



Department of
Job and Family Services

TO STRENGTHEN OHIO'S FAMILIES WITH SOLUTIONS TO TEMPORARY CHALLENGES

State of Ohio Workforce

2ND QUARTER

2 0 0 9



Quarterly Report on the State of Ohio's Workforce

Reference Period: Second Quarter 2009

(Per Ohio Revised Code 6301.10)

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Ohio Department of Job and Family Services
Office of Workforce Development
Bureau of Labor Market Information
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Analyst Summary

Ohio's unemployment rate increased to 10.7 percent during the second quarter of 2009, up from 9.3 percent during the first quarter of 2009 and higher than the 6.3 percent for the second quarter of 2008. The average number of Ohioans unemployed per month increased over the quarter from 557,000 to 639,000.

The U.S. unemployment rate for the second quarter averaged 9.2 percent, up from 8.1 percent during the first quarter of 2009 and higher than the 5.4 percent of one year ago.

Ohio's nonagricultural wage and salary employment fell 60,300 over the second quarter, from 5,187,000 to 5,126,700 on a seasonally adjusted basis. During the second quarter, service-providing industries declined by 21,800 jobs. Professional and business services led the decline with a loss of 13,700 jobs. Losses in goods-producing industries were higher, with 38,500 jobs lost during the second quarter. The largest losses were in manufacturing with a decline of 31,800 jobs.

Compared to the second quarter of 2008, Ohio's nonagricultural wage and salary employment declined by 263,100 jobs. Goods-producing industries lost 151,000 jobs, mostly in manufacturing (-120,200). Service-providing industries lost 112,100 jobs compared to the second quarter of 2008, with the largest losses in business and professional services (-55,900).

Unemployment Rates and Related Data

Employment Situation: Ohio and U.S. (Seasonally Adjusted)

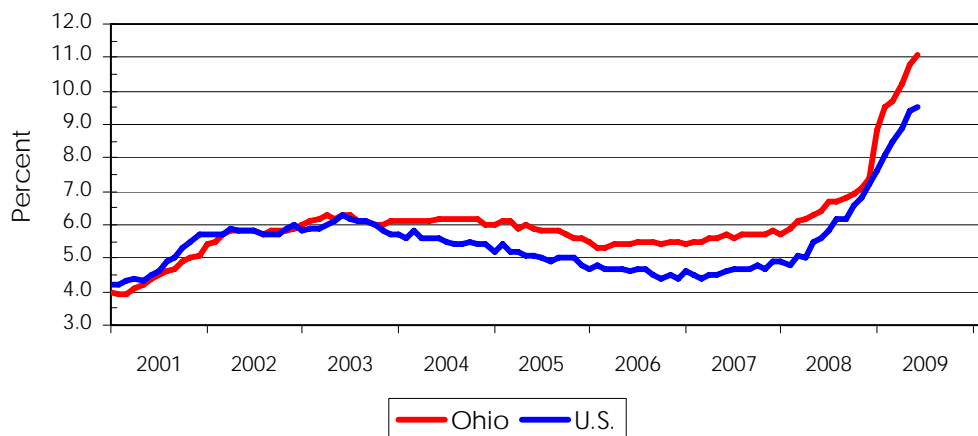
Ohio's unemployment rate for the second quarter of 2009 was 10.7 percent, up from first quarter 2009 rate of 9.3 and up from 6.3 a year ago. The U.S. unemployment rate for the second quarter was 9.2 percent, up from the first quarter 2009 rate of 8.1 percent and up from 5.4 a year ago. The average number of Ohioans unemployed per month has increased over the quarter from 557,000 to 639,000.

Employment Situation Indicators for Ohio and U.S.

	Quarterly Data (in thousands)			Change (in thousands)		Percent Change	
	2nd Qtr. 2009	1st Qtr. 2009	2nd Qtr. 2008	From Last Quarter	From Last Year	From Last Quarter	From Last Year
Seasonally Adjusted							
	Ohio						
Civilian Labor Force	5,974	5,969	5,974	5	0	0.1%	0.0%
Employment	5,334	5,412	5,596	-78	-261	-1.4%	-4.7%
Unemployment	639	557	378	82	261	14.8%	69.1%
Unemployment Rate	10.7%	9.3%	6.3%	1.4%	4.4%		
	U.S.						
Civilian Labor Force	154,912	153,993	154,281	920	632	0.6%	0.4%
Employment	140,591	141,578	145,990	-987	-5,399	-0.7%	-3.7%
Unemployment	14,321	12,415	8,291	1907	6030	15.4%	72.7%
Unemployment Rate	9.2%	8.1%	5.4%	1.2%	3.9%		

