OPPORTUNITY Ohio

Questions That Require Answers Regarding Ohio's Mediocre Job Market
March 6, 2017

According to the U.S. Bureau of Labor Statistics, under Governor John Kasich and his JobsOhio economic development entity, Ohio's private sector added jobs as follows, with the total jobs claimed by JobsOhio that were retained and created:

Year	Private Sector Jobs Added	JobsOhio Jobs Retained	JobsOhio Jobs Created	Percentage of New Jobs for Which JobsOhio Takes Credit	Net Private Sector Growth Percent Change 50-State Ranking
2011	90,400	61,686	21,099	23.3%	#17
2012	76,300	54,633	20,979	27.5%	#29
2013	82,500	70,449	17,857	21.6%	#27
2014	87,100	52,140	21,377	24.5%	#24
2015	77,300	54,233	23,602	30.5%	#29
2016	32,300	76,773	20,603	63.8%	#38*
TOTAL	**445,900**	**369,914**	**104,140**	**23.4%**	**#27***

*These rankings could drop further once final numbers for December for all states are released on March 13.

As a baseline, in Governor Ted Strickland's last year in 2010, Ohio's private sector added 61,800 jobs. Governor Kasich's key solutions to Ohio's weak job growth were to privatize its economic development function (create JobsOhio), reduce personal income taxes, lesson regulations on businesses, and reform Ohio's education institutions to churn out a better workforce and transfer nascent technologies from the university research world to the "Ohio Valley." With help from the Ohio General Assembly, he achieved these changes.

Yet, Ohio's private sector yearly net growth ranking has declined under his tenure. In fact, Governor Kasich's policies resulted in adding just 32,300 private sector jobs in 2016, which is only 42% of his previous weakest annual total and the third worst annual tally for all Ohio governors since 1990 in the eighteen positive growth years.

One must ask: what is so negative about Ohio's jobs environment that we need a quasi-government entity to use corporate cronyism to retain nearly as many private sector jobs as Ohio added from 2011 to 2016? Is JobsOhio really responsible for 64% of all jobs added in 2016 or a full quarter since its inception? Does such a high level of companies requiring incentives to retain or add jobs signal a fundamental problem with Ohio's economy? Is the combined high level of state and local taxes the reason? Is it the weak infrastructure?

Even with the best efforts of JobsOhio, Ohio's private sector has gotten worse not better over the last six years. It remains mired in mediocrity. Specifically, Ohio had the 17th best job growth in 2011.[1] By the end of 2016, Ohio's ranking had dropped down to the 38th best.

[1] We use net percentage change rather than raw change to normalize across big and small states (i.e., get an apples-to-apples comparison). Ohio is the seventh largest state in America, so will add more jobs by virtue of

If JobsOhio is such a unique and powerful entity doing superior work to the other forty-nine economic development entities in other states, what explains Ohio's substantial worsening **after** its creation? If Governor Kasich heralded in an "Ohio Miracle" as he claimed during his presidential run, why is it one of only four states that still hasn't recovered all of the jobs lost since March of 2000 or why is it facing fiscal deficits this year?

Finally, if after six years of instituting much of his agenda,[2] what remaining policy changes would Governor Kasich implement to accelerate Ohio's mediocre private sector growth? Does he believe that further minor reductions in Ohio's personal income tax rates are the key? In our **Reimagine Ohio** report, we laid out the seven key policy changes we believe are needed to put Ohio on the fast track. Does Governor Kasich reject those seven fixes? What about those men and women hoping to replace Governor Kasich in 2019 – do they reject those seven policies? What will they do differently than Governor Kasich to spur the job growth Ohio and its citizens so desperately need?

These questions are serious ones that Governor Kasich, JobsOhio's leadership, and anyone aiming to lead Ohio should answer, as **every state faces the same national and global headwinds as Ohio faces**. Blaming Washington is a great talking point, but it doesn't explain why Ohio is being bested by so many other states when it comes to retaining, attracting, and growing its private sector. Without a robust job market, prosperity will remain elusive for too many Ohioans and curbing dependency will be impossible.

In what may be an indicator of a further weakening, the last five months of notices filed under the Worker Adjustment and Retraining Notification Act (WARN) equate to the largest number of layoffs over any five-month span since 2009. From October 2016 to February 2017, 10,622 Ohioans received WARN notices. The last five-month record goes back to the period from March 2009 to July 2009 when 19,012 Ohioans received WARN notices. Last month, 5,057 Ohioans received WARN notices, which is the eighth highest monthly total in twenty years. Five of the seven higher months occurred during recessions.

The two-month total of 5,795 WARN notices for 2017 so far is **more than half** of the **yearly** average of WARN notices received by Ohioans from 2010 to 2016 (10,631). Keep in mind, the 2008-2009 recession was so severe that it appears to have permanently cut in half the WARN notices being issues each year.[3] Specifically, from 2001 to 2009, the average annual number of WARN notices was 23,666.

If things get worse, what will Governor Kasich do? He has rejected enacting right-to-work despite its adoption in four of the five states surrounding Ohio, with Indiana and Michigan besting Ohio by 1.1 and 4.3 points since 2011. Were those governors and the other twenty-four states wrong to enact right-to-work laws when the data overwhelmingly shows stronger job growth in those states? Will he concede JobsOhio isn't working as promised given that Ohio has **lost ground** during its existence? Isn't it time to reimagine Ohio? Ohioans deserve answers to these and the other questions stated above now.

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that size than smaller states such as Maine, North Dakota, and Vermont. The key isn't which states added more jobs, but which states added more jobs as a percentage of their existing private sector base.

[2] Thankfully, the Ohio General Assembly has rejected Governor Kasich's many efforts to increase Ohio severance tax. Had he succeeded, Ohio's job losses likely would have been worse, as much of the job growth that occurred around the development of the Utica Shale formation likely would not have occurred in Ohio.

[3] The decline in annual WARN notices also could be due to the mediocre job growth Ohio has experienced since 2009. After all, if Ohio's risk-averse employers only add jobs when absolutely necessary, the need to layoff those workers also shouldn't be high. Ohio appears to lack "animal spirits."