

Quarterly Report on State of Ohio's Workforce

Reference Period: Second Quarter 2005

(Per Ohio Revised Code 6301.10)

- **Analyst Summary**

- **Unemployment Rates and Related Data**
 - Employment Situation: Ohio and U.S.
 - Ohio Monthly Unemployment Insurance Initial Claims
 - Average Duration of Unemployment: Ohio and U.S.
 - Unemployment Insurance Benefit Exhaustions: Ohio and U.S.

- **Employment Data**
 - Ohio Nonagricultural Wage and Salary Employment
 - Trends in Ohio Nonagricultural Wage and Salary Employment
 - Ohio Leading Indicators
 - Jobs Gained or Lost

- **Related Information**
 - National Leading Indicators

- **Technical Notes**

Release date: August 26, 2005
Bureau of Labor Market Information
Office of Workforce Development
Ohio Department of Job and Family Services

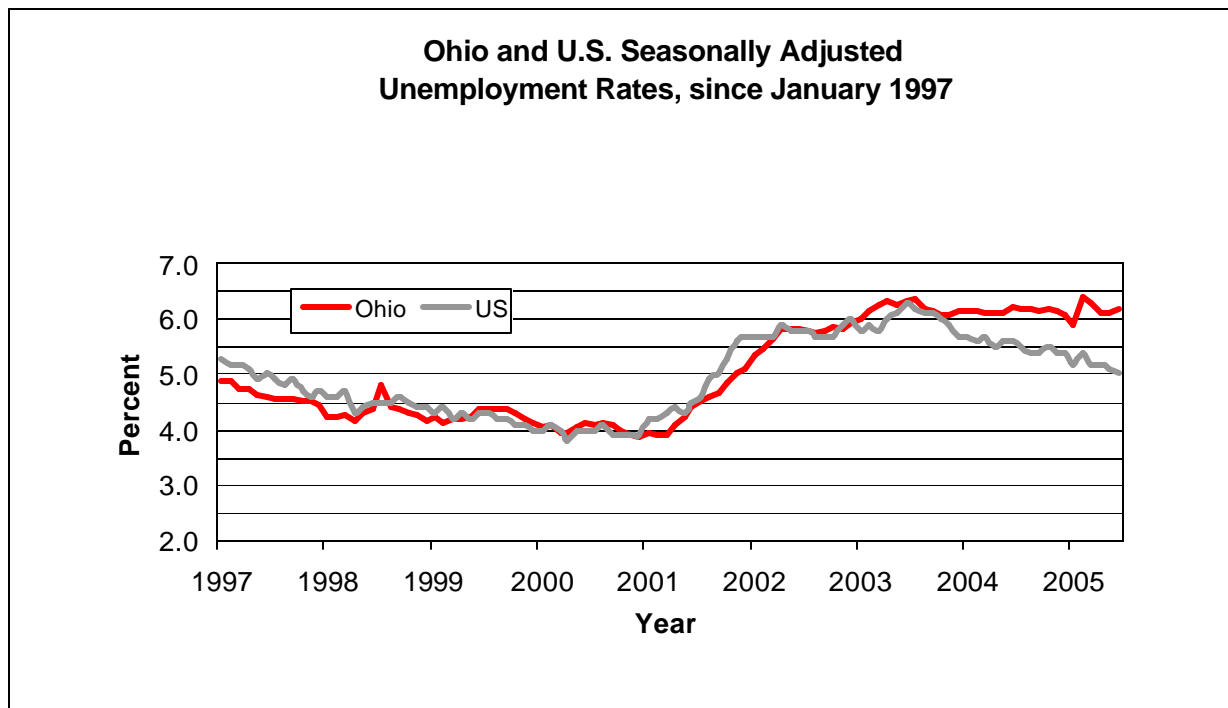
Unemployment Rates and Related Data

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

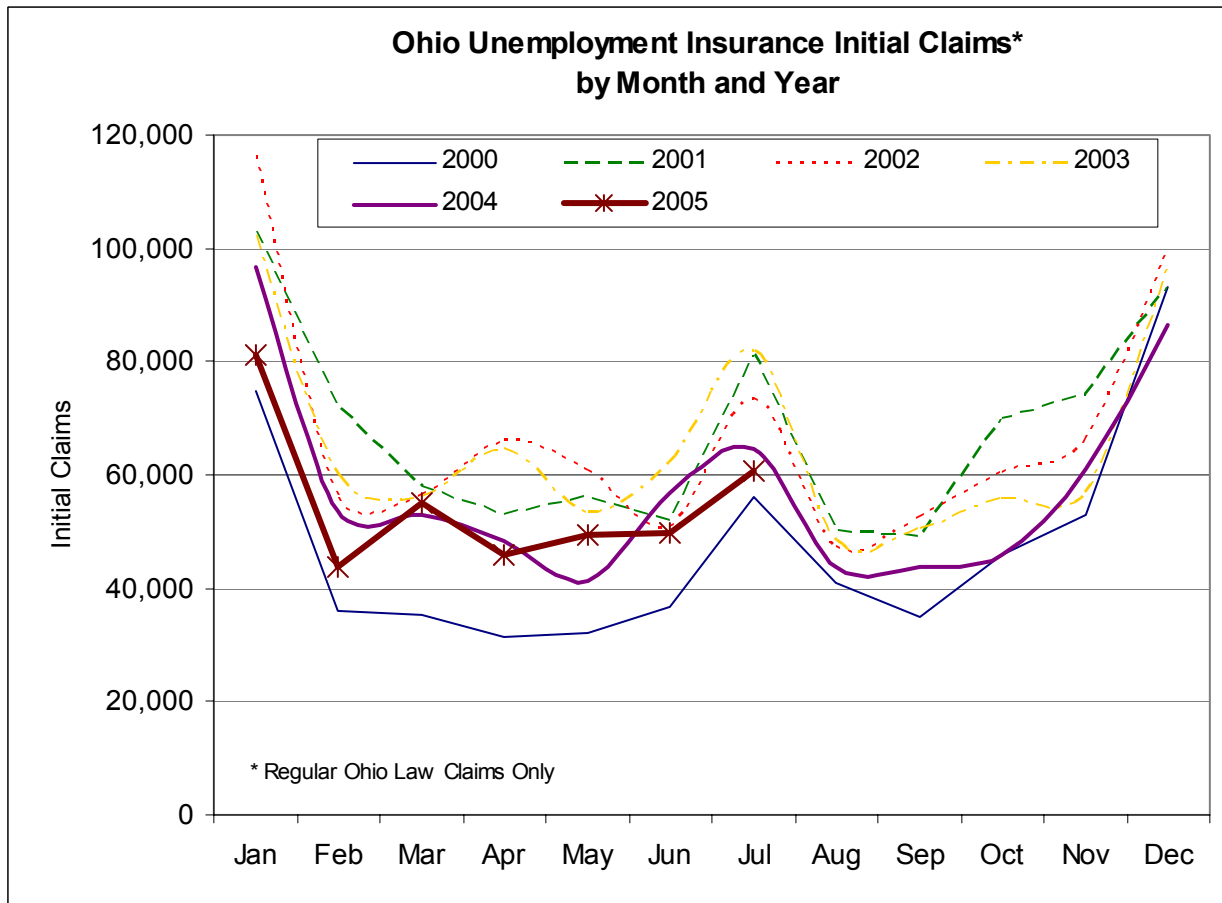