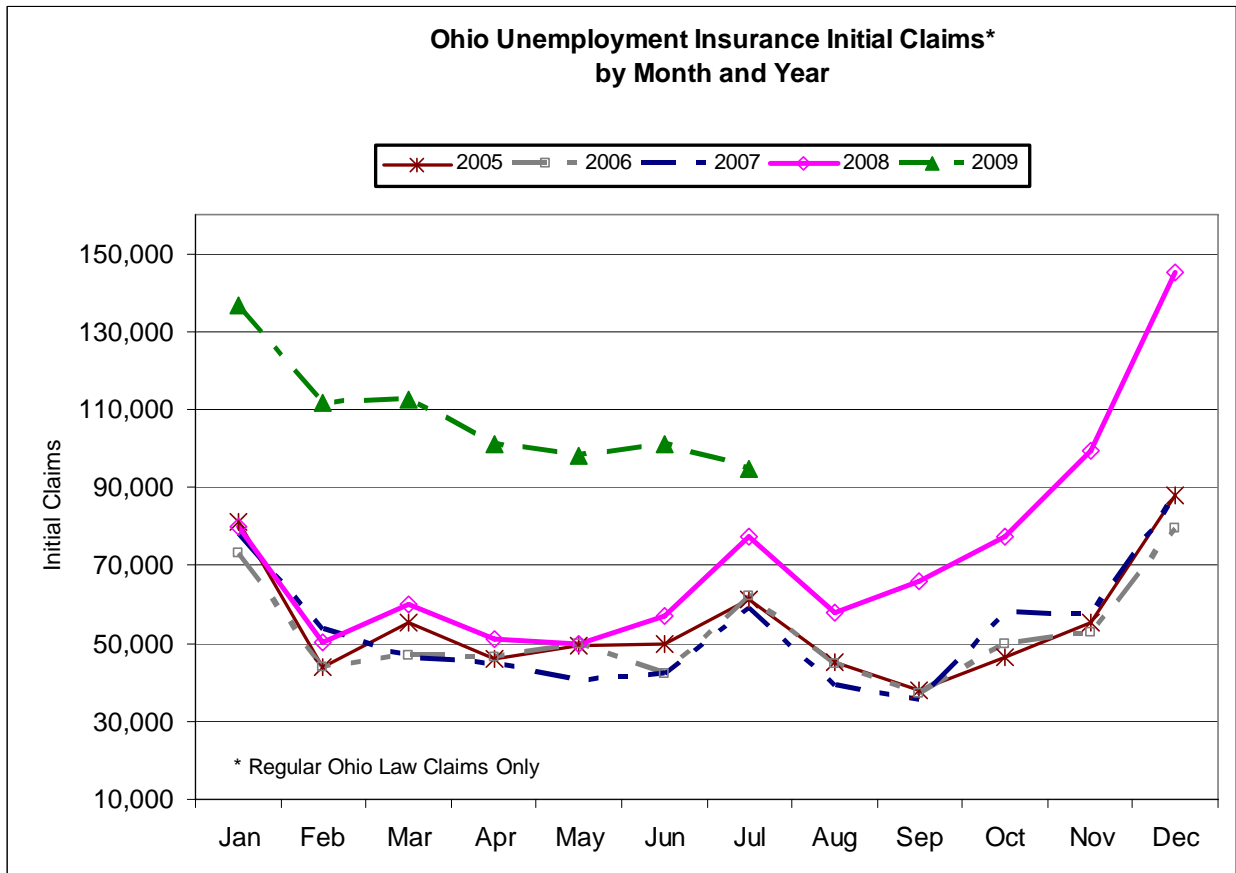
- Ohio and U.S. unemployment rates closely mirrored each other through mid-2003.
- During the latter half of 2003, the rates began to diverge as Ohio's unemployment rate remained high while the U.S. unemployment rate steadily declined.
- During the last six months, Ohio's unemployment rate has average 1.4 percentage point higher than the U.S. rate.

Ohio and U.S. Seasonally Adjusted Unemployment Rates



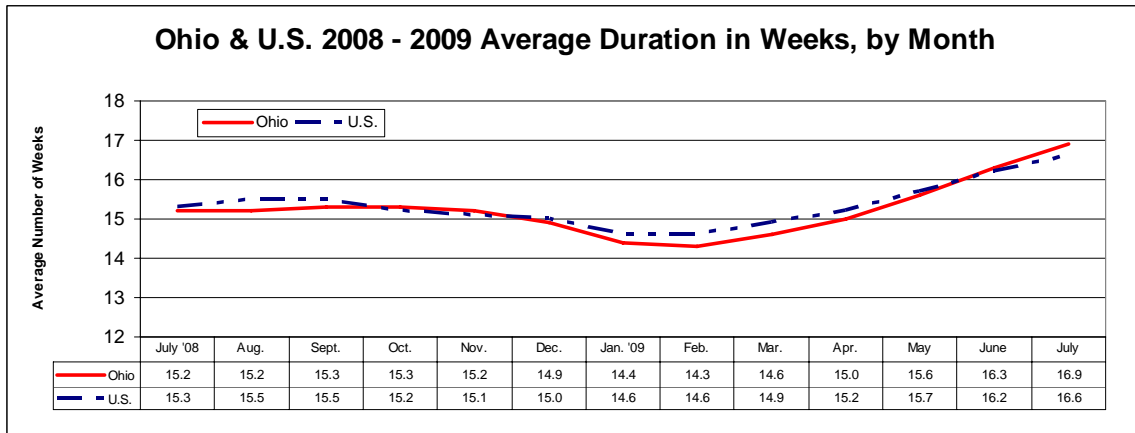
Ohio Monthly Unemployment Insurance Initial Claims

- Monthly initial claims for unemployment insurance follow a typical seasonal pattern every year, with major increases in claims activity occurring in January, July and December.
- Initial claims in July 2009 were moderately higher (22.5%) than the level recorded in 2008.



Average Duration of Unemployment: Ohio and U.S.

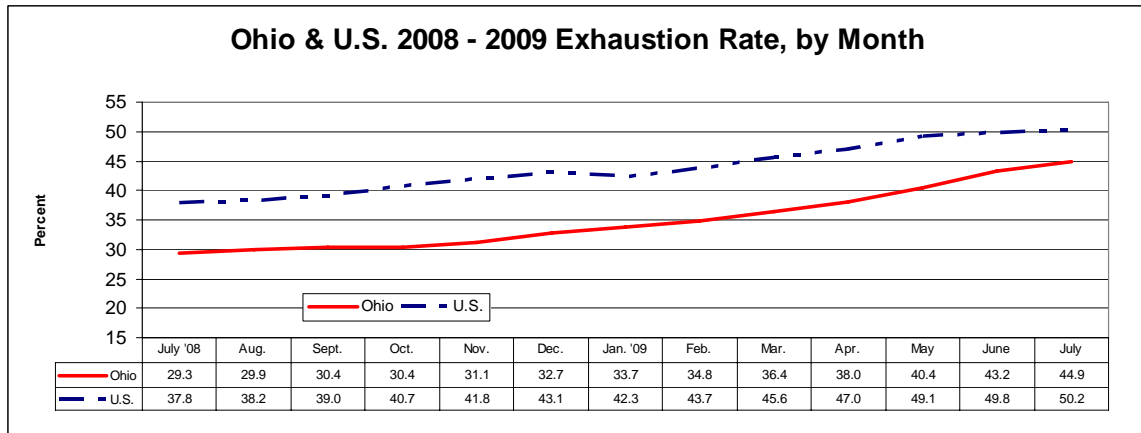
Average duration represents the average number of weeks of compensation received by unemployed claimants during the represented period.



