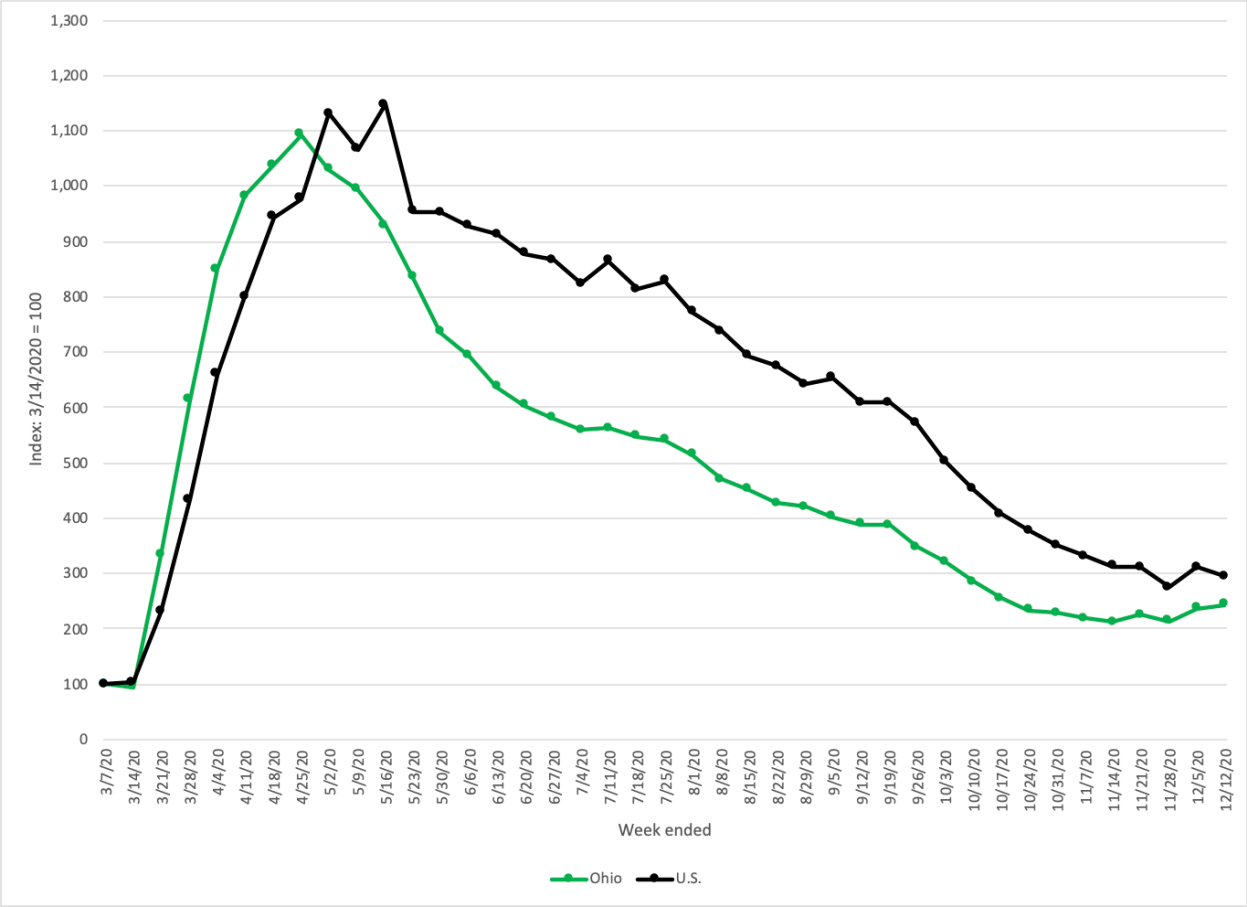
**Figure 2**
**Ohio Initial Claims for Unemployment Insurance**
Weeks ended May 2-December 12, 2020




**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. Claims at the national level have decreased at a much slower level in recent weeks, but the reversal in the Ohio trend is evident.

**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 December 12 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 3.3% of Ohio's 2019 labor force, a lower share than the 3.9% national average. The 10 highest counties had claims ranging from 3.9% to 5.0% of their 2019 labor force, versus the 5.5% to 7.3% in late October.

In contrast to previous lists of highest-share counties that were dominated by central counties of the larger MSAs, most counties with the highest share currently are less-populated counties in northern and southeastern Ohio. Cuyahoga is the only high-population county on this list.

[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.

Counties with the lowest share are a mix of more rural counties and outlying counties of large MSAs (Warren, Union, Delaware).

