State of Ohio Workforce

Fourth Quarter
2006

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WORKFORCE 411

Quarterly Report on State of Ohio's Workforce

Reference Period: Fourth Quarter 2006

(Per Ohio Revised Code 6301.10)

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

Unemployment Rates
and
Related Data

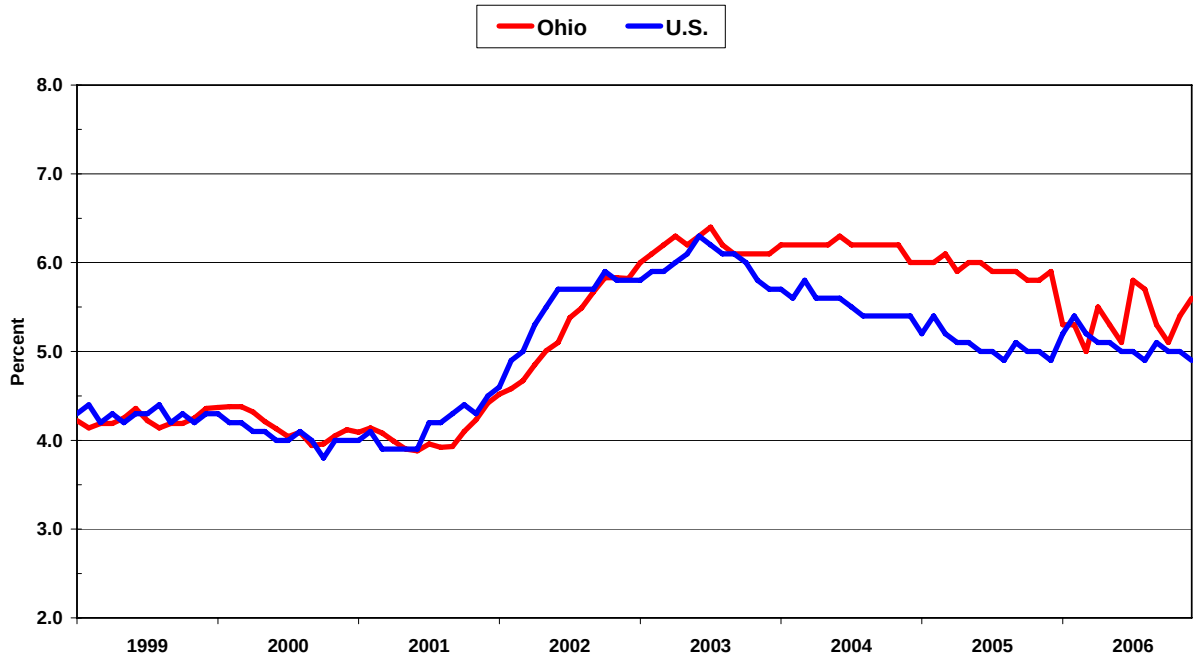
Employment Situation: Ohio and U.S. (Seasonally Adjusted)

Ohio's unemployment rate for the fourth quarter of 2006 was 5.4 percent, down slightly from the third quarter of 2006 and down from 5.8 percent a year ago. The U.S. unemployment rate for the fourth quarter 2006 was 4.5 percent, down slightly from the third quarter of 2006 and down from 5.0 percent from a year ago. The average number of Ohioans unemployed per month has dropped over the quarter from 334,000 to 321,000.

