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Employment Changes in Ohio and Its Metropolitan Areas

The April issue of *On the Money* is traditionally an update of population and employment trends in Ohio and its Metropolitan Statistical Areas (MSAs). The population analysis is based on U.S. Census Bureau estimates of MSA population as of the previous July. The employment update is drawn from a U.S. Bureau of Labor Statistics (BLS) revision of monthly U.S., state, and MSA employment in total and by industry sector for the previous two years.

Both updates are typically released in March, and the BLS employment revisions were released on time. This year's population update was delayed by the pandemic, however, and will not be released until May 4. These population updates will be discussed in the June issue. Meanwhile, this article will explore the impacts of the pandemic on employment.

Metropolitan Statistical Areas

MSAs are collections of counties defined by the U.S. Office of Management and Budget (OMB), and are intended to give federal agencies a consistent geographical basis for statistical analysis and reporting. MSAs are centered on an urban core (one or more cities) with a population of at least 50,000.

The county or counties containing the urban core are "central counties" and are automatically included in the MSA. Adjacent counties are included if they have what OMB terms, "a high degree of social and economic interaction with the core as measured by commuting ties." Specifically, outlying counties are included in the MSA if at least one of two conditions applies: (1) at least 25 percent of the employed residents of the outlying county commute to one of the central counties for work; and/or (2) at least 25 percent of the jobs in the outlying county are filled by workers who live in a central county.

There are 12 MSAs with urban cores in Ohio. These MSAs and their component counties are listed in Table 1.¹ These MSAs are home to 79 percent of Ohio's population and 72 percent of Ohio's jobs.

¹ Belmont County is an outlying county of the Wheeling MSA and Lawrence County is an outlying county of the Huntington-Ashland MSA. These MSAs are not included in this analysis because their urban cores are outside of Ohio.

**Table 1
Component Counties of Ohio MSAs**

<p>Akron, OH MSA Portage County, OH* Summit County, OH*</p> <p>Canton-Massillon, OH MSA Carroll County, OH Stark County, OH*</p> <p>Cincinnati, OH-KY-IN MSA Dearborn County, IN Ohio County, IN Union County, IN Boone County, KY* Bracken County, KY Campbell County, KY* Gallatin County, KY Kenton County, KY* Pendleton County, KY Brown County, OH Butler County, OH* Clermont County, OH* Hamilton County, OH* Warren County, OH*</p>	<p>Cleveland-Elyria, OH MSA Cuyahoga County, OH* Geauga County, OH* Lake County, OH* Lorain County, OH Medina County, OH*</p> <p>Columbus, OH MSA Delaware County, OH* Fairfield County, OH* Franklin County, OH* Hocking County, OH Licking County, OH Madison County, OH Morrow County, OH Pickaway County, OH Union County, OH</p> <p>Dayton, OH MSA Greene County, OH* Miami County, OH* Montgomery County, OH*</p>	<p>Lima, OH MSA Allen County, OH*</p> <p>Mansfield, OH MSA Richland County, OH*</p> <p>Springfield, OH MSA Clark County, OH*</p> <p>Toledo, OH MSA Fulton County, OH Lucas County, OH* Wood County, OH*</p> <p>Weirton-Steubenville, WV-OH Jefferson County, OH* Brooke County, WV* Hancock County, WV*</p> <p>Youngstown-Warren-Boardman, OH-PA MSA Mahoning County, OH* Trumbull County, OH* Mercer County, PA*</p>
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*Central counties.

The minimum urban core population criterion is currently under review. Proposed guidelines raise the minimum from 50,000 to 100,000. This will affect Lima, Mansfield, Springfield, and Weirton-Steubenville. When this change is implemented, these areas will be designated as “micropolitan statistical areas.” The employment estimates discussed in the next section will no longer be available for these areas, but most other statistics will still be reported.

