

State of Ohio Workforce

*Second Quarter
2007*



State of Ohio Workforce
Second Quarter 2007

Quarterly Report on the State of Ohio's Workforce

Reference Period: Second Quarter 2007

(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**
 - Integrated Postsecondary Education Data System (IPEDS) Survey
 - Updates to *Workforce Analysis Reports*
 - Update to *Business Resources for Ohio Employers*

- **Technical Notes**

Ohio Department of Job and Family Services
Office of Workforce Development
Bureau of Labor Market Information
Release date: August 24, 2007

Analyst Summary

Ohio's unemployment rate climbed in the second quarter of 2007 as more people were looking for work while employment posted marginal gains. The housing market continued to buffet the economy. The unemployment rate for the second quarter averaged 5.8 percent, up from 5.2 percent in the first quarter and 5.4 percent a year ago. Some of the increase reflects an artificially low rate for the first quarter due to bad weather in February causing fewer people to look for work. Employment measured by the survey of business establishments rose 3,100 on a seasonally adjusted basis over the quarter to 5,434,000. The Ohio composite index of leading indicators decreased slightly again in the second quarter, suggesting little employment growth heading into the fall.

The U.S. unemployment rate for the second quarter averaged 4.5 percent, unchanged from the first quarter of 2007 and down 0.2 percentage point from the second quarter of 2006. Ohio's unemployment rate averaged 1.0 percentage point higher than the U.S. rate during the past six months. The average number of Ohioans unemployed per month has increased over the quarter from 307,000 to 348,000 in the second quarter of 2007. The number of Ohioans unemployed was also up from 321,000 in the second quarter of 2006 as was the unemployment rate, up from 5.4 percent a year ago.

The number of initial claims for unemployment insurance filed in Ohio were generally elevated from 2001 through 2007 when compared to 2000 for any given month. Initial claims filed so far in 2007 have been somewhat lower than a year ago. The average duration of unemployment compensation stood at 15.1 weeks for the second quarter for the U.S. and Ohio, both down slightly from a year ago.

Ohio's nonagricultural wage and salary employment increased 3,100 in the second quarter to 5,434,000, on a seasonally adjusted basis. Employment in the goods-producing sector stayed about the same, while service-providing industries gained 3,000 jobs. Total nonfarm wage and salary jobs remained down from a year ago, mainly due to manufacturing job losses. Education and health services accounted for most of the gains posted over the last year, followed by professional and business services.

The composite index of Ohio's leading indicators decreased slightly again to 96.4 in the second quarter. The national composite index of leading economic indicators rose slightly for the quarter, but remained lower than a year ago. Although the number of permits for new residential construction in Ohio was up seasonally by more than one-third for the quarter, permits were down almost one-fourth from the second quarter of 2006. U.S. domestic auto production remained at a low level in the second quarter.

Unemployment Rates and Related Data

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

Ohio's unemployment rate for the second quarter of 2007 was 5.8 percent, up from 5.2 percent in the first quarter and 5.4 percent a year ago. The U.S. unemployment rate for the second quarter was 4.5 percent, unchanged from the first quarter of 2007 and down 0.2 percentage point from a year ago. The average number of Ohioans unemployed per month has increased over the quarter from 307,000 to 348,000.

Employment Situation Indicators for Ohio and U.S.

Seasonally Adjusted

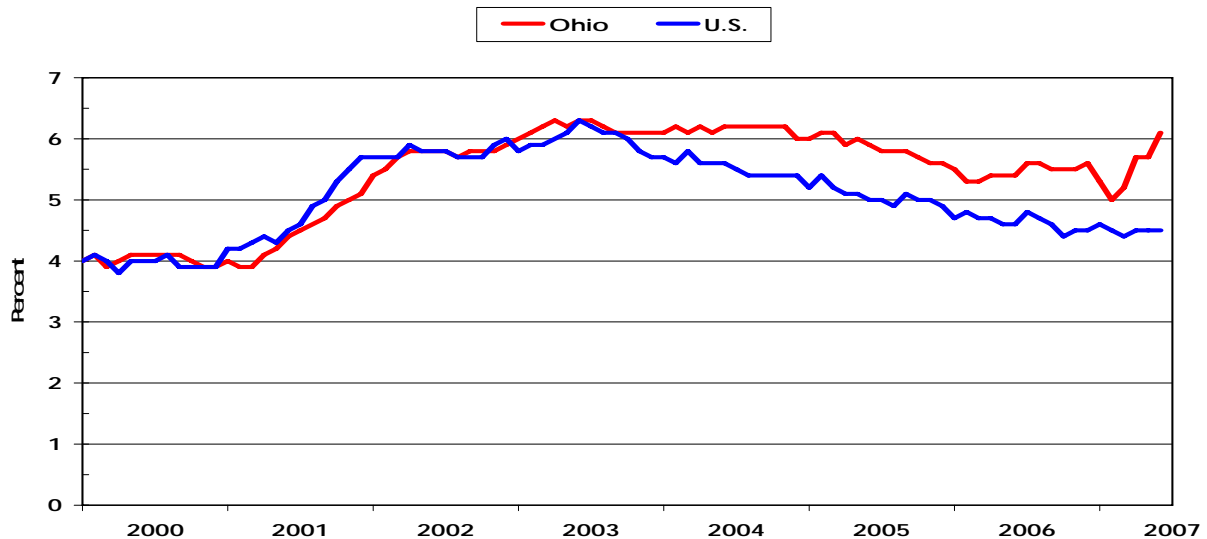
Civilian Labor Force
Employment
Unemployment
Unemployment Rate