Ohio's unemployment rate for the second quarter of 2005 was 6.1 percent, down slightly from the first quarter of 2005 and from a year ago. The U.S. unemployment rate for the second quarter was 5.1 percent, down from 5.3 percent in the first quarter 2005 and 5.6 percent a year ago. The average number of Ohioans unemployed per month has fallen over the quarter from 367,000 to 363,000.

Employment Situation Indicators for Ohio and U.S.	Quarterly Data (in thousands)			Change (in thousands)		Percent Change	
	2nd Qtr. 2005	1st Qtr. 2005	2nd Qtr. 2004	From Last Quarter	From Last Year	From Last Quarter	From Last Year
Seasonally Adjusted	Ohio						
Civilian Labor Force	5,926	5,911	5,883	15	43	0.3%	0.7%
Employment	5,563	5,544	5,521	19	42	0.3%	0.8%
Unemployment	363	367	362	-4	1	-1.1%	0.3%
Unemployment Rate	6.1%	6.2%	6.2%	-0.1%	-0.1%		
	U.S.						
Civilian Labor Force	149,002	148,089	147,064	913	1,938	0.6%	1.3%
Employment	141,404	140,295	138,883	1109	2,521	0.8%	1.8%
Unemployment	7,599	7,794	8,181	-195	-582	-2.5%	-7.1%
Unemployment Rate	5.1%	5.3%	5.6%	-0.2%	-0.5%		

- 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 averaged 1.0 percentage point higher than the U.S. rate.