Updated Ohio Employment Estimates

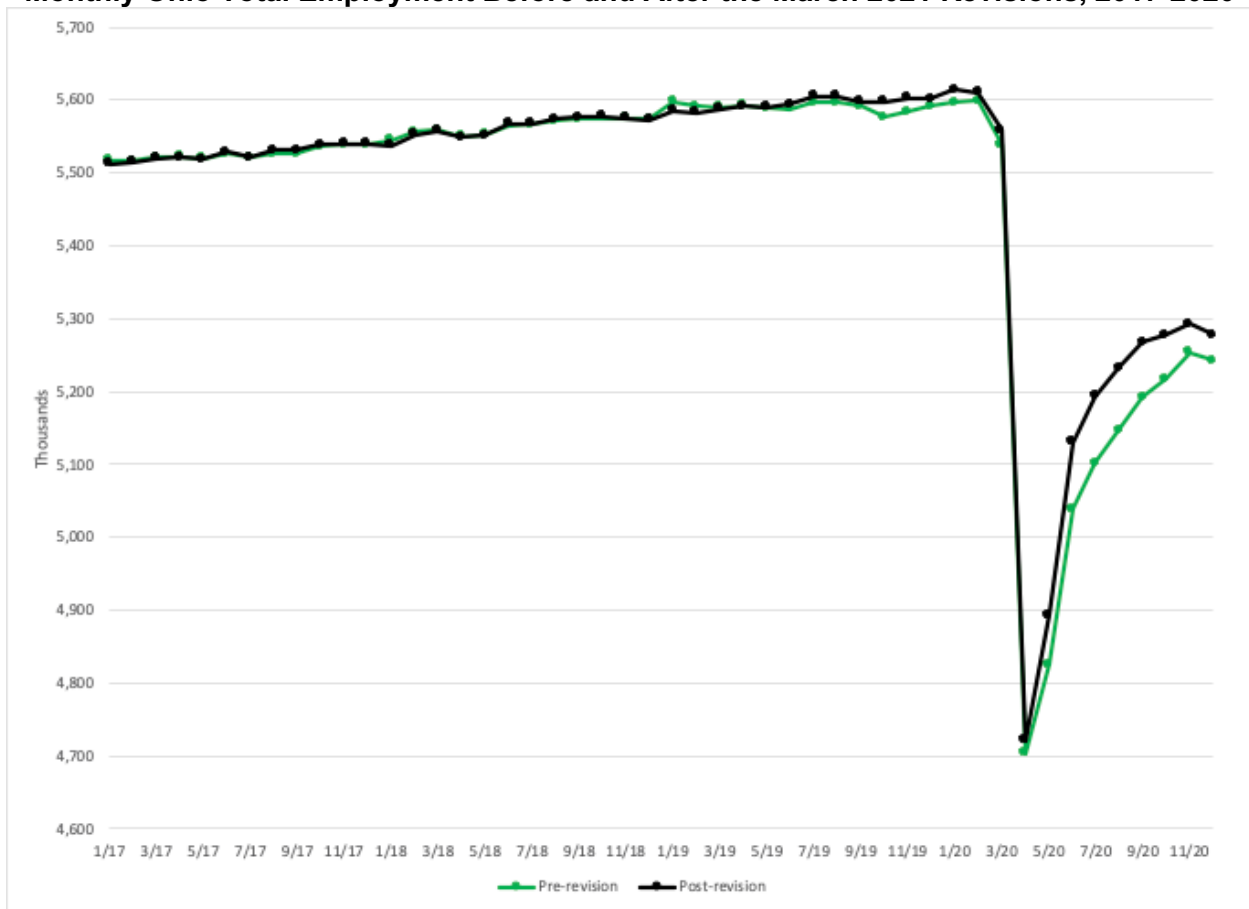
BLS issues monthly total and industry sector employment estimates for the nation, states, and MSAs. In Ohio, the estimates are prepared by the Ohio Labor Market Information Bureau in cooperation with BLS. These estimates, the Current Employment Statistics (CES), are usually issued five weeks after the fact. Thus, they give a close to real-time view of employment changes. However, to produce the estimates so quickly, BLS bases them on a relatively small sample of employers. The national sample totals approximately 144,000 firms and government agencies representing about 697,000 worksites; the sample in Ohio is 4,030 firms covering 26,740 worksites (8.7% of Ohio’s 305,700 total worksites).

Using a sample to generate the CES totals creates error. The error is larger the smaller the MSA and the smaller the industry sector, but employment totals can initially be misstated materially even for larger MSAs such as Cincinnati, Cleveland and Columbus, and the state as well. The percentage of worksites sampled also varies among industry sectors: from 7 percent for other services and 11 percent for construction and wholesale trade to 71 percent for government. Thus, the reliability of the estimates also varies among sectors. The overall implication is that this very timely view of the local economy can be misleading.