- Ohio's average duration of unemployment closely mirrored the U.S. for the past 12 months.
- The Ohio average duration increased to 16.9 weeks for July 2009 while the U.S. average increased to 16.6 weeks for the same period.

Unemployment Insurance Benefit Exhaustions: Ohio and U.S.

The exhaustion rate represents a measure of the proportion of unemployment insurance recipients who ultimately exhaust their benefits.



- Ohio and national exhaustion rates have been increasing over the past 12 months.
- Ohio's exhaustion rate stayed consistently lower than that of the U.S.
- Ohio's exhaustion rate increased to 44.9 percent, while the U.S. rate increased to 50.2 percent in July 2009.

Employment Data

Ohio Nonagricultural Wage and Salary Employment (Seasonally Adjusted)

Ohio's nonagricultural wage and salary employment fell 60,300 over the quarter, from 5,187,000 in the first quarter of 2009 to 5,126,700 in the second quarter of 2009.

Employment in goods-producing industries, at 820,200, was 38,500 lower. Declines in durable goods (-31,200) and nondurable goods (-600) lowered manufacturing employment 31,800. Construction was down 6,900, while mining and logging advanced 200. Service-providing industries declined 21,800 to 4,306,500. The largest losses were in professional and business services (-13,700) and trade, transportation, and utilities (-7,500). Also down were financial activities (-3,300), information (-2,200), and other services (-400). Employment was up in educational and health services (+3,900), government (+1,300), and leisure and hospitality (+100).

Over the year, nonfarm wage and salary employment decreased 263,100. Goods-producing industries fell 151,000. The loss was concentrated in manufacturing (-120,200) due to declines in durable goods (-96,000) and nondurable goods (-24,200). Construction lost 30,800 jobs. Mining and logging was little changed. Service-providing industries dropped 112,100 from second quarter 2008. Professional and business services were down 55,900, while trade, transportation, and utilities fell 42,200. Employment was also lower in financial activities (-12,600), government (-7,500), information (-6,400), and other services (-3,700). Educational and health services rose 13,100. Leisure and hospitality added 3,100 jobs.