Civilian Labor Force
Employment
Unemployment
Unemployment Rate

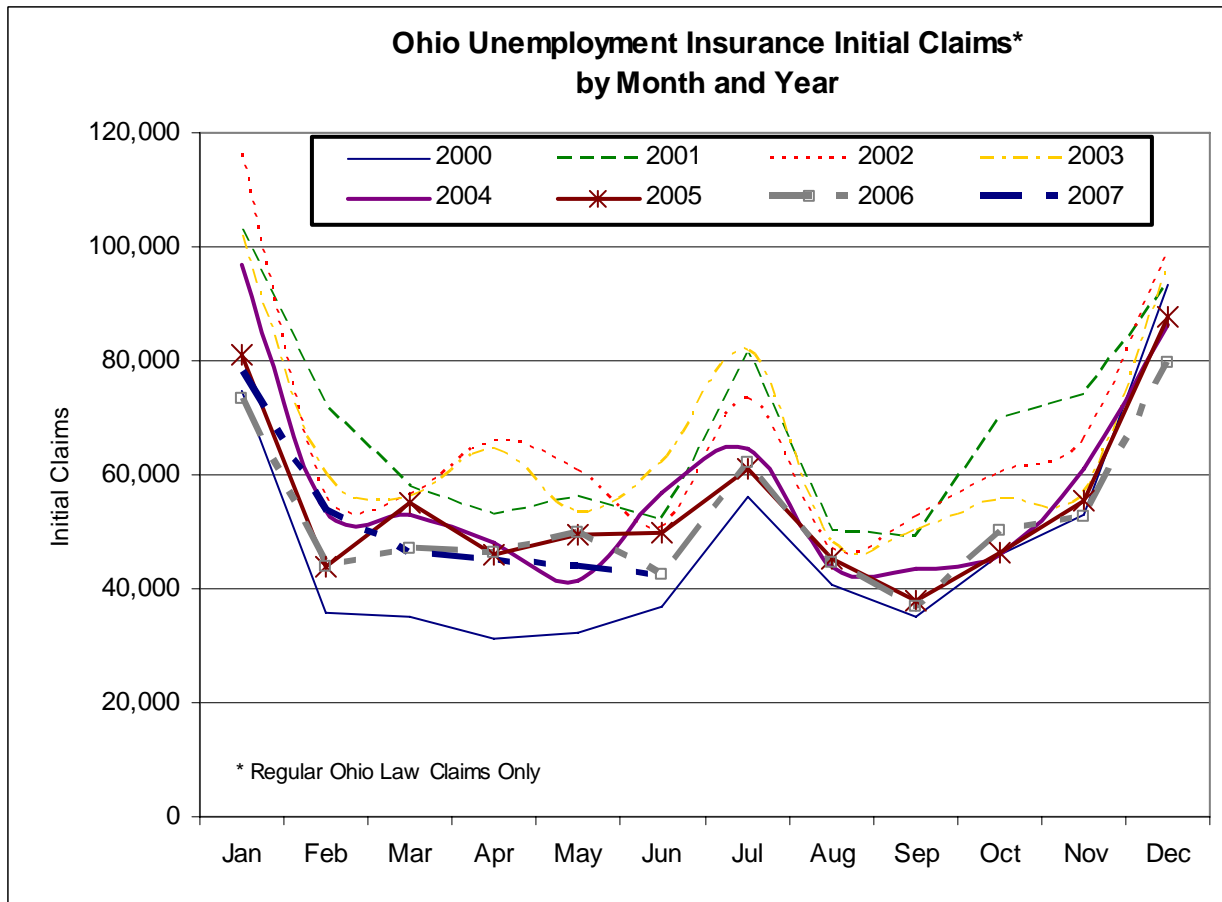
Quarterly Data (in thousands)			Change (in thousands)		Percent Change	
2nd Qtr. 2007	1st Qtr. 2007	2nd Qtr. 2006	From Last Quarter	From Last Year	From Last Quarter	From Last Year
Ohio						
5,991	5,966	5,928	25	64	0.4%	1.1%
5,643	5,659	5,606	-16	37	-0.3%	0.7%
348	307	321	41	27	13.2%	8.3%
5.8%	5.2%	5.4%	0.6%	0.4%		
U.S.						
152,807	152,912	151,094	-105	1,713	-0.1%	1.1%
145,956	146,043	144,065	-87	1,892	-0.1%	1.3%
6,851	6,869	7,029	-18	-178	-0.3%	-2.5%
4.5%	4.5%	4.7%	0.0%	-0.2%		