National CES estimates are corrected each February and state and local estimates are corrected each March as more accurate data become available. These data are primarily the unemployment insurance (UI) tax reports required of nearly all employers, and covering about 97 percent of total employment. These UI reports form the basis of the Quarterly Census of Employment and Wages (QCEW), which is often analyzed in these articles. QCEW provides an employment count, not an estimate, and is an input into the correction of the CES totals for previous years. The most recent two years are the focus of the CES corrections, but previous years' estimates can change slightly with the revision of seasonal adjustment factors.

The dominant feature of the past two years was, of course, the employment peak in February 2020 and the collapse in March and April. According to the initial estimates, Ohio employment totaled 5,599,100 in February; the revision increased this peak slightly to 5,609,900. Initially, April employment was reported as 4,704,000, a decline of 16%. The revision increased that month's total to 4,721,400, slightly reducing the two-month decline to 15.8%. The more recent revisions have been larger: December 2020 was originally estimated at 5,241,700 but was revised upward to 5,277,800. This increased April through December employment growth from 11.4% to 11.8%. Employment during 2020 will be revised again next March, but second-year revisions are usually smaller than first-year revisions.

Figure 1
Monthly Ohio Total Employment Before and After the March 2021 Revisions, 2017-2020



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

Figure 2 plots Ohio and U.S. employment growth on an index basis since February 2020. As this graph reveals, Ohio's decline during March and April 2020 exceeded the national average (15.8% versus 14.7%). However, thanks largely to a much greater-than-average gain in May and June, Ohio's recovery has also been greater than average. This advantage has narrowed recently in part because of a massive 916,000 U.S. gain in March 2021, but Ohio's net loss since February 2020 remains slightly less than the national average: 5.3% for Ohio compared to 5.5% for the U.S.

Figure 2
Ohio and U.S. Employment Change, February 2020-March 2021



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

Employment Changes in Ohio's MSAs

The March CES corrections also restated employment in all MSAs, giving an updated view of employment growth in these areas. Table 2 compares losses in the spring of 2020, the gains in subsequent months, and the net losses for all months. Among the larger MSAs, Columbus has sustained the smallest net loss. But Lima's net loss is the smallest of all MSAs, and Mansfield and Springfield are also better than average. However, because these employment totals are small and rounded to the nearest hundred in the original data, the actual net change can be somewhat different from the calculated percentage.

In contrast, employment in Cleveland and Toledo remains nearly 7% less than in February 2020. In Cleveland's case, the March and April 2020 loss was less than the Ohio average, but subsequent growth has been weak. Toledo's situation is the opposite: growth since April 2020 has been the best of all the MSAs, but that strength was not sufficient to overcome an initial loss worse than any other MSAs.

Table 2
Employment and Employment Changes, U.S., Ohio, and Ohio MSAs

Area	Employment (thousands)			Percentage change		
	Feb 2020	Apr 2020	Mar 2021	2/20-4/20	4/20-3/21	2/20-3/21
U.S.	152,523	130,161	144,120	-14.7%	10.7%	-5.5%
Ohio	5,609.9	4,721.4	5,314.9	-15.8%	12.6%	-5.3%
Akron	341.0	287.8	321.6	-15.6%	11.7%	-5.7%
Canton	173.3	145.2	166.0	-16.2%	14.3%	-4.2%
Cincinnati	1,128.9	954.1	1,069.1	-15.5%	12.1%	-5.3%
Cleveland	1,081.9	916.5	1,008.9	-15.3%	10.1%	-6.7%
Columbus	1,125.6	967.2	1,085.2	-14.1%	12.2%	-3.6%
Dayton	394.0	333.0	373.5	-15.5%	12.2%	-5.2%
Lima	53.0	44.2	51.7	-16.6%	17.0%	-2.5%
Mansfield	52.2	42.2	50.1	-19.2%	18.7%	-4.0%
Springfield	49.1	41.4	47.2	-15.7%	14.0%	-3.9%
Toledo	311.4	243.7	289.9	-21.7%	19.0%	-6.9%
Weirton- Steubenville	40.4	34.5	38.3	-14.6%	11.0%	-5.2%
Youngstown	214.9	174.4	201.1	-18.8%	15.3%	-6.4%

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

Tables 3 and 4 detail employment changes by industry sector for Ohio and the U.S., respectively. The same analysis cannot be undertaken for MSAs because seasonally adjusted estimates are not reported for individual sectors at the MSA level. Without adjustment for recurring seasonal impacts (such as the holiday shopping season) month-to-month changes can be misleading.