**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 December 12, 2020

| Area | Total claims | Share of 2019 labor force | Area | Total claims | Share of 2019 labor force |
|---|---|---|---|---|---|
| **Ohio** | **193,953** | **3.3%** | **United States*** | **6,427,839** | **3.9%** |
| **Counties with highest share of labor force** | | | **Counties with lowest share of labor force** | | |
| Huron | 1,386 | 5.0% | Lawrence | 503 | 2.1% |
| Erie | 1,735 | 4.7% | Champaign | 420 | 2.1% |
| Harrison | 304 | 4.5% | Warren | 2,482 | 2.1% |
| Noble | 208 | 4.4% | Wayne | 1,261 | 2.0% |
| Ottawa | 917 | 4.4% | Union | 564 | 1.9% |
| Morgan | 287 | 4.3% | Auglaize | 477 | 1.9% |
| Cuyahoga | 26,182 | 4.3% | Delaware | 1,961 | 1.8% |
| Coshocton | 590 | 4.1% | Putnam | 331 | 1.8% |
| Trumbull | 3,552 | 4.1% | Mercer | 290 | 1.2% |
| Jackson | 496 | 3.9% | Holmes | 191 | 0.9% |
| **Most populous counties** | | | | | |
| Franklin | 21,300 | 3.1% | Lucas | 7,739 | 3.7% |
| Cuyahoga | 26,182 | 4.3% | Butler | 4,777 | 2.4% |
| Hamilton | 13,199 | 3.2% | Stark | 6,117 | 3.3% |
| Summit | 9,229 | 3.4% | Lorain | 5,603 | 3.6% |
| Montgomery | 8,811 | 3.5% | Warren | 2,482 | 2.1% |

*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**

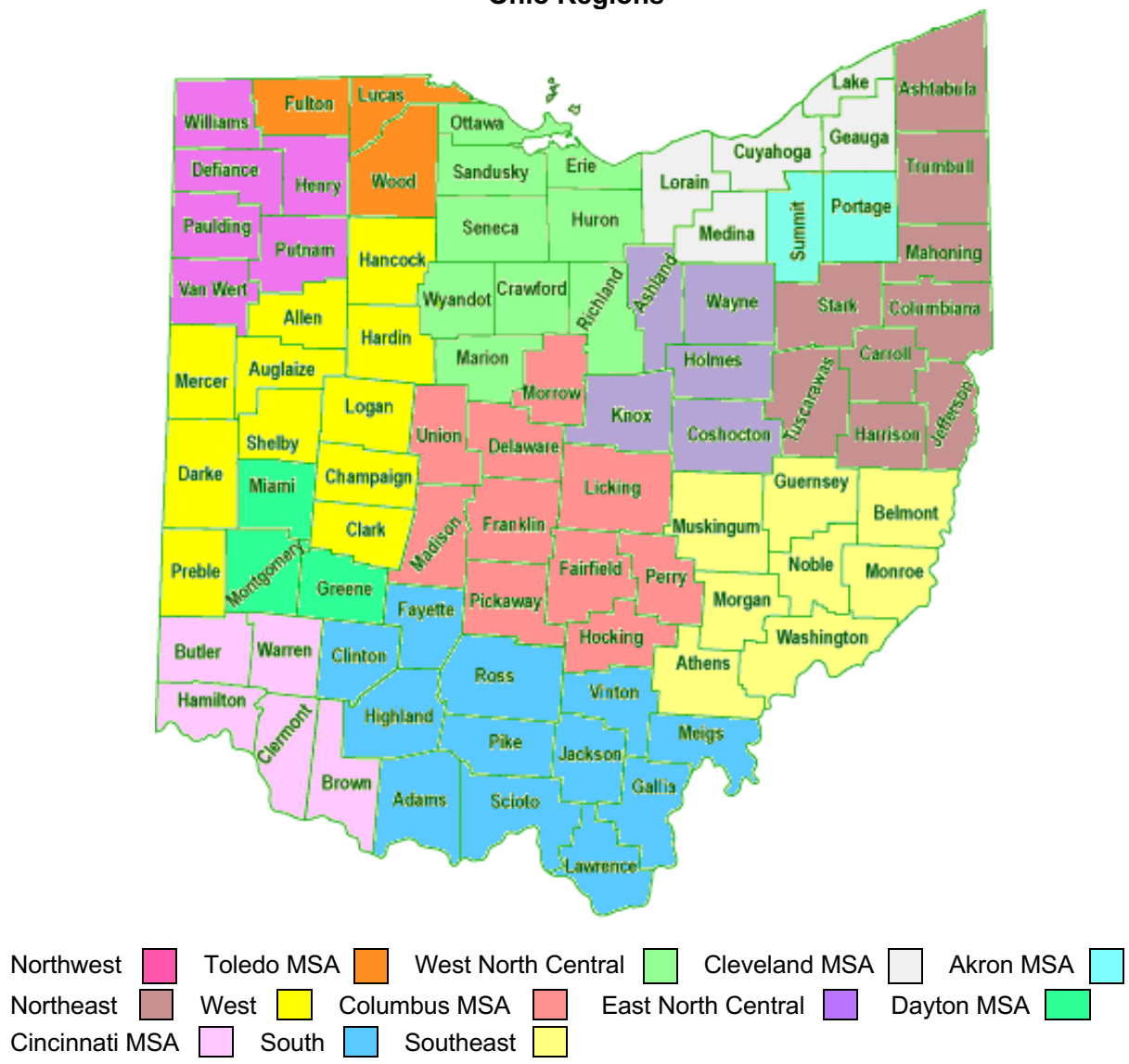



Table 2 displays total unemployment claims and their share of total labor force for the weeks ended March 14, April 25 (the week that statewide claims peaked), and December 12. The totals and percentages are provided for each of the 13 regions and the six smaller MSAs based in Ohio.[2]

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.