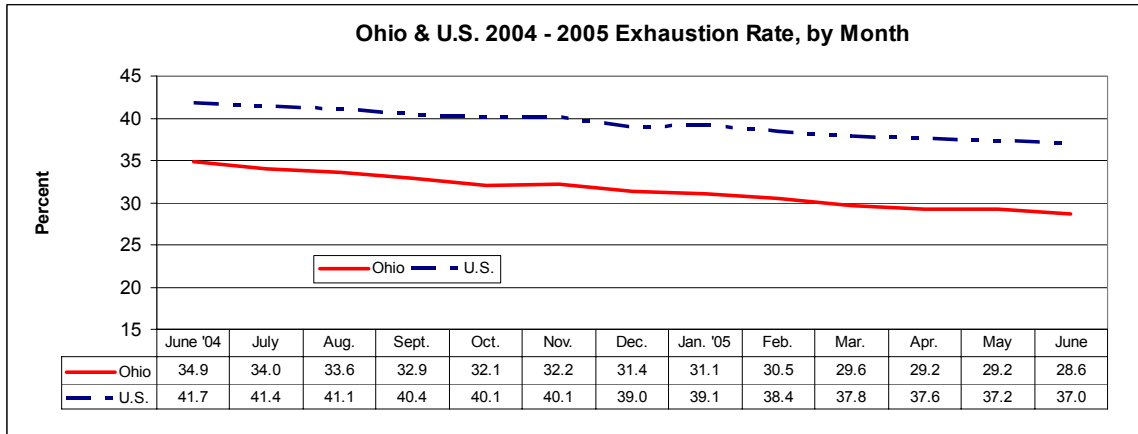
Ohio Monthly Unemployment Insurance Initial Claims



- In each year from 2000 through 2005, monthly initial claims for unemployment insurance followed the same seasonal pattern, with major increases in claims activity occurring in January and July.
- Initial claims were generally elevated from 2001 through mid 2005 when compared to 2000, for any given month.
- Initial claims in July 2005 dropped below the level recorded in July 2004.

Unemployment Insurance Benefit Exhaustions: Ohio and U.S.

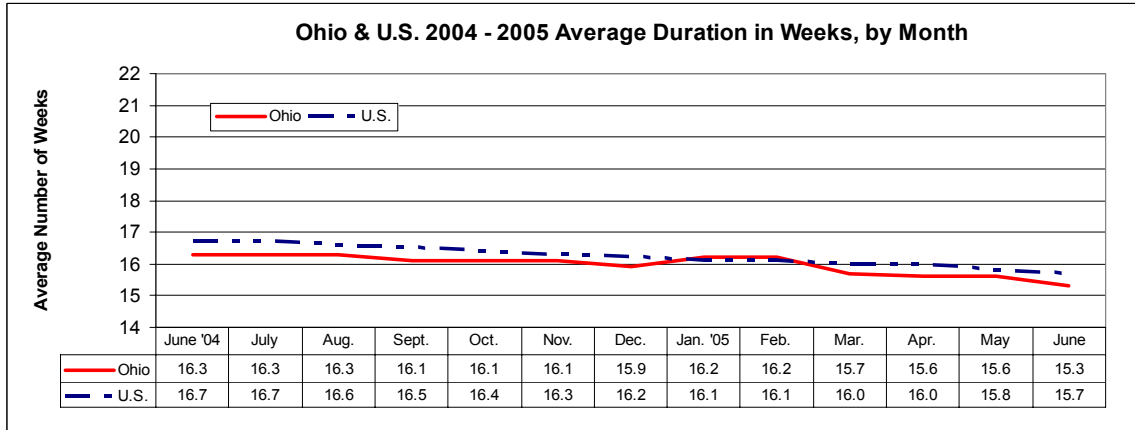
The exhaustion rate represents a measure of the proportion of unemployment insurance recipients who ultimately exhaust their benefits. Comparison of exhaustion rates over time and across regions provides an indication of the relative severity of the unemployment situation.



- Ohio and national exhaustion rates have followed the same pattern across the period.
- Ohio's exhaustion rate remained consistently lower than that of the U.S.
- Both U.S. and Ohio exhaustion rates experienced a downward trend between June 2004 and June 2005.

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 (does not include extended benefits). Please refer to the *Data Sources and Additional Resources Links* at the end of the briefing.



- While below that of the U.S. throughout 2004, Ohio's average duration of unemployment converged on the U.S. value and exceeded it slightly in the first two months of 2005.
- Ohio's average duration then dropped to 15.3 weeks by June 2005.
- The U.S. average duration was at 15.7 weeks in June 2005.

Employment Data

Ohio Nonagricultural Wage and Salary Employment (Seasonally Adjusted)

Ohio's nonagricultural wage and salary employment rose 15,900 over the quarter, from 5,411,300 in the first quarter to 5,427,200 in the second quarter of 2005.

Service providers advanced 16,100 to 4,356,800 in the second quarter. Significant gains were noted in professional and business services (+10,000) and leisure and hospitality (+9,100). Other services added 800 jobs, while educational and health services edged up 100. Slight declines occurred in trade, transportation, and utilities (-2,000), financial activities (-1,300), and government (-500). Information was little changed. Goods-producing industries dropped 200 to 1,070,400 over the quarter. A loss of 2,000 in manufacturing was mostly offset by gains of 1,800 in construction and 100 in natural resources and mining.