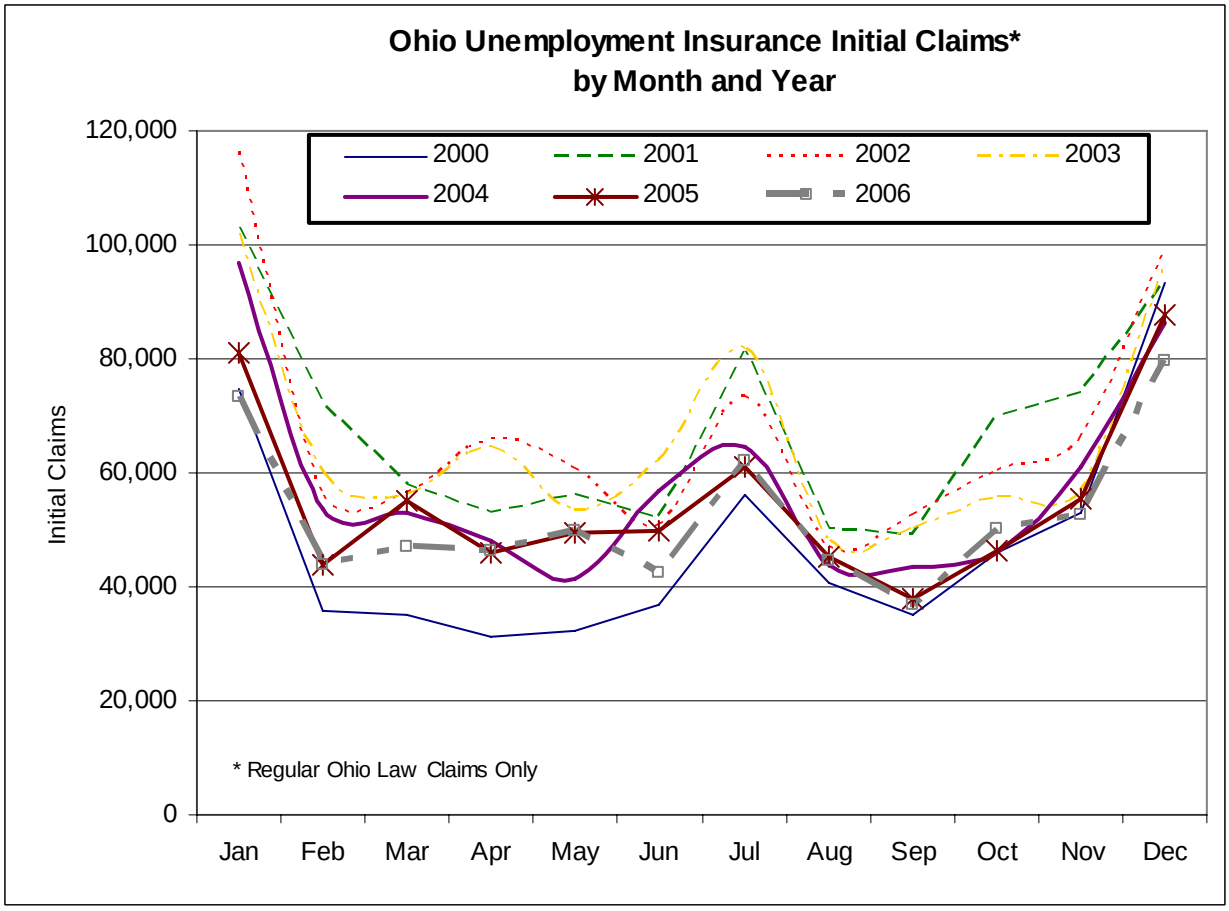
Employment Situation Indicators for Ohio and U.S.	**Quarterly Data** (in thousands)			**Change** (in thousands)		**Percent Change**	
Seasonally Adjusted	4th Qtr. 2006	3rd Qtr. 2006	4th Qtr. 2005	From Last Quarter	From Last Year	From Last Quarter	From Last Year
			Ohio				
Civilian Labor Force	5,979	5,948	5,907	31	72	0.5%	1.2%
Employment	5,659	5,615	5,564	44	95	0.8%	1.7%
Unemployment	321	334	344	-13	-23	-3.9%	-6.7%
Unemployment Rate	5.4%	5.6%	5.8%	-0.2%	-0.5%		
			U.S.				
Civilian Labor Force	152,425	151,703	150,093	722	2,332	0.5%	1.6%
Employment	145,629	144,618	142,655	1011	2,974	0.7%	2.1%
Unemployment	6,797	7,085	7,438	-289	-642	-4.1%	-8.6%
Unemployment Rate	4.5%	4.7%	5.0%	-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 past twelve months, Ohio's unemployment rate has averaged 0.8 percentage point higher than the U.S. rate.