Ohio's changes are broadly similar to those at the national level. The most notable feature is the decline in leisure and hospitality – a two-month loss representing nearly half of the sector's total employment. This sector includes arts, entertainment, recreation, hotels, restaurants, and other food services. These establishments were hit hard when states declared health emergencies. They have recovered to an extent as states reopened, but employment continues far below its pre-pandemic level. Also hit hard were other services. This is a sector that collects a variety of miscellaneous services, but includes personal services such as barber shops, beauty salons and nail salons. These establishments were equally affected by mandated shutdowns. Less affected was retail, parts of which were deemed essential.

Other sectors were much less affected by the pandemic. Although transportation includes passenger transportation, which was significantly impacted, it also includes transportation of goods, which has benefited from the shift to online shopping. While U.S. transportation employment in March 2021 remained 1.2% lower than that in February 2020, Ohio's employment was 5.5% higher than a year ago. This is probably because of Ohio's large concentration of distribution and logistics activity. The other sector enjoying a net increase in Ohio (albeit a marginal increase) is financial activities. U.S. employment remains off 1%. This and other office-focused sectors were able to continue functioning thanks to the increase in remote work.

Table 3
Ohio Sector Employment and Employment Changes

Area	Employment (thousands)			Percentage change		
	Feb 2020	Apr 2020	Mar 2021	2/20-4/20	4/20-3/21	2/20-3/21
Total employment	5,609.9	4,721.4	5,314.9	-15.8%	12.6%	-5.3%
Construction and mining	242.6	204.7	235.5	-15.6%	15.0%	-2.9%
Manufacturing	694.0	583.7	659.4	-15.9%	13.0%	-5.0%
Wholesale trade	235.4	216.4	227.4	-8.1%	5.1%	-3.4%
Retail trade	552.7	460.4	544.7	-16.7%	18.3%	-1.4%
Transportation and utilities	246.6	230.7	260.1	-6.4%	12.7%	5.5%
Information	68.6	61.7	63.4	-10.1%	2.8%	-7.6%
Financial activities	308.0	297.4	309.1	-3.4%	3.9%	0.4%
Prof. & business services	732.4	646.0	700.3	-11.8%	8.4%	-4.4%
Private educational svcs.	116.1	98.4	104.6	-15.2%	6.3%	-9.9%
Healthcare & social asst.	829.9	731.0	791.0	-11.9%	8.2%	-4.7%
Leisure and hospitality	574.8	296.4	485.4	-48.4%	63.8%	-15.6%
Other services	213.8	142.9	189.9	-33.2%	32.9%	-11.2%
Government	795.0	751.7	744.1	-5.4%	-1.0%	-6.4%

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

Table 4
United States Sector Employment and Employment Changes

Area	Employment (thousands)			Percentage change		
	Feb 2020	Apr 2020	Mar 2021	2/20-4/20	4/20-3/21	2/20-3/21
Total employment	152,523	130,161	144,120	-14.7%	10.7%	-5.5%
Construction and mining	8,338	7,157	8,076	-14.2%	12.8%	-3.1%
Manufacturing	12,799	11,414	12,284	-10.8%	7.6%	-4.0%
Wholesale trade	5,895	5,486	5,661	-6.9%	3.2%	-4.0%
Retail trade	15,610	13,235	15,229	-15.2%	15.1%	-2.4%
Transportation and utilities	6,371	5,792	6,297	-9.1%	8.7%	-1.2%
Information	2,914	2,633	2,673	-9.6%	1.5%	-8.3%
Financial activities	8,875	8,596	8,788	-3.1%	2.2%	-1.0%
Prof. & business services	21,469	19,082	20,784	-11.1%	8.9%	-3.2%
Private educational svcs.	3,779	3,254	3,469	-13.9%	6.6%	-8.2%
Healthcare & social asst.	20,787	18,469	19,924	-11.2%	7.9%	-4.2%
Leisure and hospitality	16,915	8,691	13,781	-48.6%	58.6%	-18.5%
Other services	5,937	4,527	5,541	-23.7%	22.4%	-6.7%
Government	22,835	21,826	21,613	-4.4%	-1.0%	-5.4%

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

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