[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 December 12, 2020

| Region | Total unemployment claims | | | Percentage of 2019 labor force | | |
|---|---|---|---|---|---|---|
| Week ended: | Mar. 14 | Apr. 25 | Dec. 12 | Mar. 14 | Apr. 25 | Dec. 12 |
| **Ohio** | **75,514** | **869,222** | **193,953** | **1.3%** | **15.0%** | **3.3%** |
| **Large MSAs** | **43,067** | **559,675** | **126,874** | **1.1%** | **13.8%** | **3.1%** |
| Akron MSA | 4,959 | 51,182 | 11,640 | 1.4% | 14.2% | 3.2% |
| Cincinnati MSA* | 7,350 | 104,630 | 23,533 | 0.9% | 12.2% | 2.7% |
| Cleveland MSA | 14,255 | 149,903 | 39,406 | 1.4% | 14.4% | 3.8% |
| Columbus MSA | 8,967 | 136,667 | 30,196 | 0.8% | 12.4% | 2.7% |
| Dayton MSA | 3,564 | 58,217 | 11,931 | 0.9% | 14.9% | 3.1% |
| Toledo MSA | 3,972 | 59,076 | 10,168 | 1.3% | 19.4% | 3.3% |
| **Small MSAs** | **9,361** | **95,943** | **20,440** | **1.6%** | **16.6%** | **3.5%** |
| Canton MSA | 3,327 | 29,824 | 6,612 | 1.7% | 15.0% | 3.3% |
| Lima MSA | 685 | 9,193 | 1,525 | 1.4% | 19.2% | 3.2% |
| Mansfield MSA | 725 | 9,723 | 1,950 | 1.4% | 18.6% | 3.7% |
| Springfield MSA | 864 | 10,289 | 1,881 | 1.4% | 16.3% | 3.0% |
| Weirton-Steubenville MSA* | 431 | 3,221 | 996 | 1.6% | 11.6% | 3.6% |
| Youngstown MSA* | 3,329 | 33,693 | 7,476 | 1.8% | 17.7% | 3.9% |
| **Small MSA/rural** | **27,025** | **270,672** | **54,944** | **1.5%** | **15.5%** | **3.1%** |
| Northeast | 9,454 | 86,241 | 19,899 | 1.7% | 15.4% | 3.6% |
| Southeast | 3,271 | 18,659 | 5,375 | 2.0% | 11.7% | 3.4% |
| South | 3,727 | 26,943 | 5,957 | 1.9% | 13.6% | 3.0% |
| West | 3,524 | 59,220 | 8,059 | 1.1% | 18.0% | 2.4% |
| Northwest | 1,032 | 14,689 | 2,449 | 1.1% | 15.8% | 2.6% |
| W North Central | 4,354 | 48,987 | 9,691 | 1.7% | 19.1% | 3.8% |
| E North Central | 1,663 | 15,933 | 3,514 | 1.1% | 10.2% | 2.3% |