Ohio and U.S. Seasonally Adjusted Unemployment Rates



Ohio Monthly Unemployment Insurance Initial Claims



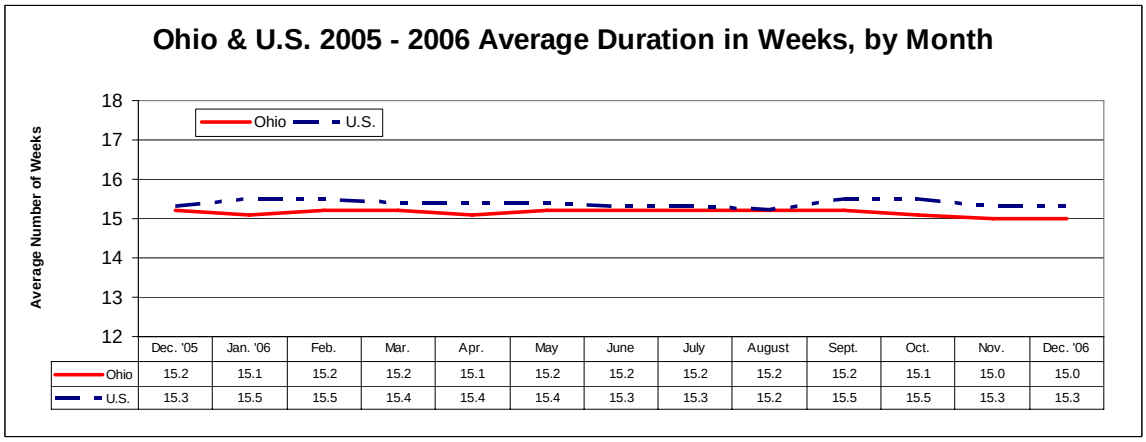
- In each year from 2000 through 2005, monthly initial claims for unemployment insurance followed the same seasonal pattern, with major increases in claims activity occurring in December, January and July.

- Initial claims were generally elevated from 2001 through 2005 when compared to 2000 for any given month.

- Initial claims in December 2006 were lower than the level recorded in December 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.



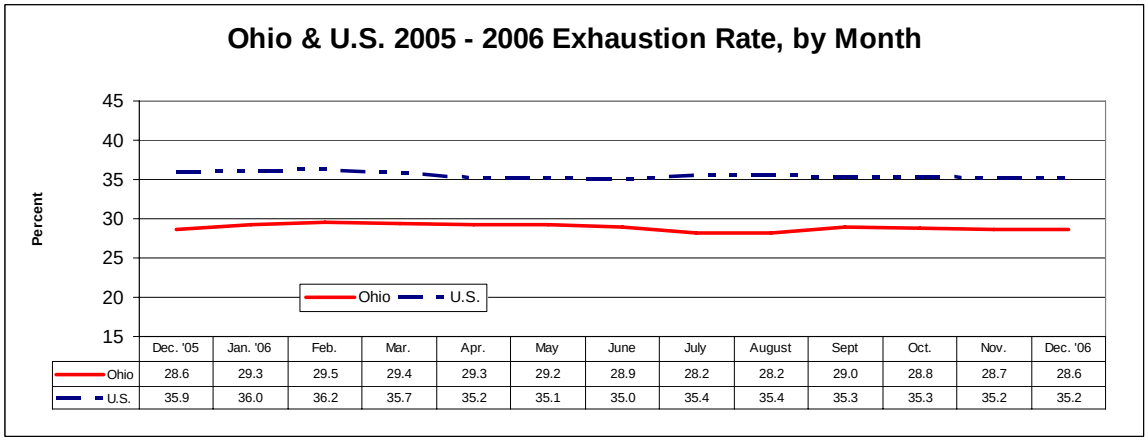
	Dec. '05	Jan. '06	Feb.	Mar.	Apr.	May	June	July	August	Sept.	Oct.	Nov.	Dec. '06
Ohio	15.2	15.1	15.2	15.2	15.1	15.2	15.2	15.2	15.2	15.2	15.1	15.0	15.0
U.S.	15.3	15.5	15.5	15.4	15.4	15.4	15.3	15.3	15.2	15.5	15.5	15.3	15.3

- Ohio's average duration of unemployment closely mirrored the U.S. for most of 2006.

- Ohio's average duration remained at 15.0 weeks for December 2006, while the U.S. duration remained at 15.3 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. Comparison of exhaustion rates over time and across regions provides an indication of the relative severity of the unemployment situation.