- 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 and U.S. Seasonally Adjusted Unemployment Rates



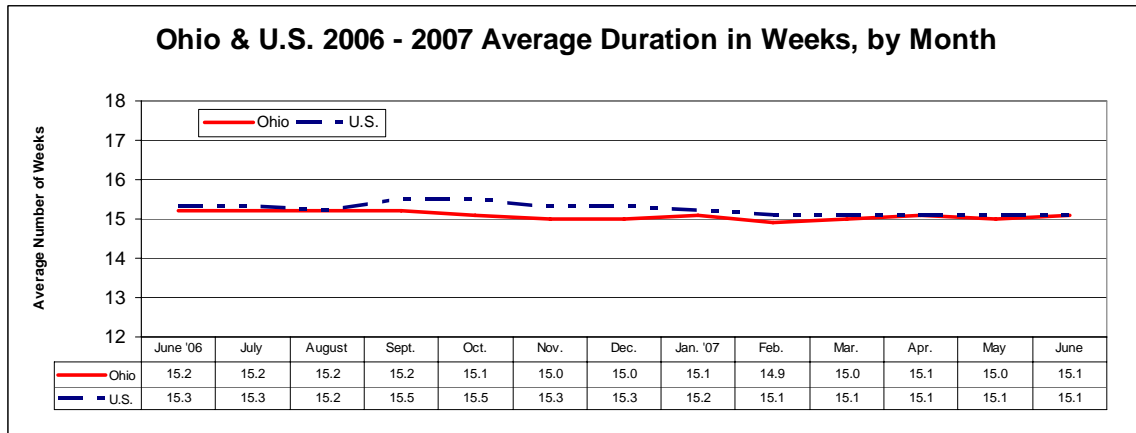
Ohio Monthly Unemployment Insurance Initial Claims



- 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 were generally elevated from 2001 through 2007 when compared to 2000 for any given month.
- Initial claims in June 2007 were lower than the level recorded in June 2006.

Average Duration of Unemployment: Ohio and U.S.

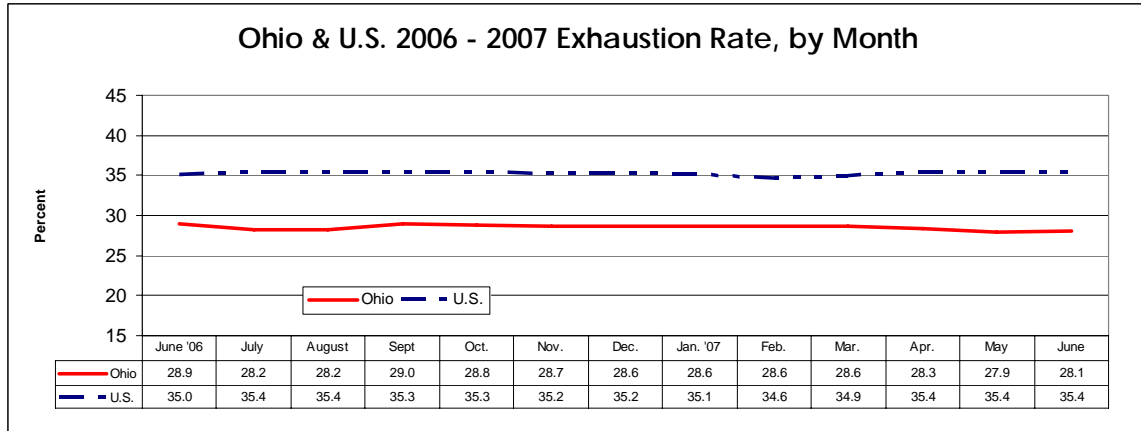
Average duration represents the average number of weeks of compensation received by unemployed claimants during the represented period.