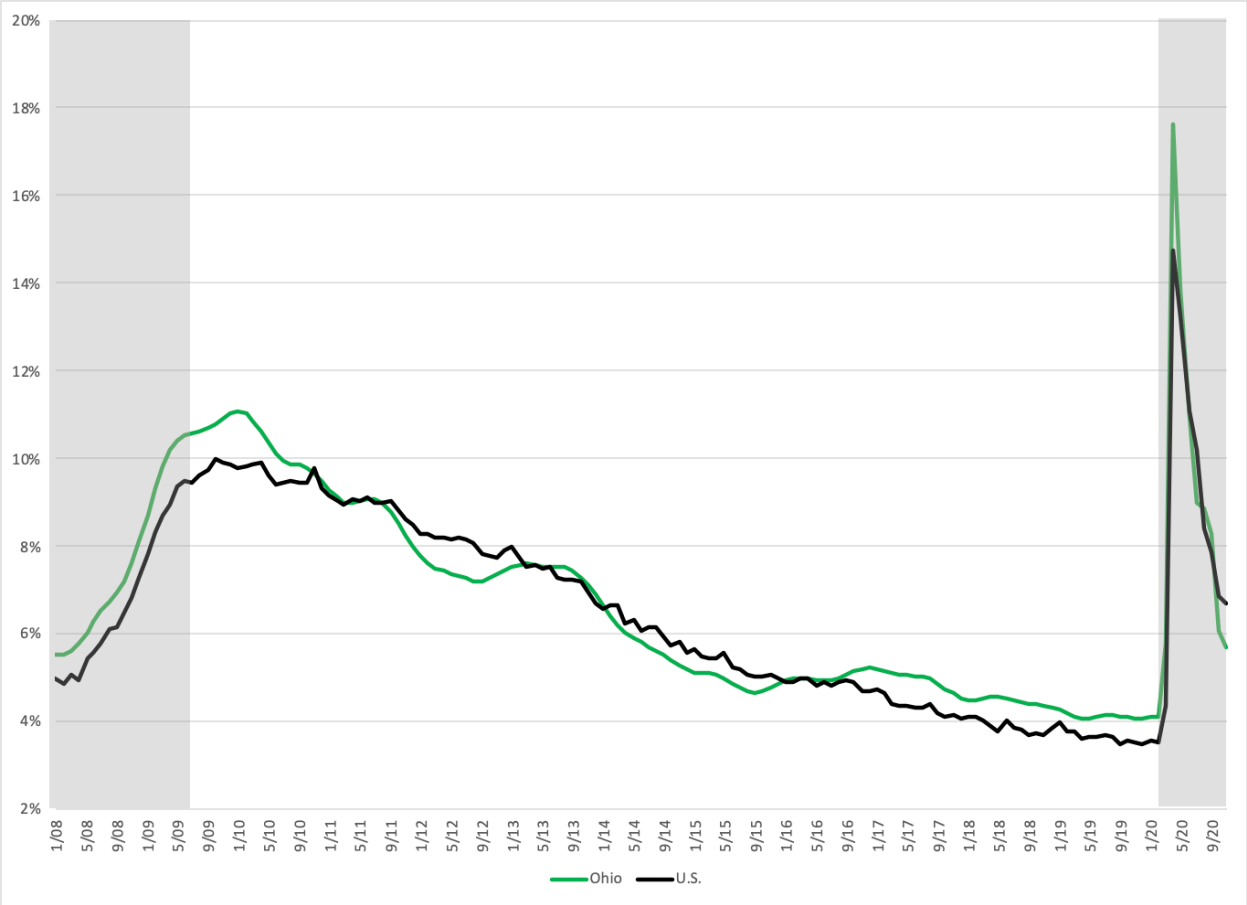
*Ohio counties only.
**Source**: Unemployment Insurance Claims, Ohio Labor Market Information Bureau.

The disparity in performance among the three classes has narrowed in recent months. In October, large MSAs were off 54% from their April peak, while the smaller MSAs were off 63% and the seven regions outside of the large MSAs were off 67%. As of the week ended December 12, large MSAs were down 77%, small MSAs were down 78%, and regions outside the large MSAs were down 80%. Among the large MSAs, only Cleveland remains above the statewide average. Three of the six small MSAs are above the Ohio average percentage. Four of the seven small MSA-rural regions are at 3% or less, but the West North Central region (which includes the Mansfield MSA) is tied with Cleveland as the highest percentage of labor force.

## Unemployment Rates

Unemployment rates have continued to decline from April levels. The U.S. unemployment rate peaked at 14.7% in April, and Ohio's rate reached 17.6%, the highest rates since the Depression. The Ohio unemployment rate stood at 5.7% in September and the U.S. rate was 6.7%. 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 – November 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.