	Dec. '05	Jan. '06	Feb.	Mar.	Apr.	May	June	July	August	Sept	Oct.	Nov.	Dec. '06
Ohio	28.6	29.3	29.5	29.4	29.3	29.2	28.9	28.2	28.2	29.0	28.8	28.7	28.6
U.S.	35.9	36.0	36.2	35.7	35.2	35.1	35.0	35.4	35.4	35.3	35.3	35.2	35.2

- Ohio and national exhaustion rates have remained relatively unchanged over the past twelve months.
- Ohio's exhaustion rate stayed consistently lower than that of the U.S.
- Ohio's exhaustion rate dropped slightly to 28.6 weeks, while the U.S. rate held steady at 35.2 weeks in December 2006.

Employment Data

Ohio Nonagricultural Wage and Salary Employment (Seasonally Adjusted)

Ohio's nonagricultural wage and salary employment fell 5,000 over the quarter, from 5,457,200 in the third quarter of 2006 to 5,452,200 in the fourth quarter of 2006.

Employment in goods-producing industries, at 1,044,700, was 6,600 lower. The largest decrease was in manufacturing (-4,000). Construction was down 2,500 while natural resources and mining slipped 100. Service-providing industries rose 1,600 to 4,407,500. Increases occurred in professional and business services (+4,300), leisure and hospitality (+3,200), trade, transportation, and utilities (+800), and educational and health services (+700). Employment in government dropped 6,700. Minor declines were seen in financial activities (-400), information (-200), and other services (-100).

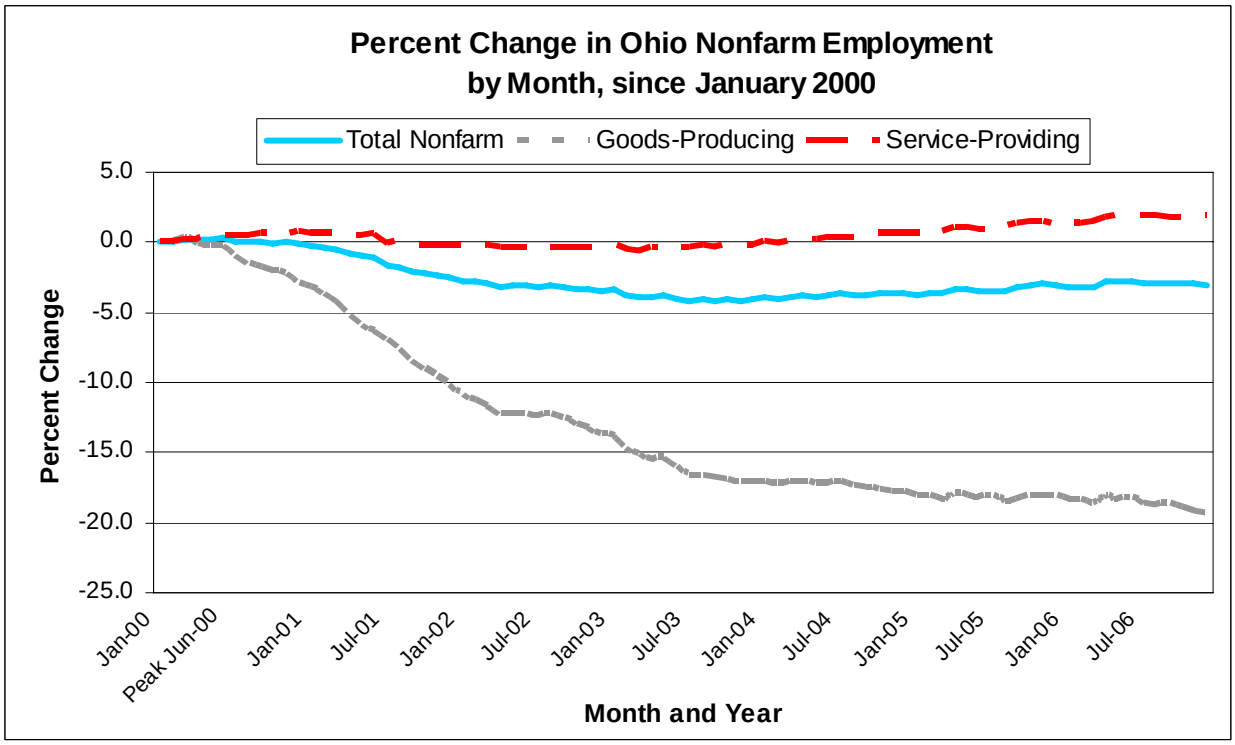
Nonagricultural Wage and Salary Employment Estimates for Ohio[a] Seasonally Adjusted	**Employment** (in thousands)			**Change** (in thousands)		**Percent Change**	
	4th Qtr. 2006	3rd Qtr. 2006	4th Qtr. 2005	From Last Quarter	From Last Year	From Last Quarter	From Last Year
Employer Survey Data[b]							
Total	5,452.2	5,457.2	5,447.9	-5.0	4.3	-0.1%	0.1%
Goods-Producing Industries	1,044.7	1,051.3	1,059.6	-6.6	-14.9	-0.6%	-1.4%
Natural Resources and Mining	10.5	10.6	11.4	-0.1	-0.9	-0.9%	-7.9%
Construction	234.4	236.9	234.0	-2.5	0.4	-1.1%	0.2%
Manufacturing	799.8	803.8	814.2	-4.0	-14.4	-0.5%	-1.8%
Service-Providing Industries	4,407.5	4,405.9	4,388.3	1.6	19.2	0.0%	0.4%
Trade, Transportation, and Utilities	1,038.7	1,037.9	1,044.5	0.8	-5.8	0.1%	-0.6%
Information	88.8	89.0	89.5	-0.2	-0.7	-0.2%	-0.8%
Financial Activities	310.7	311.1	309.6	-0.4	1.1	-0.1%	0.4%
Professional and Business Services	657.6	653.3	650.7	4.3	6.9	0.7%	1.1%
Educational and Health Services	776.1	775.4	766.9	0.7	9.2	0.1%	1.2%
Leisure and Hospitality	514.2	511.0	503.8	3.2	10.4	0.6%	2.1%
Other Services	225.3	225.4	225.1	-0.1	0.2	0.0%	0.1%
Government	796.1	802.8	798.2	-6.7	-2.1	-0.8%	-0.3%