Nonagricultural Wage and Salary Employment Estimates for Ohio^a

Seasonally Adjusted

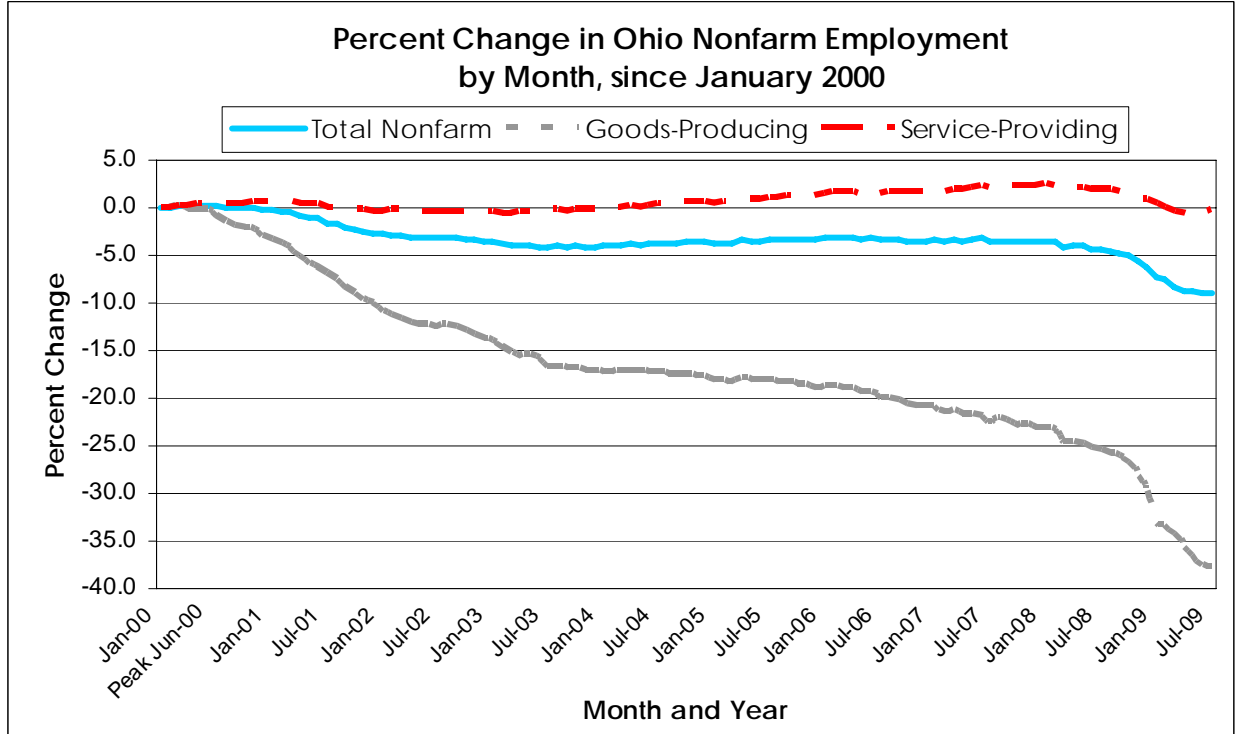
Employer Survey Data^b

	Employment (in thousands)			Change (in thousands)		Percent Change	
	2nd Qtr. 2009	1st Qtr. 2009	2nd Qtr. 2008	From Last Quarter	From Last Year	From Last Quarter	From Last Year
Total	5,126.7	5,187.0	5,389.8	-60.3	-263.1	-1.2%	-4.9%
Goods-Producing Industries	820.2	858.7	971.2	-38.5	-151.0	-4.5%	-15.5%
Mining and Logging	11.7	11.5	11.7	0.2	0.0	1.7%	0.0%
Construction	182.3	189.2	213.1	-6.9	-30.8	-3.6%	-14.5%
Manufacturing	626.2	658.0	746.4	-31.8	-120.2	-4.8%	-16.1%
Durable Goods	415.6	446.8	511.6	-31.2	-96.0	-7.0%	-18.8%
Nondurable Goods	210.6	211.2	234.8	-0.6	-24.2	-0.3%	-10.3%
Service-Providing Industries	4,306.5	4,328.3	4,418.6	-21.8	-112.1	-0.5%	-2.5%
Trade, Transportation, and Utilities	999.6	1,007.1	1,041.8	-7.5	-42.2	-0.7%	-4.1%
Wholesale Trade	230.8	228.7	237.1	2.1	-6.3	0.9%	-2.7%
Retail Trade	578.3	582.1	592.8	-3.8	-14.5	-0.7%	-2.4%
Transportation, Warehousing, and Utilities	190.5	196.3	211.9	-5.8	-21.4	-3.0%	-10.1%
Information	79.8	82.0	86.2	-2.2	-6.4	-2.7%	-7.4%
Financial Activities	278.8	282.1	291.4	-3.3	-12.6	-1.2%	-4.3%
Finance and Insurance	217.4	220.3	227.4	-2.9	-10.0	-1.3%	-4.4%
Real Estate and Rental and Leasing	61.4	61.8	64.0	-0.4	-2.6	-0.6%	-4.1%
Professional and Business Services	616.8	630.5	672.7	-13.7	-55.9	-2.2%	-8.3%
Professional and Technical Services	238.9	242.9	250.4	-4.0	-11.5	-1.6%	-4.6%
Management of Companies and Enterprises	103.8	106.4	110.0	-2.6	-6.2	-2.4%	-5.6%
Administrative, Support, and Waste Services	274.1	281.2	312.3	-7.1	-38.2	-2.5%	-12.2%
Educational and Health Services	827.0	823.1	813.9	3.9	13.1	0.5%	1.6%
Educational Services	108.2	107.3	108.2	0.9	0.0	0.8%	0.0%
Health Care and Social Assistance	718.8	715.8	705.7	3.0	13.1	0.4%	1.9%
Leisure and Hospitality	498.8	498.7	495.7	0.1	3.1	0.0%	0.6%
Arts, Entertainment, and Recreation	63.6	67.5	64.6	-3.9	-1.0	-5.8%	-1.5%
Accommodation and Food Services	435.2	431.2	431.1	4.0	4.1	0.9%	1.0%
Other Services	216.5	216.9	220.2	-0.4	-3.7	-0.2%	-1.7%
Government	789.2	787.9	796.7	1.3	-7.5	0.2%	-0.9%
Federal Government	78.3	77.5	77.3	0.8	1.0	1.0%	1.3%
State Government	163.5	163.3	165.1	0.2	-1.6	0.1%	-1.0%
Local Government	547.4	547.1	554.3	0.3	-6.9	0.1%	-1.2%

^aSubtotals may not add to totals due to rounding. All data exclude military personnel.

^bFrom the Current Employment Statistics Survey, a monthly survey of approximately 12,100 employers conducted by ODJFS in cooperation with the U.S. Bureau of Labor Statistics. Estimates represent nonagricultural wage and salary jobs by place of work.

Trends in Ohio Nonagricultural Wage and Salary Employment

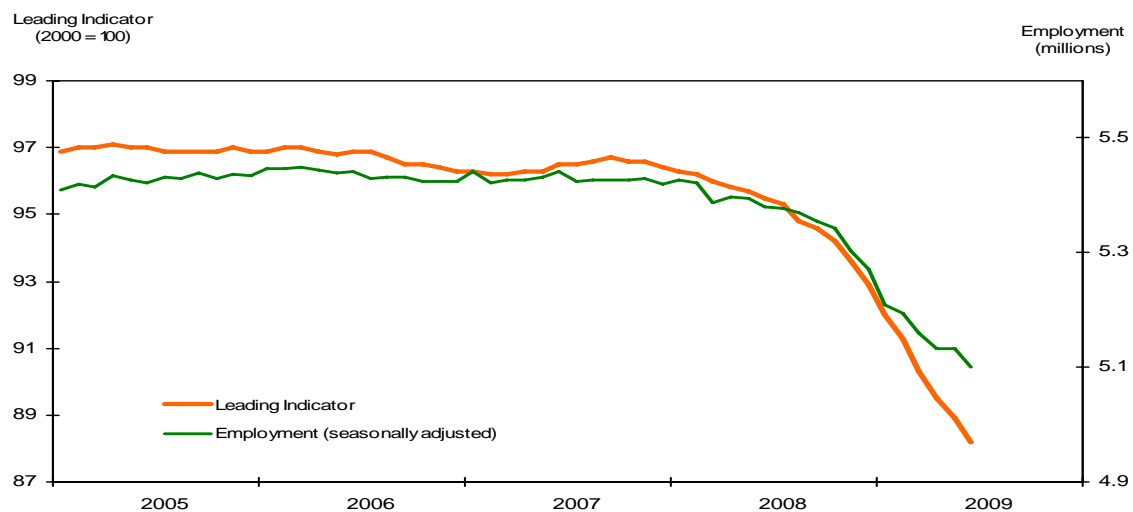


- Since January 2000, Ohio's goods-producing industries (manufacturing, construction and natural resources and mining) have lost 37.7 percent of their employment while service-providing industries have dropped 0.3 percent.
- In comparison, the U.S. has lost 24.1 percent of the employment in goods-producing industries while service-providing industries increased 6.3 percent.

Leading Indicators: Ohio and U.S. (Seasonally Adjusted)

Ohio's composite index of leading indicators declined from 91.2 to 88.9 for the second quarter of 2009. The composite index was lower than for the second quarter of 2008. The national composite index of leading economic indicators increased from 98.2 to 100.0, but this was lower than for the second quarter of 2008.