- Ohio's average duration of unemployment closely mirrored the U.S. for the past 12 months.
- Ohio's average duration increased slightly to 15.1 weeks for June 2007, while the U.S. duration remained at 15.1 weeks.

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 remained relatively unchanged over the past 12 months.
- Ohio's exhaustion rate stayed consistently lower than that of the U.S.
- Ohio's exhaustion rate increased to 28.1 weeks, while the U.S. rate remained at 35.4 weeks in June 2007.

Employment Data

Ohio Nonagricultural Wage and Salary Employment (Seasonally Adjusted)

Ohio's nonagricultural wage and salary employment rose 3,100 over the quarter, from 5,430,900 in the first quarter of 2007 to 5,434,000 in the second quarter.

Employment in service-providing industries at 4,411,300 was 3,000 higher. Educational and health services advanced 4,000 due to gains in health care and social assistance (+2,400) and educational services (+1,600). Also up were professional and business services (+1,900), other services (+700), and leisure and hospitality (+500). Trade, transportation and utilities dropped 1,400. Financial activities and government each lost 1,100 jobs, while information was down 500. Goods-producing industries rose 100 to 1,022,700. An increase of 1,600 in construction was mostly offset by a loss of 1,500 in durable-goods manufacturing. There was little change in natural resources and mining.

Over the year, nonfarm wage and salary employment dropped 10,400. Goods-producing industries fell 20,500. Manufacturing was down 19,000, with most of the loss in durable goods. Construction was 1,100 lower, while natural resources and mining slipped 400. Service-providing industries advanced 10,100. Educational and health services rose 11,900 due to gains in health care and social assistance. Increases in professional and technical services were chiefly responsible for raising professional and business services 4,000. Trade, transportation and utilities added 1,300 jobs. Financial activities declined 3,700 over the year. Also down were government (-1,900), information (-900), other services (-500), and leisure and hospitality (-100).

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. 2007	1st Qtr. 2007	2nd Qtr. 2006	From Last Quarter	From Last Year	From Last Quarter	From Last Year
Total	5,434.0	5,430.9	5,444.4	3.1	-10.4	0.1%	-0.2%
Goods-Producing Industries	1,022.7	1,022.6	1,043.2	0.1	-20.5	0.0%	-2.0%
Natural Resources and Mining	11.2	11.2	11.6	0.0	-0.4	0.0%	-3.4%
Construction	230.7	229.1	231.8	1.6	-1.1	0.7%	-0.5%
Manufacturing	780.8	782.3	799.8	-1.5	-19.0	-0.2%	-2.4%
Durable Goods	535.9	537.4	550.8	-1.5	-14.9	-0.3%	-2.7%
Nondurable Goods	244.9	244.9	249.0	0.0	-4.1	0.0%	-1.6%
Service-Providing Industries	4,411.3	4,408.3	4,401.2	3.0	10.1	0.1%	0.2%
Trade, Transportation, and Utilities	1,048.2	1,049.6	1,046.9	-1.4	1.3	-0.1%	0.1%
Wholesale Trade	239.2	239.4	238.2	-0.2	1.0	-0.1%	0.4%
Retail Trade	602.8	603.7	604.7	-0.9	-1.9	-0.1%	-0.3%
Transportation, Warehousing, and Utilities	206.2	206.5	204.0	-0.3	2.2	-0.1%	1.1%
Information	87.6	88.1	88.5	-0.5	-0.9	-0.6%	-1.0%
Financial Activities	304.1	305.2	307.8	-1.1	-3.7	-0.4%	-1.2%
Finance and Insurance	237.8	238.1	239.1	-0.3	-1.3	-0.1%	-0.5%
Real Estate and Rental and Leasing	66.3	67.1	68.7	-0.8	-2.4	-1.2%	-3.5%
Professional and Business Services	660.9	659.0	656.9	1.9	4.0	0.3%	0.6%
Professional and Technical Services	242.9	242.8	238.4	0.1	4.5	0.0%	1.9%
Management of Companies and Enterprises	102.2	102.4	101.6	-0.2	0.6	-0.2%	0.6%
Administrative, Support, and Waste Services	315.8	313.8	316.9	2.0	-1.1	0.6%	-0.3%
Educational and Health Services	788.5	784.5	776.6	4.0	11.9	0.5%	1.5%
Educational Services	98.2	96.6	97.0	1.6	1.2	1.7%	1.2%
Health Care and Social Assistance	690.3	687.9	679.6	2.4	10.7	0.3%	1.6%
Leisure and Hospitality	501.3	500.8	501.4	0.5	-0.1	0.1%	0.0%
Arts, Entertainment, and Recreation	64.3	63.0	66.4	1.3	-2.1	2.1%	-3.2%
Accommodation and Food Services	437.0	437.8	435.0	-0.8	2.0	-0.2%	0.5%
Other Services	222.4	221.7	222.9	0.7	-0.5	0.3%	-0.2%
Government	798.3	799.4	800.2	-1.1	-1.9	-0.1%	-0.2%
Federal Government	75.9	75.8	76.6	0.1	-0.7	0.1%	-0.9%
State Government	167.2	168.4	168.5	-1.2	-1.3	-0.7%	-0.8%
Local Government	555.2	555.2	555.1	0.0	0.1	0.0%	0.0%