[a]Subtotals may not add to totals due to rounding. All data exclude military personnel.

[b]From the Current Employment Statistics Survey, a monthly survey of approximately 11,800 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, 4,300 nonfarm wage and salary jobs were added. Nearly all of the growth occurred in the service-providing sector (+19,200). Leisure and hospitality rose 10,400. Educational and health services advanced 9,200, while professional and business services increased 6,900. Also up were financial activities (+1,100) and other services (+200). Employment dropped in trade, transportation, and utilities (-5,800), government (-2,100), and information (-700). Goods-producing industries were down 14,900. Manufacturing lost 14,400 jobs, while natural resources and mining dropped 900. Employment in construction rose 400 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 19.3 percent of their employment while service-providing industries have risen 1.8 percent.

- In comparison, the U.S. has lost 9.4 percent of the employment in goods-producing industries while service-providing industries increased 7.3 percent.

Jobs Gained or Lost

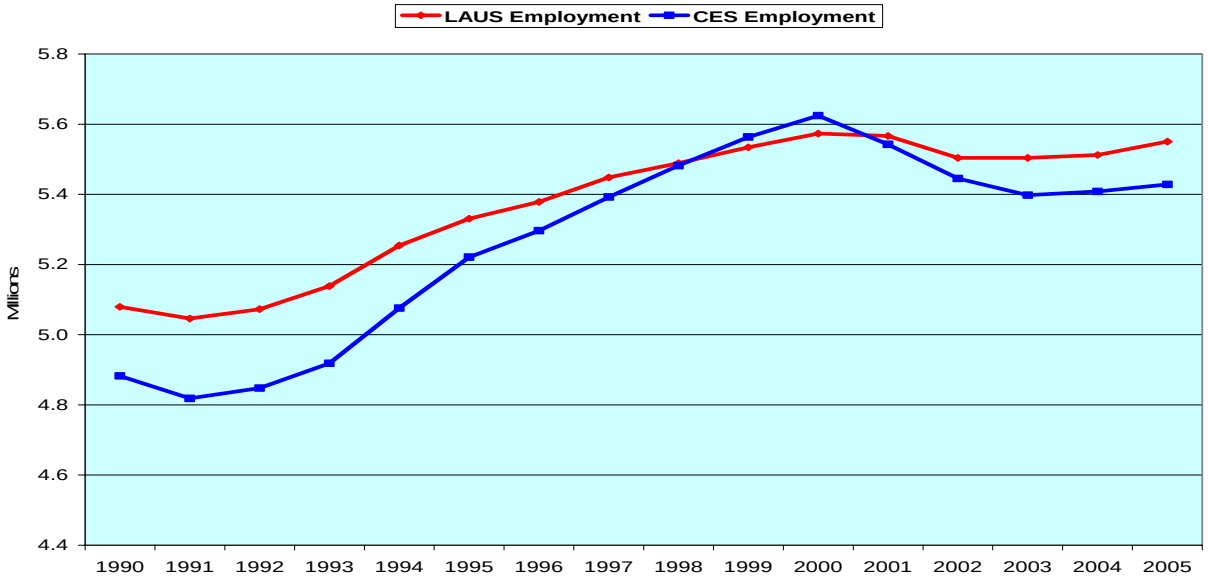
Current Employment Survey (CES)