Ohio Leading Indicator and Employment



The second quarter averages of individual Ohio index components (not seasonally adjusted) were poorer compared to one year ago. Permits and valuation for new housing construction were lower, initial claims for unemployment insurance were higher, and the average weekly hours for manufacturing production were lower than for the second quarter of 2008.

Economic Indicators	Data			Change		Percent Change	
	2nd Qtr. 2009	1st Qtr. 2009	2nd Qtr. 2008	From Last Quarter	From Last Year	From Last Quarter	From Last Year
Ohio							
Leading Indicator Index (2000=100)	88.9	91.2	95.7	-2.3	-6.8	-2.5%	-7.1%
Average Initial Claims for Unemployment Insurance	120,129	128,263	53,266	-8,134	66,863	-6.3%	125.5%
Average Weekly Hours for Manufacturing	38.8	38.0	41.3	0.8	-2.5	2.1%	-6.1%
Average Valuation of Housing Permits (millions of dollars)	213.232	131.043	390.586	82.189	-177.354	62.7%	-45.4%
Average Number of Housing Permits	1,301	793	2,246	508	-945	64.1%	-42.1%
National Data							
National Composite Index of Leading Economic Indicators (1996=100)	100.0	98.2	102.1	1.8	-2.1	1.8%	-2.1%
U.S. Domestic Auto Production (annualized in millions)	1.868	1.702	3.857	0.166	-1.989	9.8%	-51.6%
Difference between 10-Year and 1-Year Treasuries, Constant Maturities	2.79	2.17	1.81	0.62	0.98	28.6%	54.1%
Average Number of Housing Permits	51,400	39,412	95,957	11,988	-44,557	30.4%	-46.4%

Jobs Gained or Lost

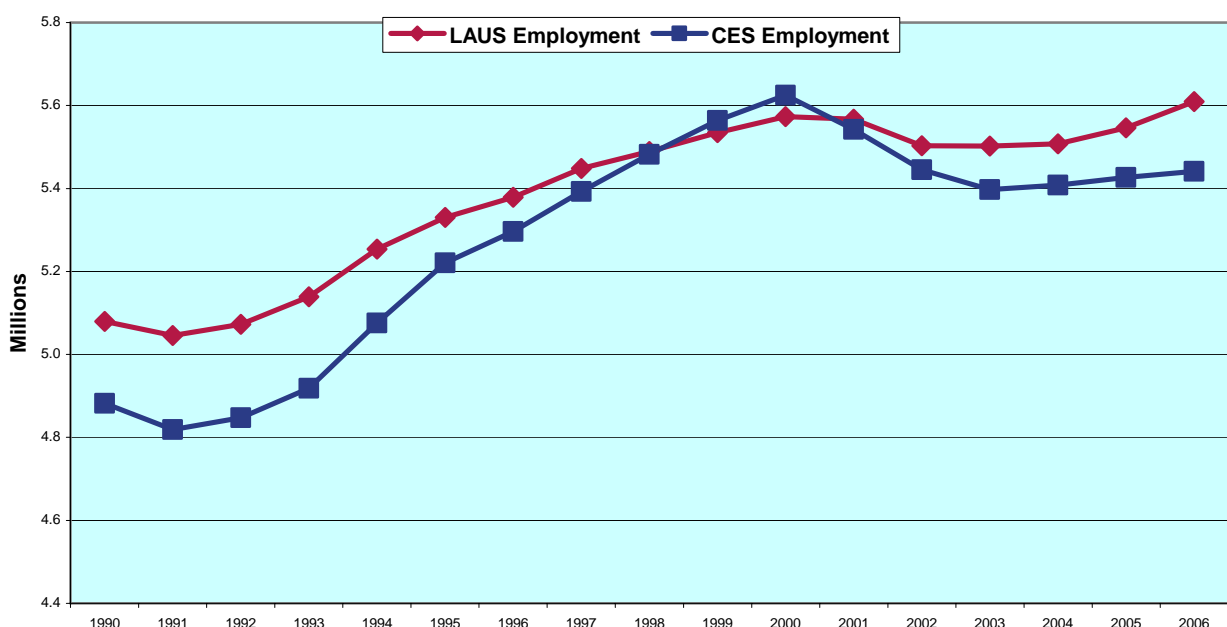
Current Employment Survey (CES)

The most reliable and most easily understood statistic on jobs is the nonagricultural wage and salary employment which comes from the Current Employment Survey (see the Technical Notes section for more detail). This business establishment survey tracks most closely with business cycle changes and is the statistical source most heavily relied on by labor economists, including those at the Bureau of Labor Statistics. It provides information on jobs lost or gained from month-to-month and over the year. The trend in nonagricultural employment is CES data. Of course, there is considerable dynamic activity behind these figures in respect to job changes, layoffs and hiring activity, which in themselves are not represented in the net job statistic.

Local Area Unemployment Statistics (LAUS) and Current Population Survey (CPS)

The employment numbers published under the Employment Situation Indicators chart for Ohio (LAUS data) earlier in this packet are heavily dependent on the Current Population Survey (often referred to as the "Household" survey). These figures are useful for understanding the unemployment rate and can be useful for the labor economist's analysis of what is happening in the labor market. However, as a general measure of job growth or decline and corresponding public announcements, it has proven problematic. The CPS for Ohio contains a small sample of households, tends to be highly volatile and is benchmarked (i.e., controlled to a known universe) only once every 10 years with the decennial census. It has not proven to be a good measure of business cycles. For example, the LAUS employment numbers showed only a slight decline at the onset of the 2001 recession and a much more rapid recovery in 2005 and 2006 than indicated by the CES data (see chart below). The LAUS data have no measure of job loss or gain by industry.