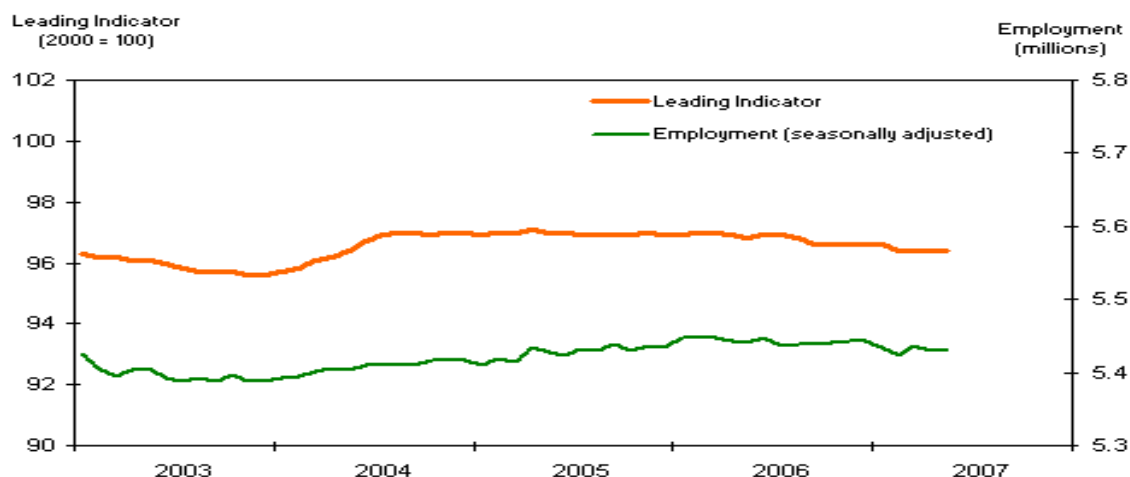
^aSubtotals may not add to totals due to rounding. All data exclude military personnel.

^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.

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

Ohio's composite index of leading indicators decreased slightly again to 96.4 in the second quarter of 2007, suggesting little employment growth heading into the fall. The national composite index of leading economic indicators rose slightly for the quarter, but remained lower than a year ago.

Ohio Leading Indicator and Employment



The Ohio second quarter averages of individual components (not seasonally adjusted) in the index overall were mixed. Although up seasonally from the first quarter, permits for new housing construction were down sharply from the second quarter of 2006 as the housing market continues to buffet the economy. Initial claims for unemployment insurance were down seasonally and lower than during the second quarter of 2006. The average weekly hours for manufacturing production workers were higher than in the first quarter and compared to a year ago.

Economic Indicators	Data			Change		Percent Change	
	2nd Qtr. 2007	1st Qtr. 2007	2nd Qtr. 2006	From Last Quarter	From Last Year	From Last Quarter	From Last Year
Ohio							
Leading Indicator Index (2000=100)	96.4	96.5	96.9	-0.1	-0.5	-0.1%	-0.5%
Average Initial Claims for Unemployment Insurance	43,084	62,877	46,890	-19,793	-3,806	-31.5%	-8.1%
Average Weekly Hours for Manufacturing	41.6	40.8	41.2	0.8	0.4	2.0%	1.0%
Average Valuation of Housing Permits (millions of dollars)	567.699	387.995	708.454	179.704	-140.755	46.3%	-19.9%
Average Number of Housing Permits	3,284	2,406	4,279	878	-995	36.5%	-23.3%
National Data							
National Composite Index of Leading Economic Indicators (1996=100)	137.7	137.5	137.9	0.2	-0.2	0.1%	-0.1%
U.S. Domestic Auto Production (annualized in millions)	4.198	4.120	4.596	0.078	-0.398	1.9%	-8.7%
Difference between 10-Year and 1-Year Treasuries, Constant Maturities	-0.09	-0.33	0.05	0.24	-0.14	-72.7%	-280.0%
Average Number of Housing Permits	134,801	120,486	176,511	14,315	-41,710	11.9%	-23.6%