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 ten 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 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, 1990-2005



Mass Layoff Announcements

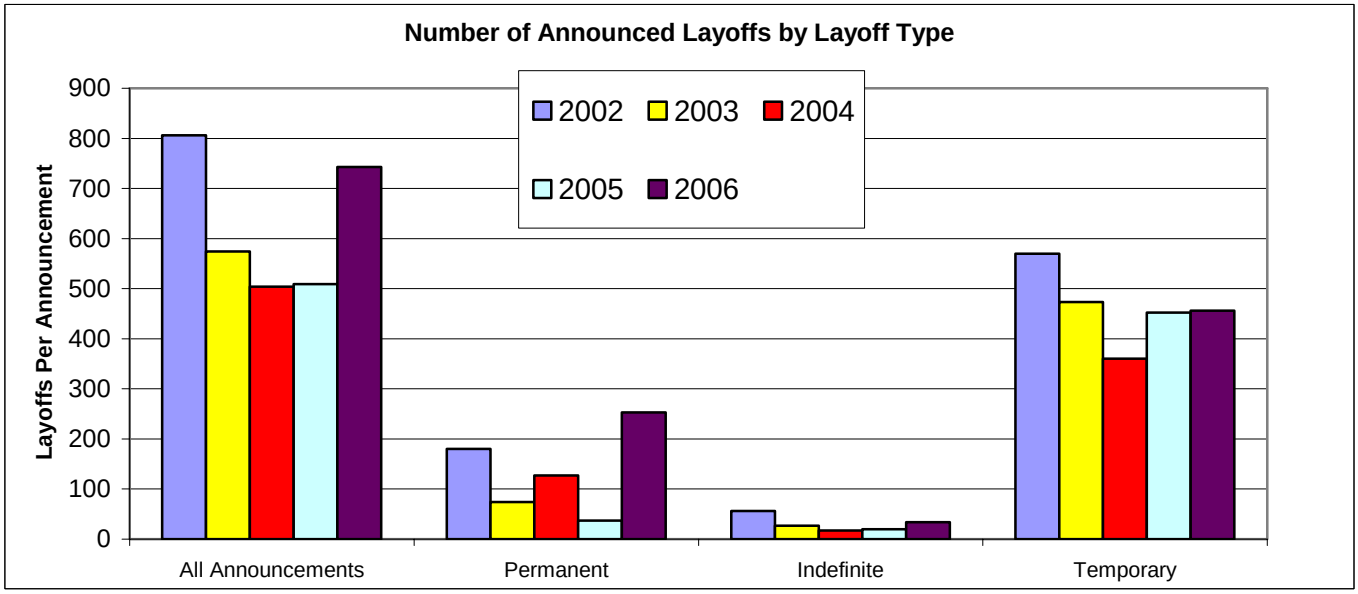
Mass layoff announcements are reported by the business entity. These statistics have proven useful to explain major shifts in the employment situation that may occur at the local level from one month to another. However, they must be used with caution, particularly when considering them at a summary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