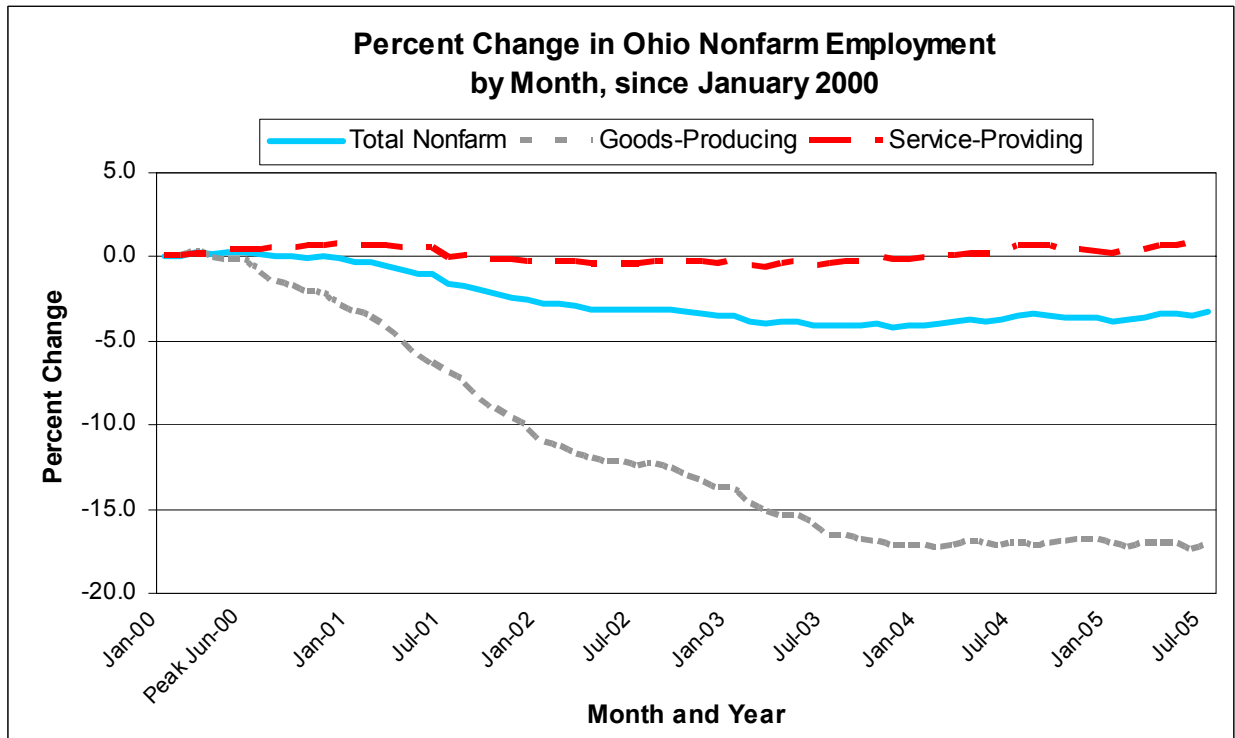
Nonagricultural Wage and Salary Employment Estimates for Ohio ^a Seasonally Adjusted	Employment (in thousands)			Change (in thousands)		Percent Change	
	2nd Qtr. 2005	1st Qtr. 2005	2nd Qtr. 2004	Change Quarter	From Last Year	From Last Quarter	From Last Year
	Employer Survey Data^b						
Total	5,427.2	5,411.3	5,406.5	15.9	20.7	0.3%	0.4%
Goods-Producing Industries	1,070.4	1,070.6	1,072.1	-0.2	-1.7	0.0%	-0.2%
Natural Resources and Mining	11.7	11.6	11.8	0.1	-0.1	0.9%	-0.8%
Construction	237.0	235.2	236.1	1.8	0.9	0.8%	0.4%
Manufacturing	821.8	823.8	824.2	-2.0	-2.4	-0.2%	-0.3%
Service-Providing Industries	4,356.8	4,340.7	4,334.3	16.1	22.5	0.4%	0.5%
Trade, Transportation, and Utilities	1,031.2	1,033.2	1,037.1	-2.0	-5.9	-0.2%	-0.6%
Information	92.0	92.0	92.9	0.0	-0.9	0.0%	-1.0%
Financial Activities	312.1	313.4	312.4	-1.3	-0.3	-0.4%	-0.1%
Professional and Business Services	643.0	633.0	622.4	10.0	20.6	1.6%	3.3%
Educational and Health Services	753.5	753.4	743.5	0.1	10.0	0.0%	1.3%
Leisure and Hospitality	500.3	491.2	494.7	9.1	5.6	1.9%	1.1%
Other Services	227.3	226.5	227.5	0.8	-0.2	0.4%	-0.1%
Government	797.4	797.9	803.8	-0.5	-6.4	-0.1%	-0.8%

^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 12,400 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.