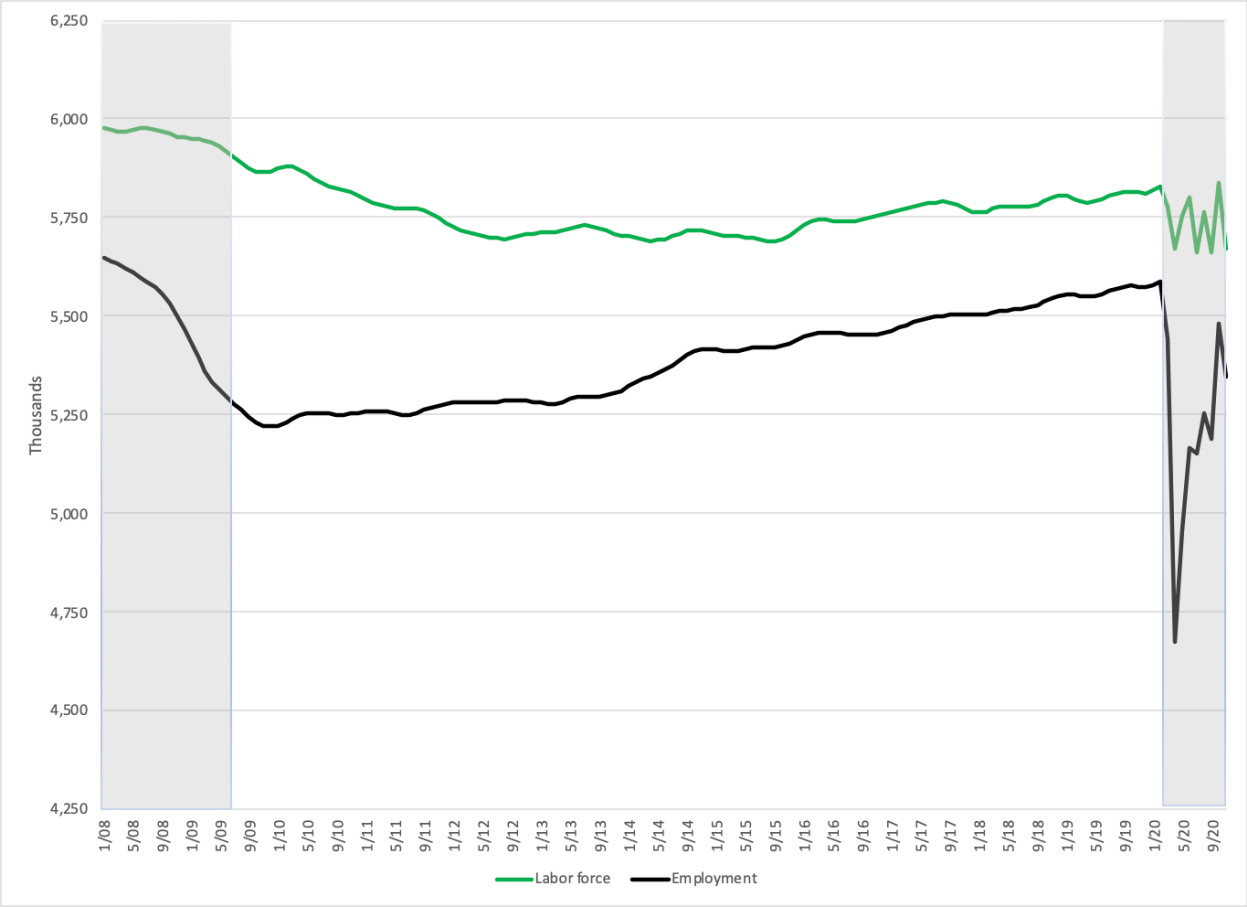
Previous articles have discussed the shortcomings in the measurement of the unemployment rate, particularly how unemployment and the labor force (the denominator of the unemployment rate) are defined. To be counted as unemployed, not only must an individual not have worked, he or she must have undertaken 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. There is an unusual oscillation in the seasonally adjusted labor force, rising and falling by around 3% from one month to the next. Although labor force statistics have become less reliable in recent months because of smaller sample sizes, this pattern clearly suggests problems with the state's

model that removes recurring seasonal impacts from the observed labor force estimates, and calls into question the reported Ohio unemployment rates in recent months. Specifically, the November rate that is a full percentage point below the national average may be understated.