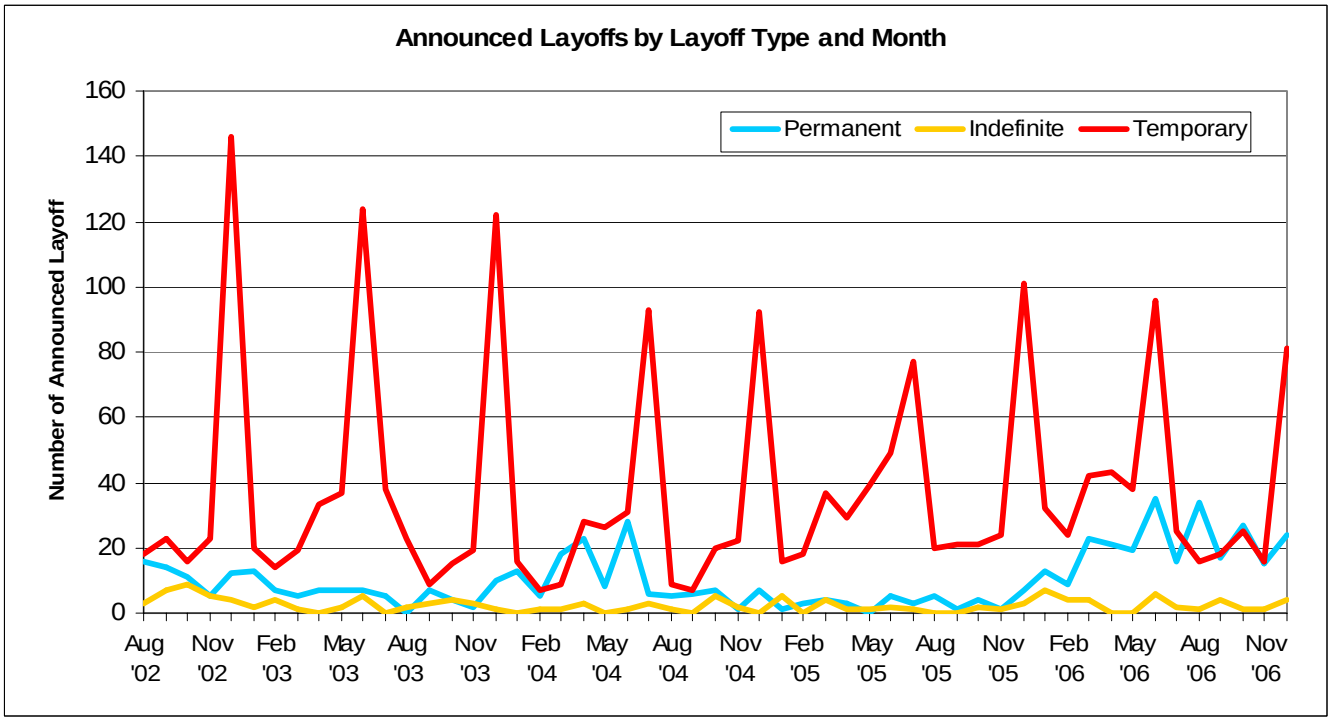
See Mass Layoff Announcements table and graph on next page.

Mass Layoff Announcements, 2002 - 2006

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	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



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



Related Information

Related Information

Ohio Job Outlook to 2014: Over 425,000 new jobs are expected in Ohio over the next decade, according to a report released by the Ohio Department of Job and Family Services on December 29, 2006 (http://jfs.ohio.gov/releases/rl122906.stm). The *Ohio Job Outlook to 2014: Executive Summary* forecasts growth by industry and occupation to help Ohio employers, educators and job seekers prepare for the future. More detailed projections information and a Power Point slide presentation are available online at http://lmi.state.oh.us/proj/OhioJobOutlook.htm.

Quarterly Census of Employment and Wages, Size of Firm in 2006: Employment in the private sector covered under the Ohio Unemployment Compensation Law totaled 4.495 million for the first quarter of 2006. The Bureau of Labor Market Information recently released tables based on these data showing the distribution of employment and number of firms by size of firm. While more than one-fourth of workers are employed in firms that employ 250 or more workers, more than seven out of every ten firms reported fewer than 10 workers, according to data published by the Administrative Industry Statistics Section. For more detailed information on the employment and wage data, please visit the LMI Classic website at http://lmi.state.oh.us/cep/CEP_NAICS.htm#Publications.