Over the year, 20,700 nonfarm wage and salary jobs were added. All of the increase occurred in the service-providing sector (+22,500). Professional and business services advanced 20,600. Educational and health services rose 10,000, while leisure and hospitality advanced 5,600. The largest declines were in government (-6,400) and trade, transportation, and utilities (-5,900). Smaller losses were noted in information (-900); financial activities (-300); and other services (-200). Goods-producing industries were down 1,700. Manufacturing dropped 2,400, while natural resources and mining slipped 100. Construction rose 900 over the year.

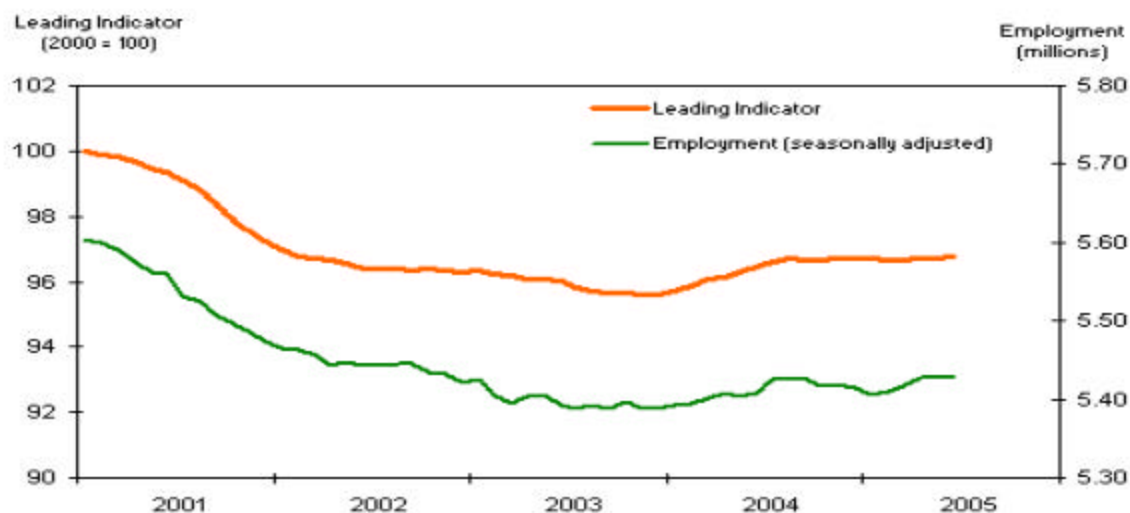
Trends in Ohio Nonagricultural Wage and Salary Employment



- Since January 2000, Ohio's goods-producing industries (manufacturing, construction and natural resources and mining) have lost 17.1 percent of their employment while service-providing industries have risen 0.8 percent.
- In comparison, the U.S. has lost 10.1 percent of the employment in goods-producing industries while service-providing industries increased 5.2 percent.

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

Ohio's composite index of leading economic indicators remained flat at 96.7 in the second quarter, but gained 0.1 percent in June suggesting employment growth in the fall. The index was up from 96.3 in the second quarter of 2004. The national composite index was up 0.2 percentage point in the second quarter, and was also up compared to a year ago.



The Ohio second quarter average of individual indicators (not seasonally adjusted) in the index had mixed results from a year ago. The valuation and number of permits for new housing construction were up substantially. Initial claims for unemployment insurance were slightly higher than reported for the second quarter of 2004. Average weekly hours for manufacturing were down.

Economic Indicators	Data			Change		Percent Change	
	2nd Qtr. 2005	1st Qtr. 2005	2nd Qtr. 2004	From Last Quarter	From Last Year	From Last Quarter	From Last Year
Ohio							
Leading Indicator Index (2000=100)	96.7	96.7	96.3	0.0	0.4	0.0%	0.4%
Average Initial Claims for Unemployment Insurance	49,095	62,686	49,050	-13,591	45	-21.7%	0.1%
Average Weekly Hours for Manufacturing	41.1	41.7	41.7	-0.6	-0.6	-1.4%	-1.4%
Average Valuation of Housing Permits (millions of dollars)	852.263	535.935	753.780	316.328	98.483	59.0%	13.1%
Average Number of Housing Permits	5,410	3,360	4,962	2,050	448	61.0%	9.0%
National Data							
National Composite Index of Leading Economic Indicators (1996=100)	136.9	136.7	133.9	0.2	3.0	0.1%	2.2%
U.S. Domestic Auto Production (annualized in millions)	4.623	4.535	4.491	0.088	0.132	1.9%	2.9%
Difference between 10-Year and 1-Year Treasuries, Constant Maturities	0.82	1.23	2.82	-0.41	-2.00	-33.3%	-70.9%
Average Number of Housing Permits	196,692	156,391	187,515	40,301	9,177	25.8%	4.9%