Jobs Gained or Lost

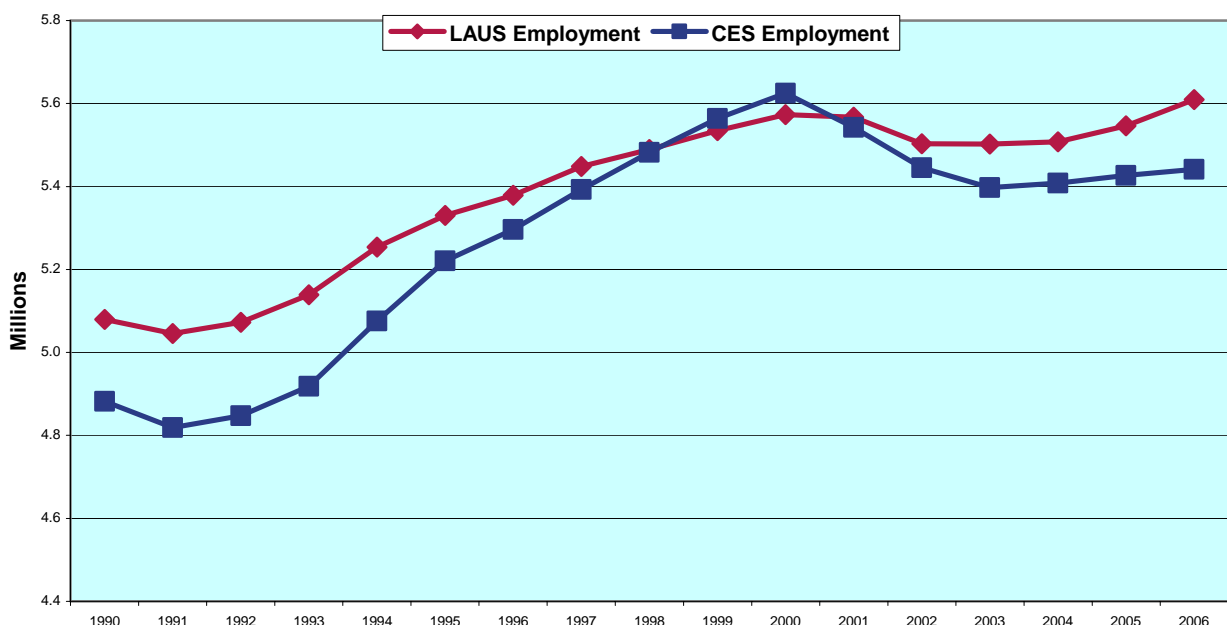
Current Employment Survey (CES)

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

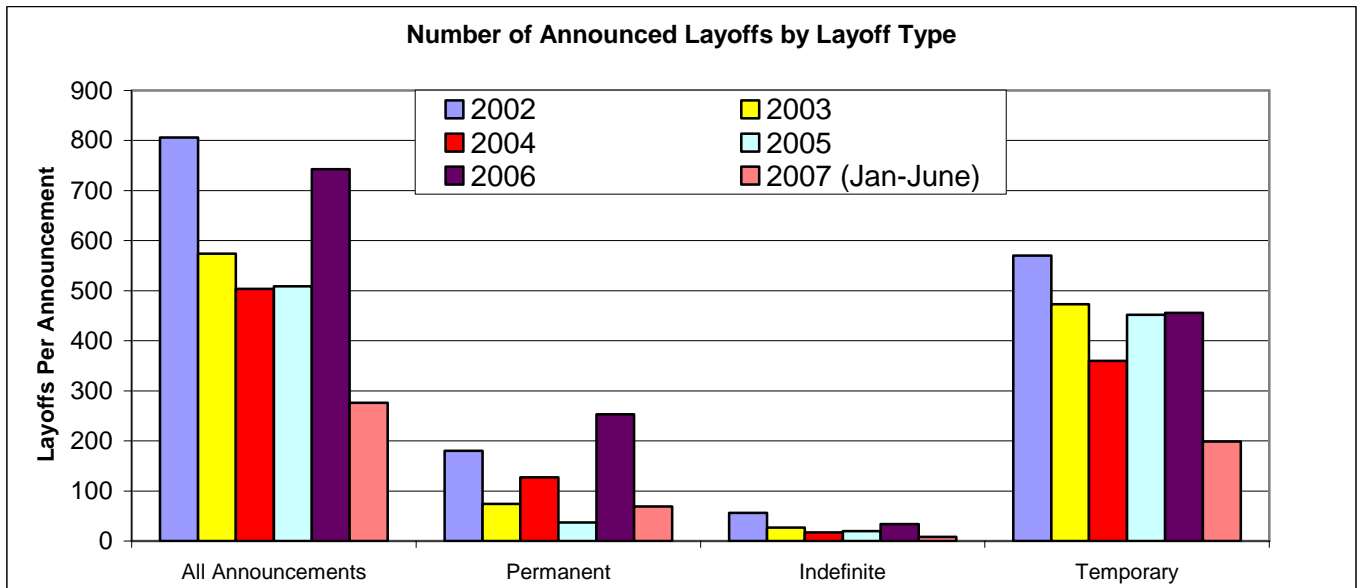
Mass layoff announcements are reported by the business entity. These statistics have proven useful to explain major shifts in the employment situation that may occur at the local level from one month to another. However, they must be used with caution, particularly when considering them at a summary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