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

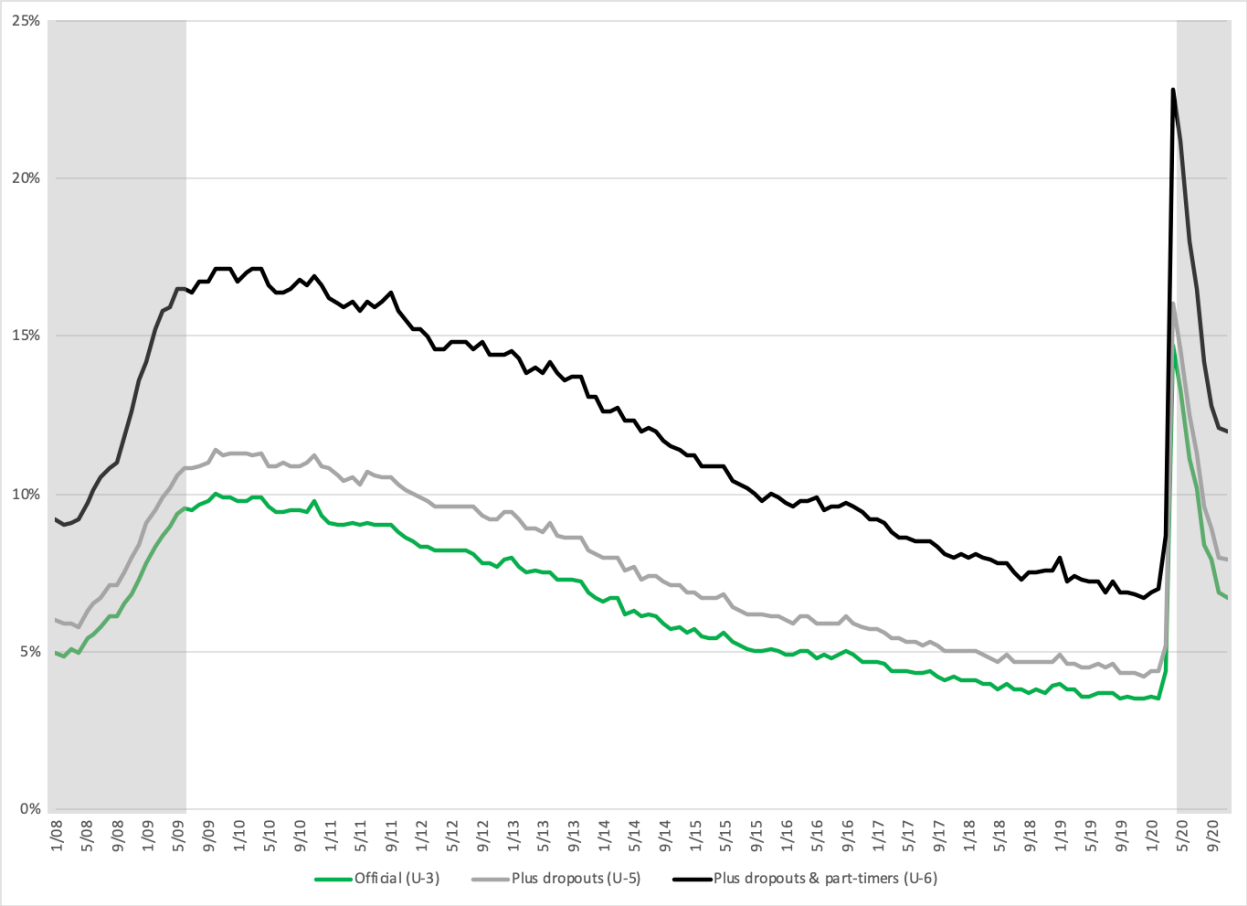



**Note**: Shaded areas indicate recessions.
**Source**: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics.

There are six increasingly less restrictive measures of U.S. unemployment that attempt to tackle the measurement problems discussed above. 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 are available for and want 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 6.7% in November. Meanwhile, U-5 was 7.9% and U-6 was 12%. U-3 and U-5 now at levels comparable to those in early 2014, while U-6 was last at 12% in mid-2014.

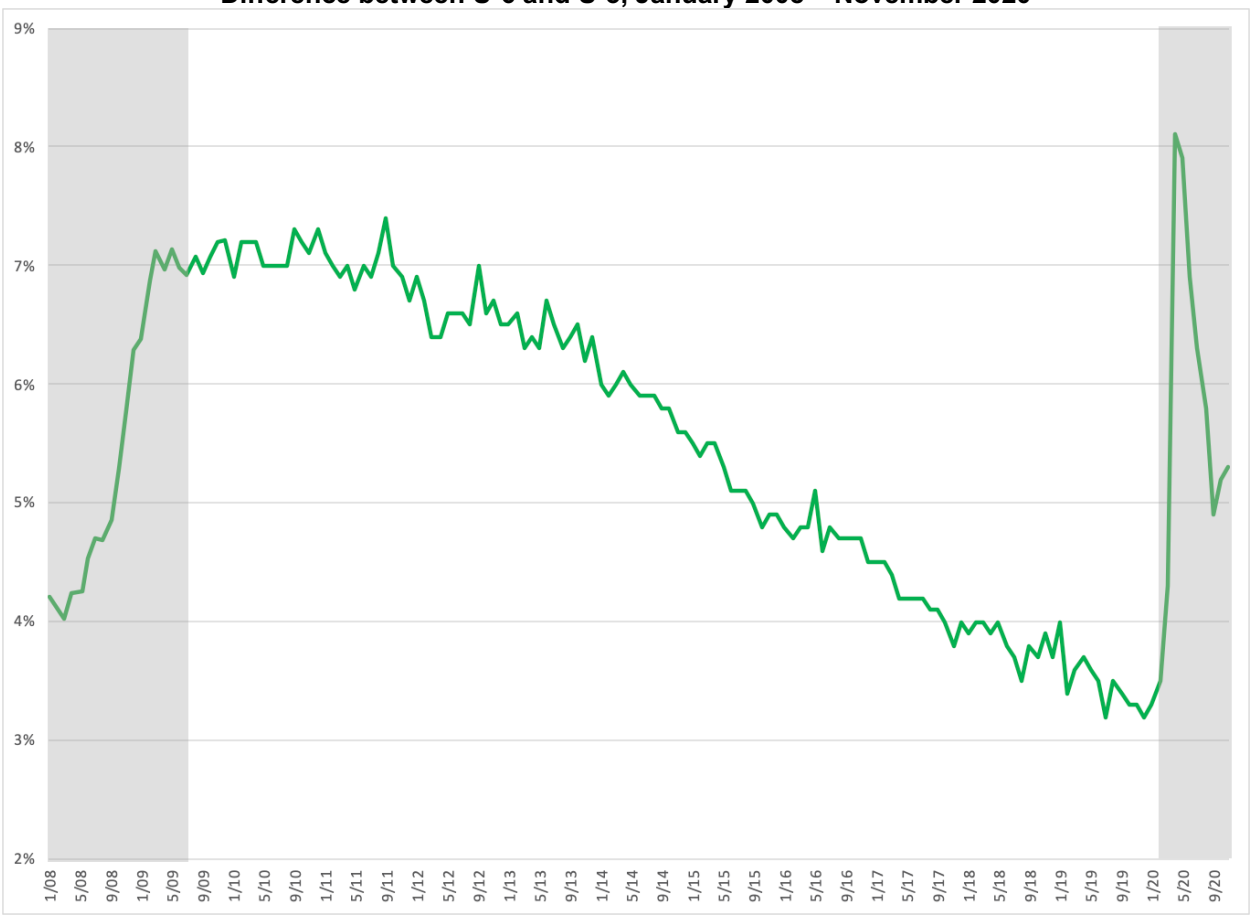
**Figure 7**
**Alternative Measures of U.S. Unemployment, January 2008 – November 2020**




**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. It fell to 4.9 percentage points in September before ticking up slightly in October and November. The spread now stands at 5.3 percentage points.