Jobs Gained or Lost

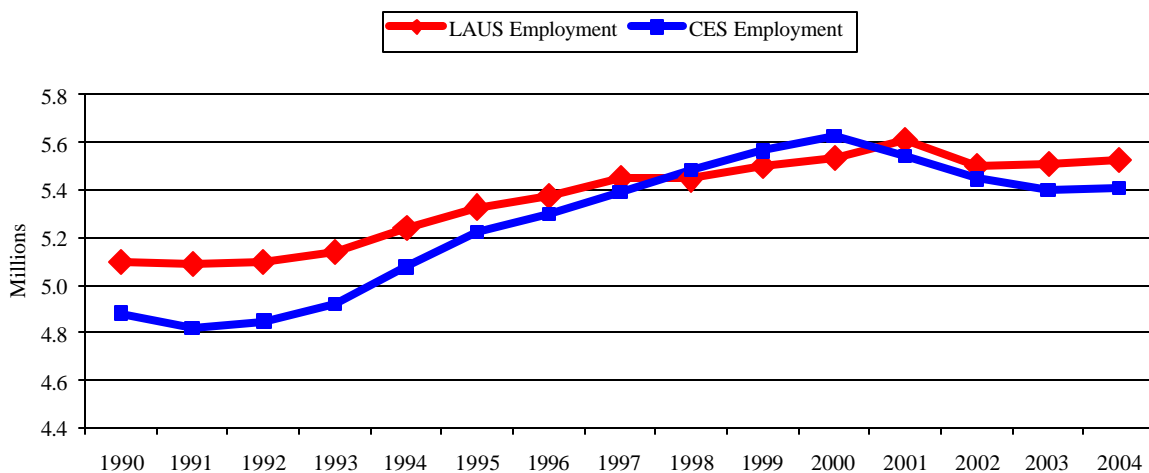
Current Employment Survey (CES)

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 Data Sources 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 and Alan Greenspan. It provides information on jobs lost or gained from month-to-month and over the year. The trend in nonagricultural employment on the previous page 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 ten years with the decennial census. It has not proven to be a good measure of business cycles. For example, the LAUS employment numbers reported growth at the onset of the 2001 recession and improvement in the employment situation in 2003, a year before the business establishment survey measured a slight increase (see chart below). The LAUS data have no measure of job loss or gain by industry.

Ohio LAUS and CES Employment Trends, 1990-2004



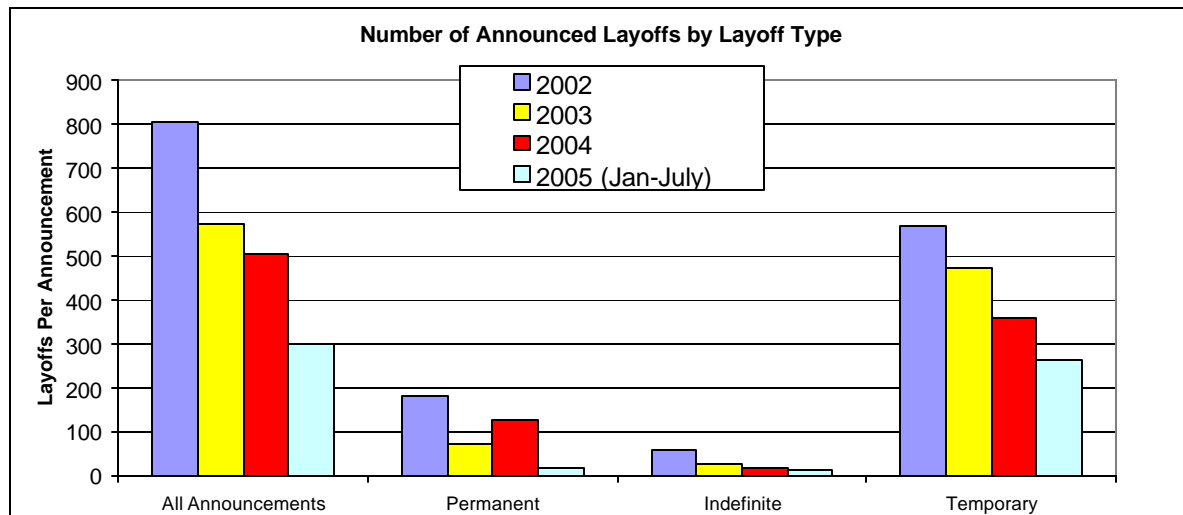
Mass Layoff Announcements

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:

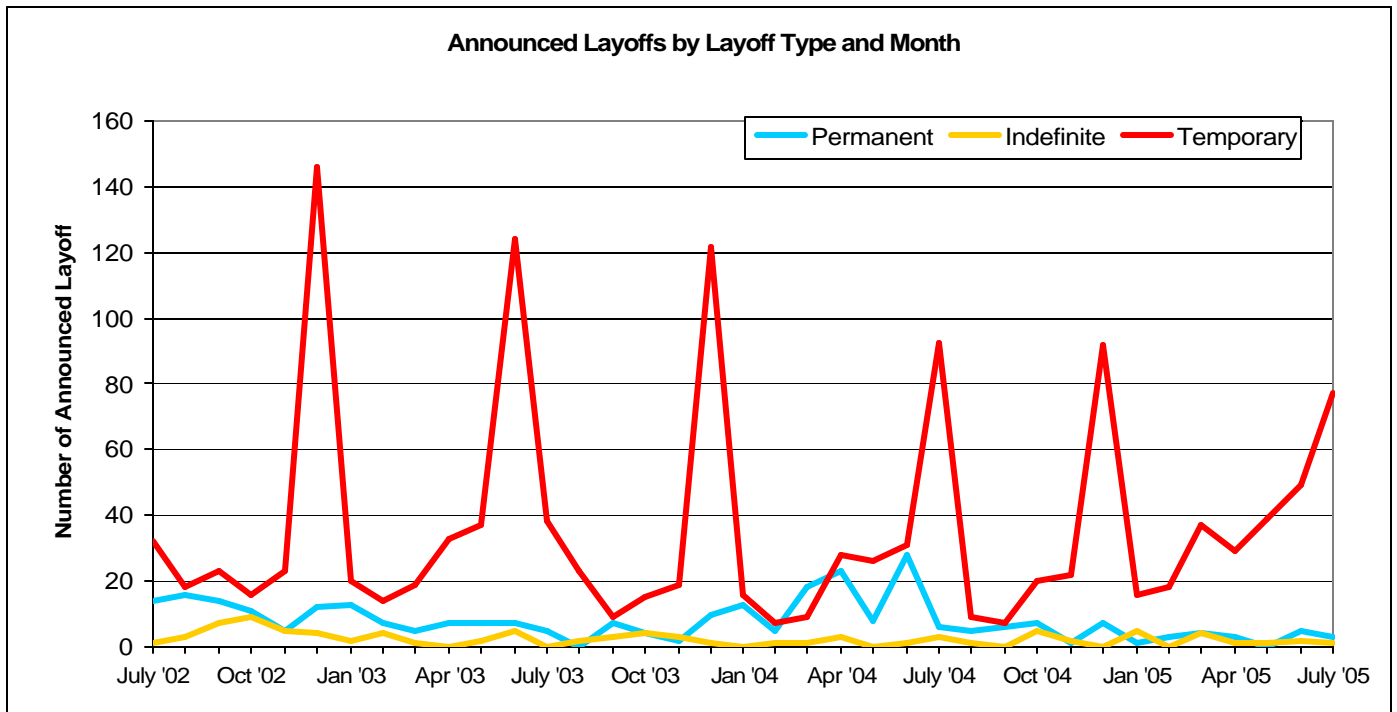
- ODJFS requests employers to provide the greatest number of workers potentially affected and actual numbers are normally less.
- Any employer may announce mass layoffs multiple times and / or for multiple locations over the year.
- There is no formal process or monitoring to assure consistent reporting.
- 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.

Mass Layoff Announcements, 2002 to July 2005

Year	Layoff Announcements	Announced Laid Off	Permanent Layoffs Events	Permanent Layoffs Employees	Indefinite Layoffs Events	Indefinite Layoffs Employees	Temporary Layoffs Events	Temporary Layoffs 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 (Jan-July)	298	85,011	19	3,130	14	1,328	265	80,553



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



Related Information

Related Information

National Leading Indicators: The release of June 2005 data for the series incorporated two major revisions to the national composite index of leading economic indicators (LEI): 1) a new method for calculating the contribution of the yield spread in the LEI and 2) a trend adjustment to the LEI. The new measure of the yield spread improves the performance of the LEI by better reflecting the way the yield spread anticipates cyclical economic turning points. The trend adjustment facilitates interpretation and use of the LEI. The level and the recent upward movement in the LEI are now higher than they were prior to the revision. Detailed descriptions and discussion of the changes are posted on The Conference Board website at <http://www.conferenceboard.org/economics/bci>.