Ohio LAUS and CES Employment Trends, 1990-2006



Mass Layoff Announcements

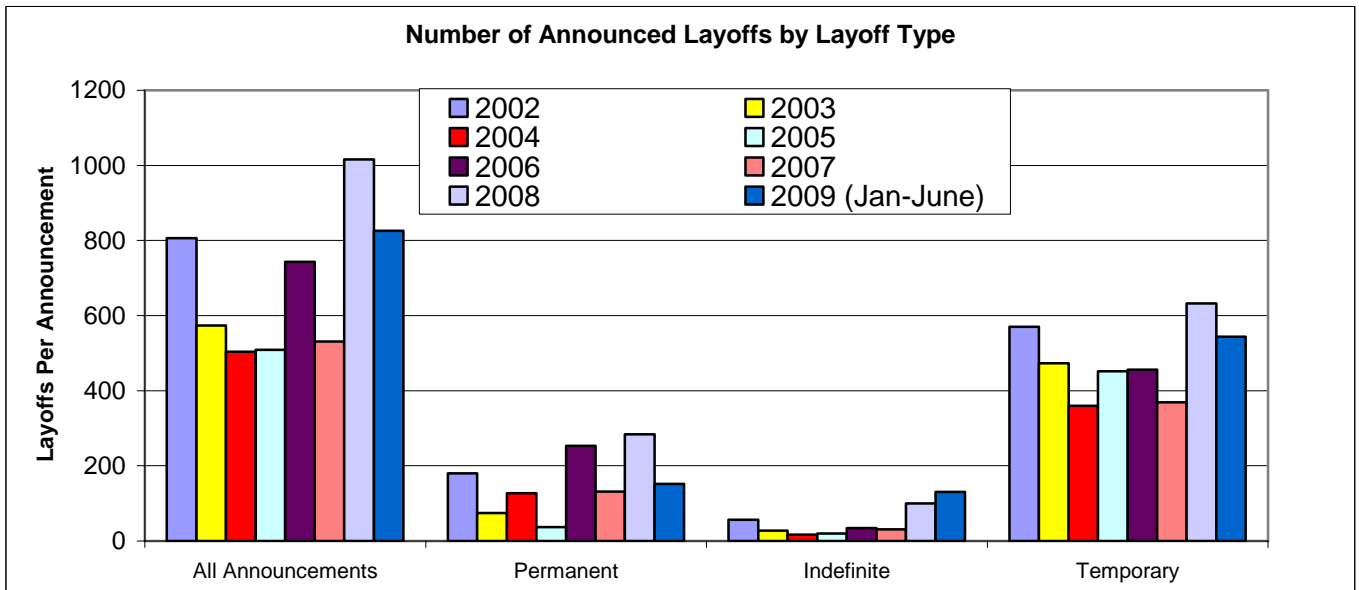
Mass layoff announcements are reported by the business entity. These statistics have proven useful to explain major shifts in the employment situation that may occur at the local level from one month to another. However, they must be used with caution, particularly when considering them at a summary level or as a state-wide indicator. These statistics have the following caveats.

- ODJFS requests employers to provide the greatest number of workers potentially affected and actual numbers are normally less.
- Any employer may announce mass layoffs multiple times and/or for multiple locations over the year.
- There is no formal process or monitoring to assure consistent reporting.
- These numbers are reported “intent” and are never independently verified.
- They may be reported but then circumstances change that decrease the size of the layoff or eliminate the need for a layoff.
- Even if a layoff materializes, it does not necessarily mean people are unemployed as a result. They may retire, work part time, take severance pay or find another job.
- A number of the reported layoffs are part of a normal business cycle, where the business normally restricts operations for product change-over, inventory processes or because of seasonal demand cycles.
- Some layoffs are very short lived, while others could take a year or more to complete. There is no precise measure of timing.

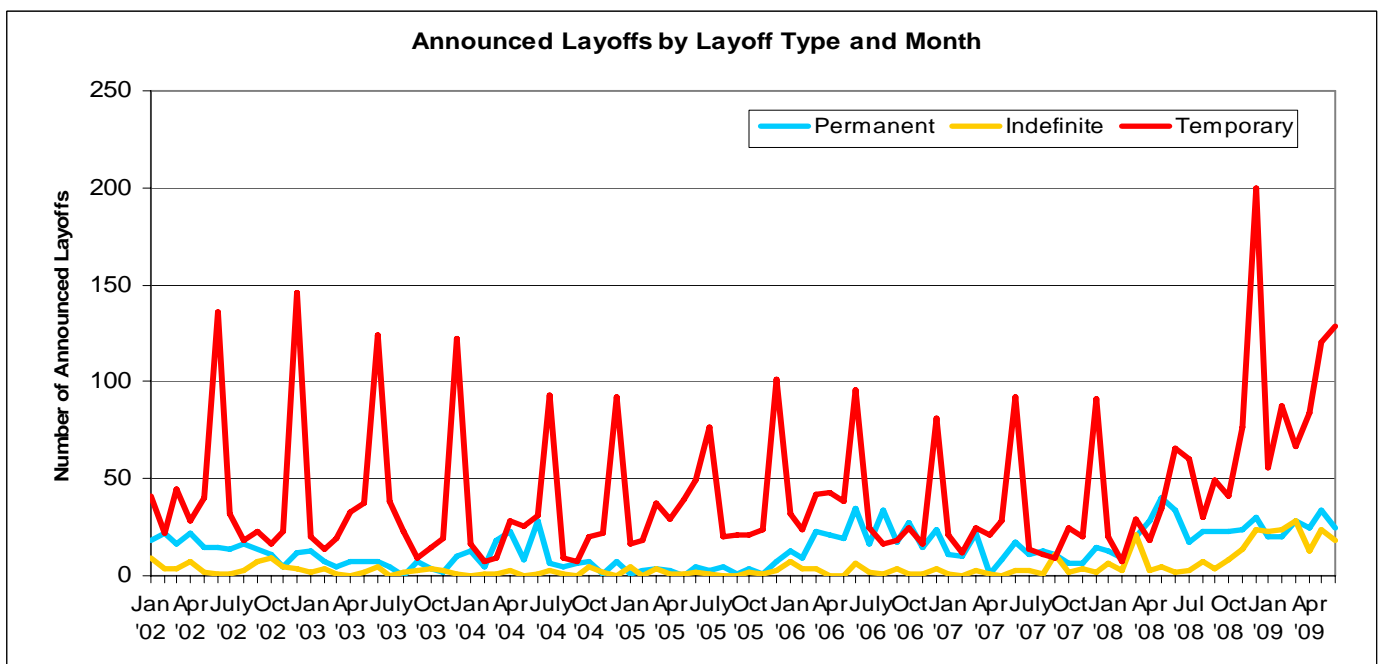
See Mass Layoff Announcements table and graph on next page.