Quarterly Census of Employment and Wages, Second Quarter 2006: Employment covered under the Ohio Unemployment Compensation Law totaled 5.282 million for the second quarter of 2006 – up 0.3 percent from one year earlier, according to data published by the Administrative Industry Statistics Section. Payroll, at $48.695 billion, was up 3.6 percent during the same period. More detailed information on the employment and wage data is available http://lmi.state.oh.us/CEP/CEP_NAICS.htm.

Workforce Analysis Reports for Workforce Investment Areas: The Bureau of Labor Market Information recently completed Workforce Analysis reports for the twelve One-Stops in Workforce Investment Area 7. These publications review demographic and economic characteristics for state and local labor markets, including trends in population, employment, unemployment rates, income and housing for Ohio's Workforce Investment Areas. These reports are available at http://lmi.state.oh.us/research/Research.htm. Reports for the remainder of the workforce investment areas will be posted on a flow basis as the reports are completed.

Technical Notes

Technical Notes

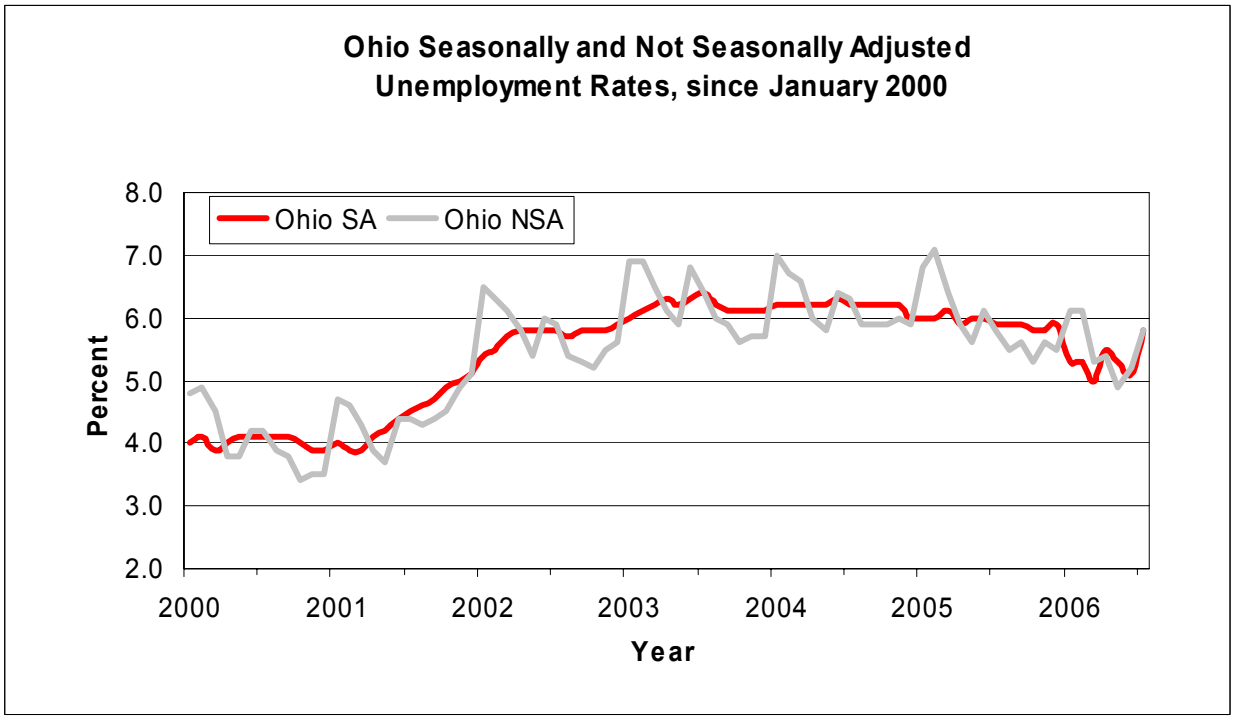
Seasonal Adjustment

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 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 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.

Office of Workforce Development
Bureau of Labor Market Information
P.O. Box 1618
Columbus, OH 43216-1618

Bureau of Labor Market Information
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This quarterly report was prepared by the Ohio Department of Job & Family Services to meet the requirements of the Ohio Revised Code 6301.10.

For further information, visit our websites 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 & Family Services

Office of Workforce Development
Bureau of Labor Market Information

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