**Figure 8**
**Difference between U-6 and U-3, January 2008 – November 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 reported 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 November (the most recent month). As has been true over the past six months, 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, down only 4.7% from its level before the pandemic impacts began. Cincinnati is close behind, down 5%. In contrast, Cleveland employment remains 8.2% lower than its February level, and Youngstown is down 9.9%.

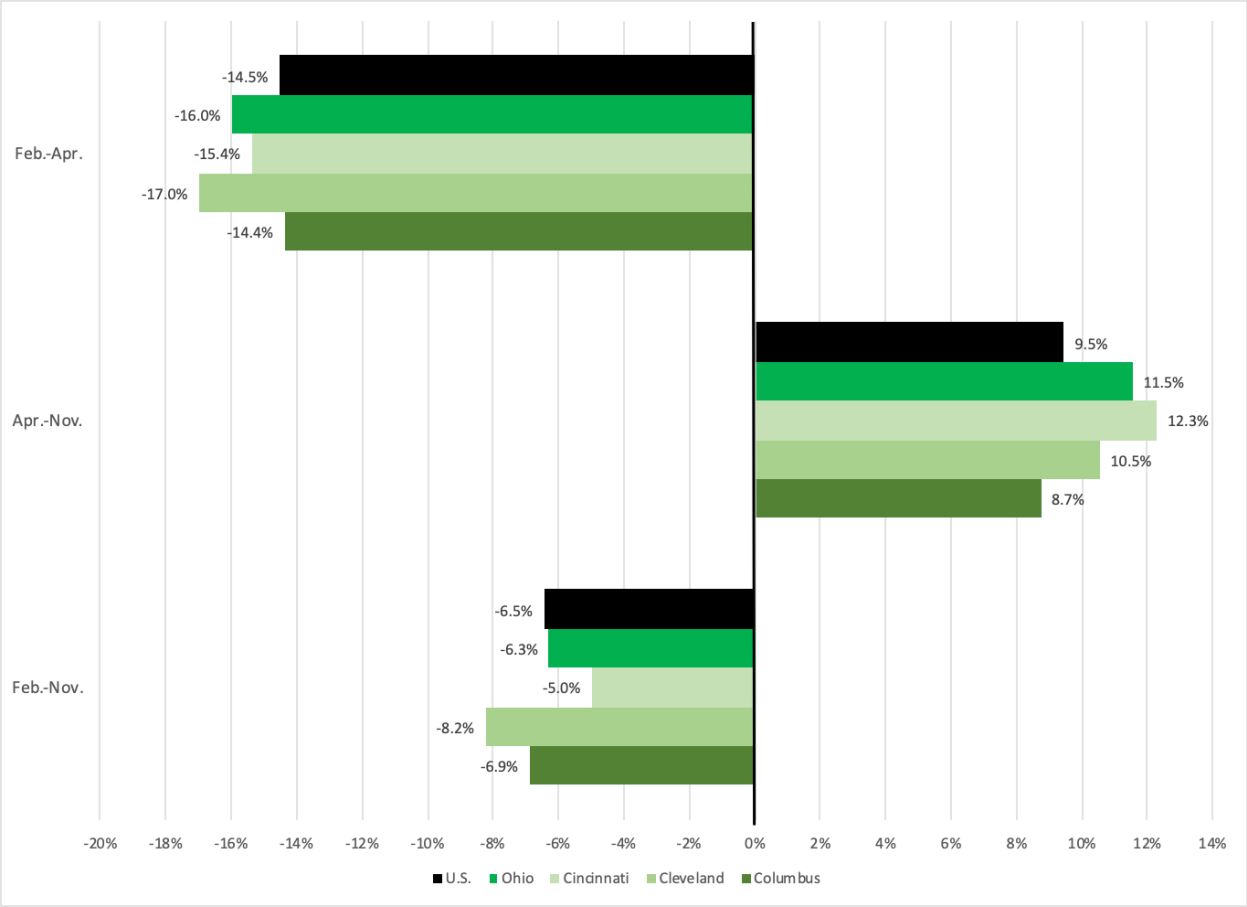
**Table 3**
**Payroll Employment and Change, U.S., Ohio, and MSAs, Feb. 2020 – Nov. 2020**