Mass Layoff Announcements, 2002 to June 2009

Year	Layoff Announcements	Announced Laid Off	Permanent Layoffs		Indefinite Layoffs		Temporary Layoffs	
			Events	Employees	Events	Employees	Events	Employees
2002	806	147,385	180	14,563	56	6,969	570	125,853
2003	574	128,497	74	9,187	27	3,201	473	116,109
2004	504	100,098	127	12,240	17	1,781	360	86,077
2005	509	131,712	37	4,894	20	2,072	452	124,746
2006	743	131,628	253	13,481	34	3,224	456	114,923
2007	531	95,454	131	6,822	31	3,331	369	85,301
2008	1,016	202,657	284	12,305	100	20,671	632	169,681
2009 (Jan-June)	826	138,763	152	7,715	130	18,366	544	112,682



The graph below is an example of the highly seasonal nature of these mass layoff announcements.



Related Information

Related Information

IHS Global Insight Analysis: The recession has been deeper than first thought. From the second quarter of 2008 to the second quarter of 2009, the GDP contracted by 3.9 percent. Many economic indicators appear to be bottoming out now, and IHS Global Insight is predicting the economy will grow at a rate of 2.2 percent in the second half of 2009. Consumer spending will increase in the second half of the year, but most of this increase will be due to the "Cash For Clunkers" program. Single-family residential construction is expected to increase through the end of the year, but business construction is expected to decline further. Demand for business equipment is expected to increase.

In general, IHS Global Insight expects a slow recovery, with growth picking up speed in 2011 and 2012. Ohio is one of six states for which Global Insight does not expect employment to recover until after 2015. Their latest short-term projections for Ohio have unemployment peaking in the first half of 2010 at almost 11.8 percent. Their current model predicts Ohio unemployment to remain above 11.0 percent through 2012 and above 8.0 percent in 2015, however, the model is revised quarterly as fresh data become available.

Other Economic Indicators: The Conference Board's Help-Wanted Online Data Series increased by only 700 ads nationally in July. Ohio had an increase of 900 advertised job vacancies online from June to July. Ohio's supply/demand rate, the ratio of the number of unemployed to the number of advertised job vacancies, was 6.65 in July, the fourth highest rate among the states. Only Michigan, Indiana, and Kentucky have higher supply/demand rates. The Conference Board continues to note the decline in labor demand in Ohio has leveled off compared to other Midwest states.

Consumer confidence continued to decline after peaking in May according to the Conference Board. The Consumer Confidence Index fell to 46.6 in July from 49.3 in June. The Present Situation Index fell to 23.4 from 25.0. The Expectations Index declined to 62.0 from 65.5.

Technical Notes

Data Sources and Additional Resources Links

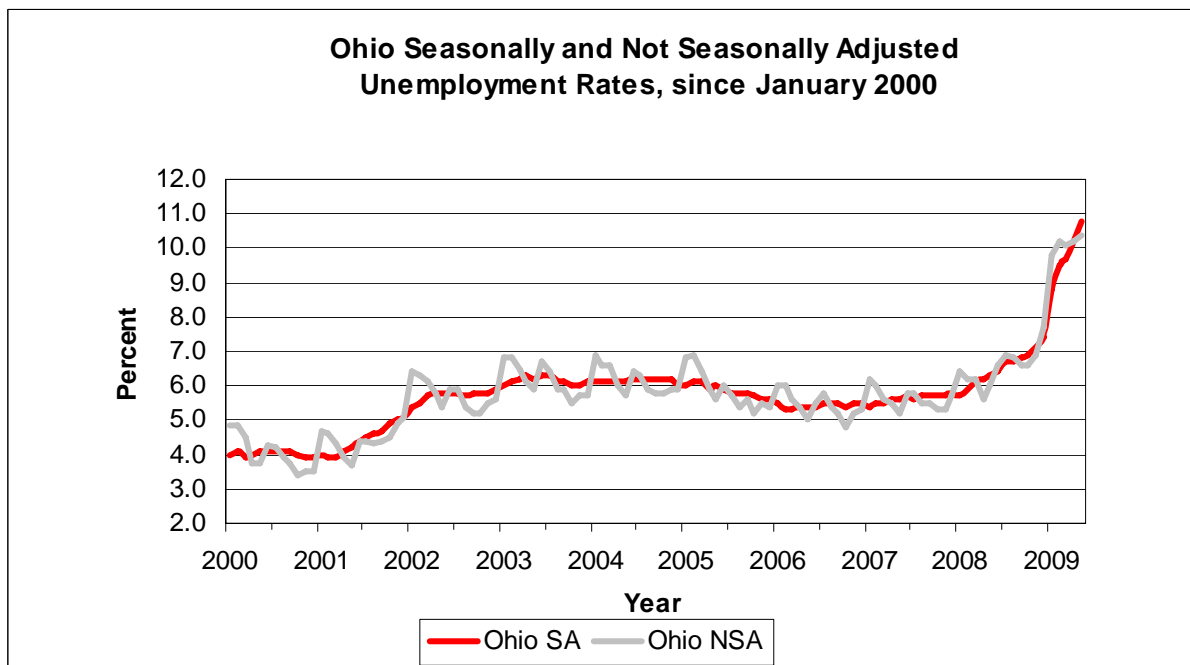
Seasonal Adjustment

Ohio and U.S. unemployment rates and labor force data are published monthly by the BLS. Two sets of data are published: seasonally adjusted data and not seasonally adjusted data. County data are not seasonally adjusted because seasonal adjustment factors tend to be unreliable for small areas.