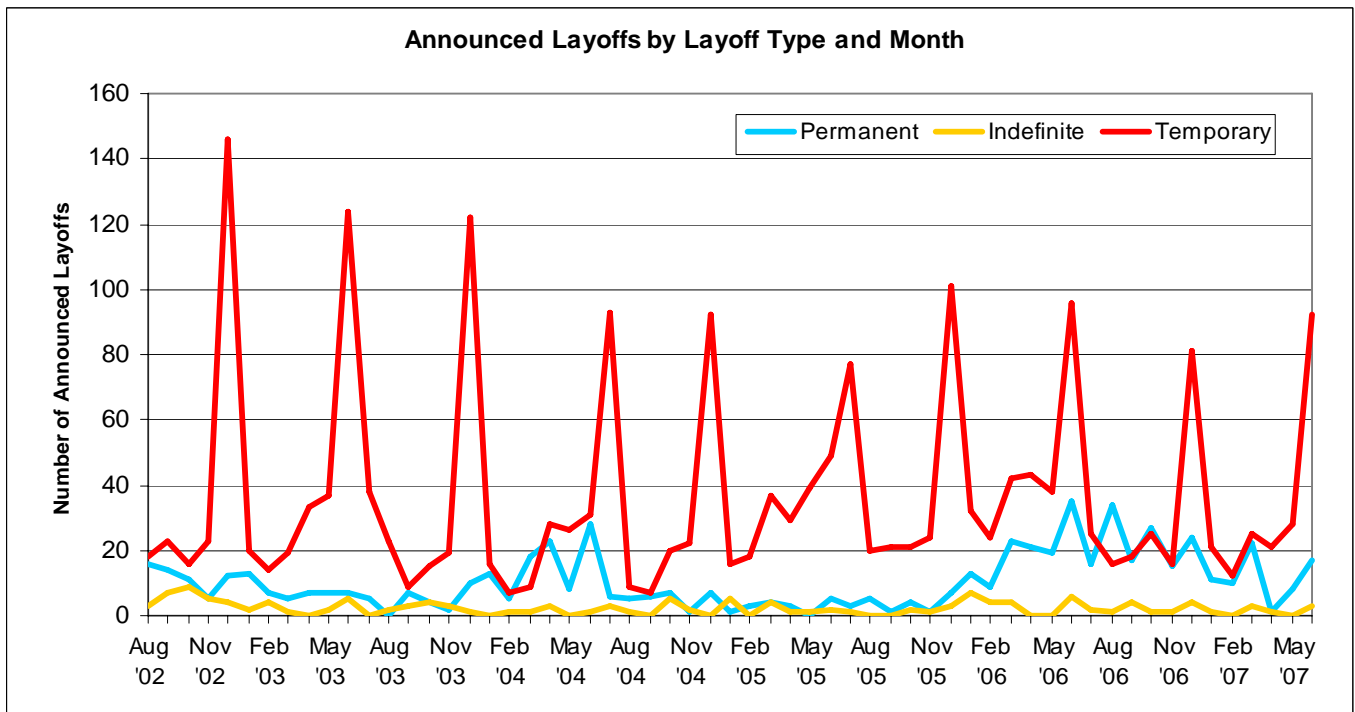
See Mass Layoff Announcements table and graph on next page.