| Area | Employment (thousands) | | | Numerical change | | Pct.chng. |
|---|---|---|---|---|---|---|
| | Feb. 2020 | Apr. 2020 | Nov. 2020 | Feb.-Apr. | Apr.-Sep. | Feb.-Nov. |
| **United States** | **152,463** | **130,303** | **142,629** | **-22,160** | **12,326** | **-6.5%** |
| **Ohio** | **5,599.1** | **4,704.0** | **5,247.1** | **-895.1** | **543.1** | **-6.3%** |
| Akron MSA | 336.9 | 284.8 | 311.3 | -52.1 | 26.5 | -7.6% |
| Canton MSA | 172.7 | 147.8 | 160.9 | -24.9 | 13.1 | -6.8% |
| Cincinnati MSA | 1,122.2 | 949.5 | 1,066.2 | -172.7 | 116.7 | -5.0% |
| Cleveland MSA | 1,079.2 | 895.8 | 990.3 | -183.4 | 94.5 | -8.2% |
| Columbus MSA | 1,123.2 | 961.7 | 1,045.8 | -161.5 | 84.1 | -6.9% |
| Dayton MSA | 390.8 | 343.9 | 372.4 | -46.9 | 28.5 | -4.7% |
| Toledo MSA | 309.5 | 253.7 | 290.1 | -55.8 | 36.4 | -6.3% |
| Youngstown MSA | 213.8 | 178.3 | 192.6 | -35.5 | 14.3 | -9.9% |

**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 November 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 November loss in Columbus remains greater than all other areas except Cleveland.

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




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

Table 4 analyzes Ohio employment and employment changes by industry sector. There has been considerable improvement from the April trough in most cases, and in most cases improvement since September. Arts and entertainment, and accommodation and food services continue to have the worst performance, but have recovered substantially from their earlier 50% decline, and from the net decline of 30.2% for arts and entertainment and 23.4% for accommodation and food services as of September. Ohio employment growth in many sectors has underperformed the corresponding national average. However, smaller-than-average net declines in retail, management of companies, administrative and waste services, healthcare, and local government were the primary contributors to the slightly better position of Ohio employment as of November.

**Table 4**
**Ohio Employment by Industry Sector, February 2020 – November 2020**

| Area | Employment (thousands) | | | Numerical change | | Pct.chng. Feb.-Nov. | |
|---|---|---|---|---|---|---|---|
| | Feb. 20 | Apr. 20 | Nov. 20 | Feb.-Apr. | Apr.-Nov. | Ohio | U.S. |
| **Total** | **5,599.1** | **4,704.0** | **5,247.1** | **-895.1** | **543.1** | **-6.3%** | **-6.5%** |
| Construction and mining | 240.7 | 198.7 | 225.7 | -42.0 | 27.0 | -6.2% | -4.4% |
| Manufacturing | 700.2 | 602.9 | 668.5 | -97.3 | 65.6 | -4.5% | -4.7% |
| Wholesale trade | 233.7 | 212.5 | 215.6 | -21.2 | 3.1 | -7.7% | -4.7% |
| Retail trade | 549.9 | 470.6 | 535.1 | -79.3 | 64.5 | -2.7% | -3.5% |
| Transportation and utilities | 243.2 | 217.4 | 236.0 | -25.8 | 18.6 | -3.0% | -2.1% |
| Information | 70.0 | 64.5 | 65.8 | -5.5 | 1.3 | -6.0% | -9.7% |
| Finance/insurance | 241.1 | 237.7 | 240.0 | -3.4 | 2.3 | -0.5% | 0.3% |
| Real estate/rental | 66.2 | 55.8 | 58.7 | -10.4 | 2.9 | -11.3% | -5.6% |
| Professional and tech. svcs. | 273.2 | 246.7 | 258.8 | -26.5 | 12.1 | -5.3% | -2.8% |
| Mgt. of companies | 140.1 | 134.8 | 136.5 | -5.3 | 1.7 | -2.6% | -3.8% |
| Administrative & waste svcs. | 319.3 | 250.1 | 299.5 | -69.2 | 49.4 | -6.2% | -7.4% |
| Private education services | 117.0 | 94.2 | 102.4 | -22.8 | 8.2 | -12.5% | -10.2% |
| Healthcare & soc. assistance | 831.4 | 737.1 | 809.2 | -94.3 | 72.1 | -2.7% | -4.2% |
| Arts and entertain-ment | 83.2 | 40.0 | 65.7 | -43.2 | 25.7 | -21.0% | -27.9% |
| Accommodation & food svcs. | 494.7 | 238.6 | 387.5 | -256.1 | 148.9 | -21.7% | -19.2% |
| Other services | 212.9 | 162.5 | 205.6 | -50.4 | 43.1 | -3.4% | -7.3% |
| Federal govt. | 79.8 | 79.6 | 78.8 | -0.2 | -0.8 | -1.3% | 1.2% |
| State government | 172.2 | 165.8 | 152.0 | -6.4 | -13.8 | -11.7% | -6.6% |
| Local government | 530.3 | 494.5 | 505.7 | -35.8 | 11.2 | -4.6% | -6.8% |

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