Because the LEI and the yield curve are both components of the *Ohio Leading Indicators*, the Bureau of Labor Market Information will be analyzing the effects of the revised national series on Ohio's indicators. If the analysis suggests any changes in methodology, those would be implemented in conjunction with the annual benchmarking beginning with the January 2006 publication.

Technical Notes

Technical Notes

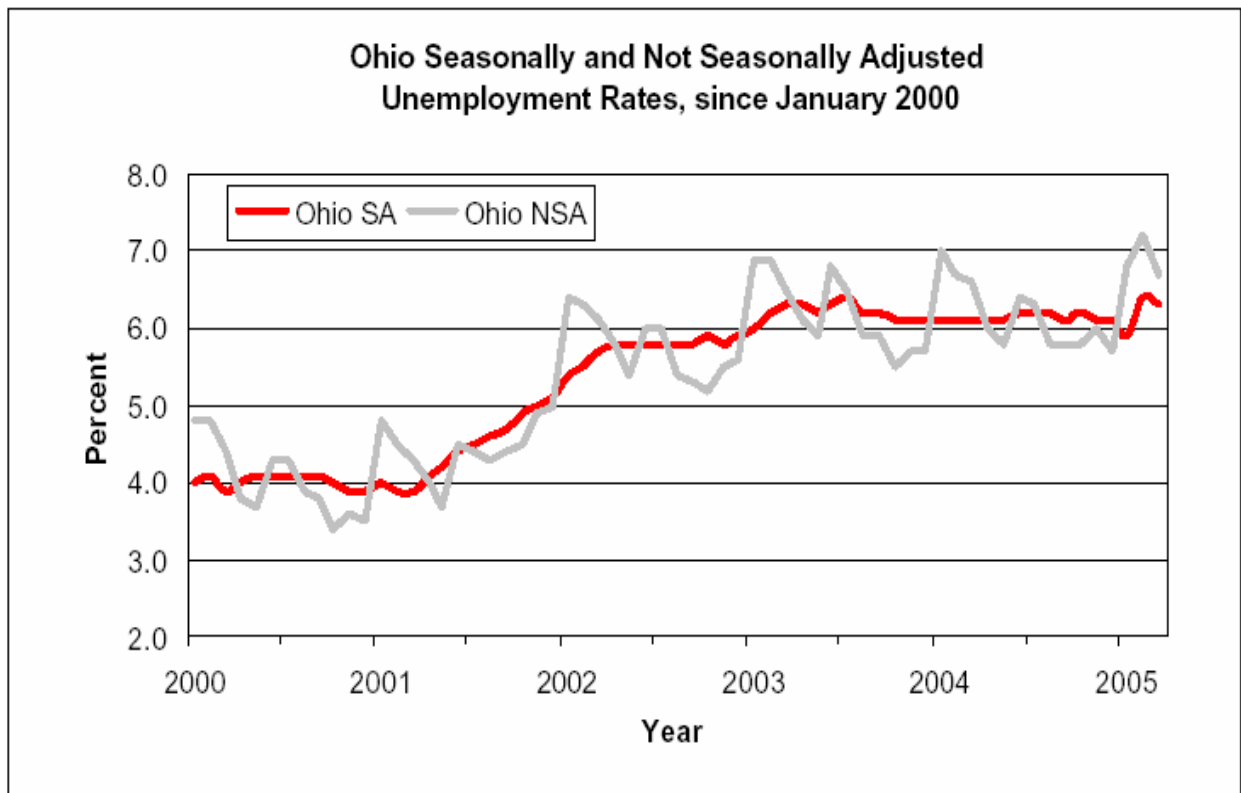
Seasonal Adjustment

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.

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

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 13,400 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.

Ohio Leading Economic Indicators

The leading indicator index for Ohio is designed to anticipate changes in the economy based on changes in six component data series. At the national level, the Gross National Product is an acceptable measure of general levels of economic activity, but no monthly measure of the dollar value of goods and services produced at the state level exists. Therefore, seasonally adjusted employment estimates (CES data referenced above) are used to evaluate how well the economy is performing. The amount of variability in the composite indexes has been reduced by computing a six-month moving average.

Six components consistently conformed to the criteria cited above and explained a large portion of employment variation and business cycle movement. Three of these, the national composite index of leading indicators, domestic auto production and the spread of 10-year treasury interest rates and 1-year treasury interest rates, are national components. The index is normalized to the annual average total nonfarm wage and salary employment level in 2000.

Web Links for additional information

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

Ohio Bureau of Labor Market Information sites: <http://OhioWorkforceInformer.org> and <http://lmi.state.oh.us>.

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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 our website at <http://OhioWorkforceInformer.org> or contact Keith Ewald, Chief, Bureau of Labor Market Information, at 614-752-9494.

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(8-26-2005)