Mass Layoff Announcements, 2002 to June 2007

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 (Jan-June)	276	46,989	69	3,912	8	682	199	42,395



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



Related Information

Related Information

Integrated Postsecondary Education Data System (IPEDS) Survey: The Bureau of Labor Market Information completed the Spring 2007, IPEDS census surveys for enrollment, finance, the graduation rate survey and student financial aid , posting excellent response rates. These surveys provide important information about postsecondary educational institutions for the Ohio Career Information System (OCIS), the career information delivery system in Ohio at <http://ocis.ode.state.oh.us> and the College Opportunities Online Locator (COOL) Web site of the National Center for Educational Statistics at http://nces.ed.gov/ipeds/compare_colleges/cool_summary.asp

Updates to *Workforce Analysis Reports*: At the end of July, updates to population, employment, unemployment rates, income and housing trends were posted for the thirty *Workforce Analysis Reports* for Workforce Investment Areas/One-Stops. Please visit <http://lmi.state.oh.us/wia/workforceanalysis.htm> on the LMI Classic site to view these updates.

Update to *Business Resources for Ohio Employers*: This popular on-line resource guide for employers has recently been updated and is available at <http://lmi.state.oh.us/research/profiles/business.pdf>

Technical Notes

Technical Notes

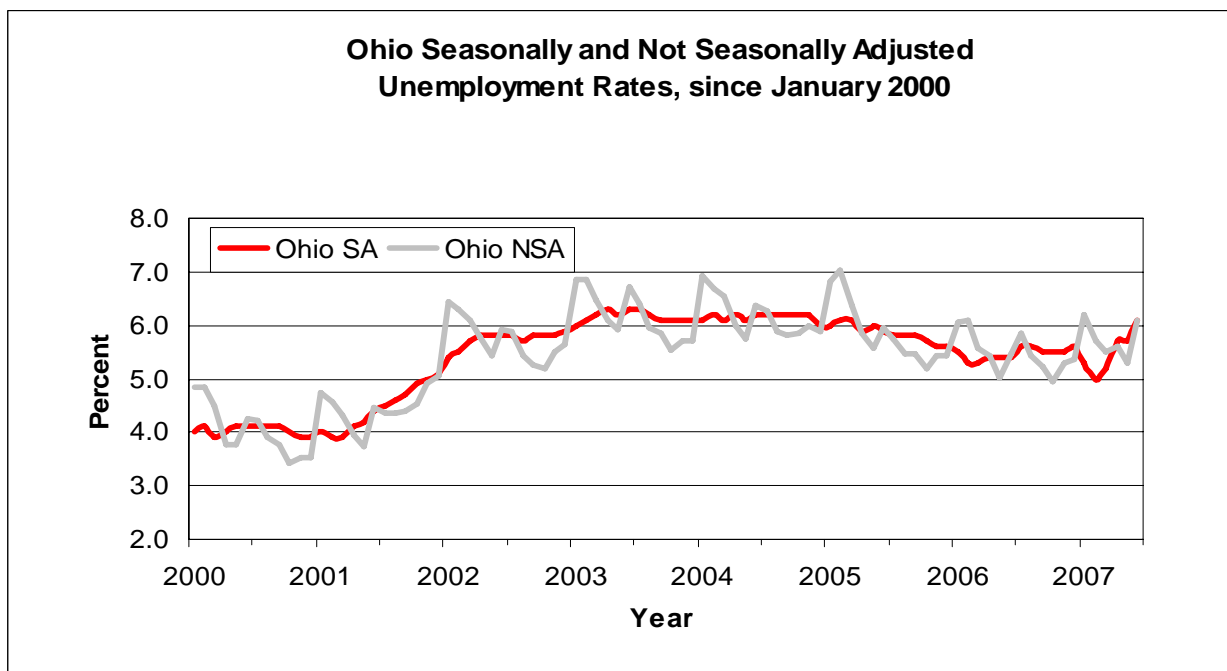
Seasonal Adjustment

Ohio and U.S. unemployment rates and labor force data are published monthly by the Bureau of Labor Statistics. 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 the average duration of unemployment and the 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 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.

Ohio Leading 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 explained a large portion of employment variation and business cycle movement. Three are national components: the national

composite index of leading indicators, domestic auto production and the spread between 10-year and 1-year treasury interest rates. The state components are initial claims for unemployment insurance, average weekly hours in manufacturing, and the valuation of building permits for new residential construction. 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 site: <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 Web sites at <http://OhioWorkforceInformer.org> and <http://lmi.state.oh.us> or contact the Ohio Bureau of Labor Market Information at 1-888-2WORK-411 or 1-888-296-7541.

Ted Strickland, *Governor*
State of Ohio

Helen E. Jones-Kelley, *Director*
Ohio Department of Job and Family Services

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August 2007