Seasonal adjustment is used to remove fluctuations in unemployment and labor force trends that normally occur with changes in the season. The removal of seasonal variation allows evaluation of the unemployment rates as an indicator of economic change.

Seasonal variation in the employment situation occurs for a variety of natural and institutional reasons. Examples include reduction of employment involving outdoor activities during winter, large changes in labor force and unemployment levels with opening and closing of schools, and employment reductions during the automobile model changeover period. The overall impact of such events is a seasonal rise in unemployment rates during the winter months, usually peaking in January and February, and a drop in unemployment rates during the spring and late summer with May and September typically the low months.

The graph below presents the wide month-to-month changes that occur in the not seasonally adjusted data which reinforces our use of seasonally adjusted data, when available.



Unemployment Rates and Related Data

Employment Situation: Ohio and U.S

U.S. data are derived from a national household survey known as the Current Population Survey (CPS). This survey is conducted monthly by the U.S. Bureau of the Census for the U.S. Bureau of Labor Statistics (BLS). The survey collects data on the demographic characteristics and labor force status of household members, including employment and unemployment from approximately 60,000 households.

Ohio data are developed in cooperation with the BLS using the State Time Series Analysis and Review System (STARS). This method relies heavily on monthly unpublished CPS data as well as current wage and salary employment and unemployment insurance statistics. The time series model is designed to provide data on employment of all types of workers, based on place of residence.

Ohio Monthly Unemployment Insurance Initial Claims

Initial claims information was obtained from administrative records of the Ohio unemployment compensation program, operated by the Ohio Department of Job and Family Services.

An initial claim is defined as any notice of unemployment filed to request a determination of entitlement to and eligibility for compensation, or to begin a second or subsequent period of eligibility within a benefit year. Initial claims counts presented in this report include new, additional, transitional, and interstate agent claims. Beginning in January 2005, transitional claims are excluded from counts since they do not represent newly unemployed workers.

Average Duration of Unemployment and Unemployment Insurance Benefit Exhaustions: Ohio and U.S

Average duration of unemployment was calculated as the total number of weeks compensated for the previous 12 months divided by the total number of first payments for the same 12 month period. First payment is defined as the first payment in a benefit year for a week of unemployment.

Exhaustion rates were calculated as the number of claimants exhausting benefits divided by the number of claimants' first receiving benefits two quarters earlier.

Quarterly totals for average duration of unemployment and number of exhaustions in the U.S. and Ohio were obtained from the U.S. Department of Labor, Employment and Training Administration (ETA). The national ETA office collects unemployment data from the states, then compiles and redistributes state and national unemployment insurance statistics through a required reporting mechanism in which all states participate.

The Claims and Payment Activities report (ETA-5159) serves as the basis for these figures. The DOL-ETA site is listed below.

<http://workforcesecurity.doleta.gov/unemploy/content/data.asp>

Unemployment Rates for U.S. and Eight Largest States

The unemployment rates presented are the most recent seasonally adjusted data available from BLS for the nation's eight most populated states. This graph includes data for the three months prior to the current reference month because some the states presented release data after the Ohio release date. URL web links for each State are present below and are the quickest source of the most current data.

California	http://www.labormarketinfo.edd.ca.gov
Florida	http://www.labormarketinfo.com/laus/
Illinois	http://lmi.ides.state.il.us/laus/illaus_seasadj.htm
Michigan	http://www.milmi.org/
New York	http://www.labor.state.ny.us/
Ohio	http://OhioLMI.com/LAUS/Current.htm
Pennsylvania	http://www.paworkstats.state.pa.us
Texas	http://www.tracer2.com/?PAGEID=67&SUBID=120

Ohio County Unemployment Rates

Ohio sub-state employment and unemployment estimates are developed using a complex "building-block" methodology, prescribed by BLS. The methodology creates first approximation estimates of the employed and unemployed which are then proportionately adjusted so that they add to the state totals. A more complete statement of methodology may be found at: <http://OhioLMI.com/LAUS/Concepts.htm>.

Data for Ohio's sub-state areas are not seasonally adjusted because seasonal adjustment factors for small areas tend to be unreliable.

Employment Data

Ohio Nonagricultural Wage and Salary Employment

Ohio nonfarm employment data are derived from an employer survey known as the Current Employment Survey (CES). This survey is conducted monthly by ODJFS/BLMI, in cooperation with the BLS. The data are compiled from voluntary reports from 11,800 Ohio employers. The employer survey provides data on total employment, and on hours and earnings of production workers, by type of industry.

The employer survey does not include the self-employed, unpaid family workers, private household workers, agricultural workers, or those on strike or unpaid vacation and are based on place of work. Analysts generally regard the nonfarm data as the most reliable indicator of the current economic conditions due to its large sample size and the fact that the data are benchmarked annually to the complete count of employment from administrative unemployment insurance records.

Trends in Ohio Nonagricultural Wage and Salary Employment

Goods-producing industries include natural resources and mining, construction, and manufacturing. Service-providing industries include trade, transportation and utilities, information, financial activities, professional and business services, educational and health services, leisure and hospitality, other services, and government.

Web Links for additional information

U.S. Bureau of Labor Statistics site: <http://www.bls.gov>

Ohio Bureau of Labor Market Information site: <http://OhioLMI.com>

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Bureau of Labor Market Information
Business Principles for Workforce Development

Partner with the workforce and economic development community.

Develop and deploy new information solution tools and systems for the workforce and economic development community.

Provide products and services that are customer and demand driven.

Be known as an important and reliable source for information solutions that support workforce development goals and outcomes.

This quarterly report was prepared by the Ohio Department of Job and Family Services to meet the requirements of the Ohio Revised Code 6301.10.

For further information, visit <http://OhioLMI.com> or call the Ohio Bureau of Labor Market Information at 1-888-296-7541.

Ted Strickland, Governor
State of Ohio

Douglas E. Lumpkin, Director
Ohio Department of Job and Family Services

Office of Workforce Development
Bureau of Labor Market Information
(8/2009)

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