

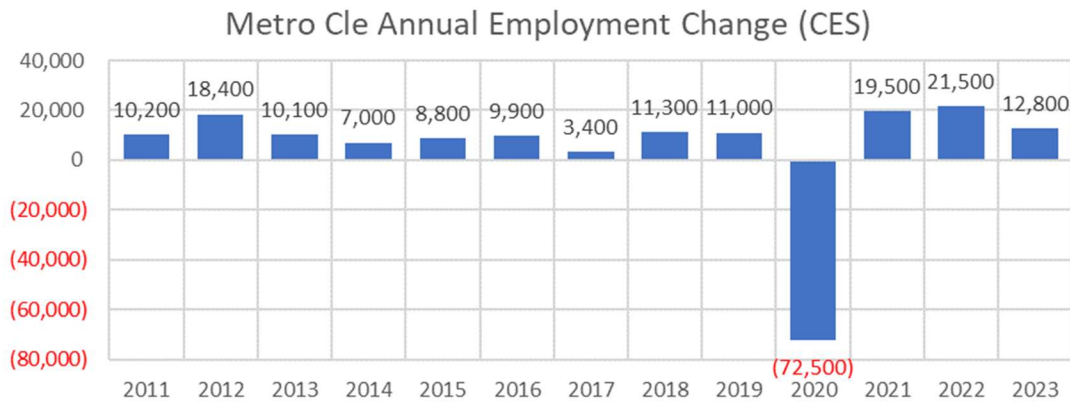
# Finding Growth to Strengthen Metro Cleveland’s Employment Future

By James M. Trutko

As Metro Cleveland’s civic leadership seeks strategies to strengthen economic development, it is easy to fall into the trap of over-emphasizing favored industries and trumpeting positive news. While it is constructive to mobilize the business community and the public with aspirational visions, the most successful plans take advantage of real economic strength that is well-documented with data and existing trends that can be amplified with focused effort.

The Bureau of Labor Statistics (BLS) publishes a range of data which can be analyzed to assess the overall momentum of the metropolitan economy and suggest growth industries. Unfortunately, the local economic development organizations do not provide regular analysis of the data to the public. One example is BLS’s Current Employment Statistics (CES), which uses business surveys of employment, earnings, and hours to provide industry-specific data.

The chart below shows the growth of Metro Cleveland employment for a period from 2010 to 2023. The local economy rebounded slowly from the severe downturn of 2008-2010. From 2010 to 2019, businesses added an average of fewer than 10,000 (1%) jobs per year before the massive Covid-related drop of 72,000 jobs in 2020. The chart shows the slow post-Covid recovery after 2020 when Metro Cleveland gained back only 53,800 (74%) of the pre-Covid job level. Notably, because CES data is based on how many persons businesses employ, the data includes part-time jobs. The lesson that economic development professionals (and the public) should take from the data is that the industries targeted for growth over the past decade and a half have not produced overall employment growth.



Source: BLS, Current Employment Statistics (CES)

It is not easy to select target industries. Economic development professionals typically look at many industry characteristics and consider philosophical objectives in developing their roster of target industries. The professionals would do well to add backward looking data analysis to their forward-looking projections. They should add more analysis of existing Current Employment Statistics data to identify strategic industries that have consistent, positive local employment growth over a reasonable length of time. To assess an industry’s potential contribution to a sound long-term strategy, one needs to know how important a sector and specific industry is to the local economy.

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To add a good historical frame of reference for evaluating industries, one should look back to 2010 to see an industry's overall recovery from the 2008-2010 recession. Furthermore, one should examine the industry's resilience and recovery from the Covid economic disruptions to determine whether the major economic, social and technological changes attributed to the Covid economy have altered the industry's potential. The earlier period tests an industry's ability to recover from structural economic changes and a very deep recession. The recent period shows an industry's sensitivity to disruptions to supplier and labor inputs, major changes in consumer tastes and consumption preferences driven by technology, major changes in home-office work patterns, and the financial impact of inflation on businesses and consumers.

Analyzing the data is not especially difficult, although looking at the charts and graphs may require patience for an average reader. Metro Cleveland is a complex economy with over a million jobs, but the CES data can be simplified statistically into thirteen industry sectors. Overall, employment has grown by only 9% since 2010 and the modest growth includes a large number of part-time jobs. The sectoral data shows Transportation & Utilities, Construction and Wholesale Trade have grown consistently for over a decade but are only moderate-size sectors. The Leisure and Hospitality and Professional/Business Services Sectors are large sectors, but growth has been inconsistent over the period. Manufacturing, which many regard as fundamental to the local economy, has been below average in growth. Retail trade and Other Services have contracted, undoubtedly because of the many social and technological changes affecting consumers. The small Information Technology sector is unexpectedly at the bottom of the chart and may represent a statistical anomaly.

Metro Cleveland Industry Sector Employment Changes									
Industry Sector	2010 Empl	2019 Empl	2023 Empl	2010-19 Empl Chg	2019-23 Empl Chg	%2010-19 Empl Chg	%2019-23 Empl Chg	2010-23 Empl Chg	%2010-23 Empl Chg
Transp & Utilities	29,300	34,600	38,800	5,300	4,200	18%	12%	9,500	25%
Construction & Mining	31,600	38,900	40,200	7,300	1,300	23%	3%	8,600	21%
Wholesale Trade	46,500	52,700	54,400	6,200	1,700	13%	3%	7,900	15%
Leisure & Hospitality	86,800	105,600	99,400	18,800	(6,200)	22%	-6%	12,600	13%
Prof & Busi Services	133,700	162,200	152,800	28,500	(9,400)	21%	-6%	19,100	13%
Finance	64,600	66,800	72,800	2,200	6,000	3%	9%	8,200	11%
Educa & Health	186,200	206,300	204,000	20,100	(2,300)	11%	-1%	17,800	9%
TOTAL NONFARM	991,000	1,081,100	1,062,400	90,100	(18,700)	9%	-2%	71,400	7%
Mfg- Non-Durables	34,000	35,600	35,700	1,600	100	5%	0%	1,700	5%
Mfg- Durables	82,500	87,800	83,600	5,300	(4,200)	6%	-5%	1,100	1%
Government	138,500	138,600	133,300	100	(5,300)	0%	-4%	(5,200)	-4%
Retail Trade	100,200	98,300	94,600	(1,900)	(3,700)	-2%	-4%	(5,600)	-6%
Information	15,800	13,800	14,800	(2,000)	1,000	-13%	7%	(1,000)	-7%
Other Services	41,300	39,900	38,000	(1,400)	(1,900)	-3%	-5%	(3,300)	-9%
Source: BLS, CES									

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While sectoral analysis can provide useful context, it is not sufficient to underpin strategy development. A more detailed understanding of employment growth by specific industries is essential to allow one to assess how important an industry's growth would be to the community's future.

Consistent growth is also an important metric for good economic development strategies. A high potential industry would have recovered well from the 2008-2010 recession from 2010 to 2019 and from the technological/social/financial/Covid disruptions from 2019 to 2023. An industry with poor potential would have had a lagging 2010-2019 rebound as well as weak post-Covid performance.

Metro Cleveland's industry sectors can be divided into thirty-three industries with an average and median size of about 30,000 employees. There are a few small and large industries, but the average is about 3% of the total employment of 1,060,000 and the largest is about 8% of the total.

Here is what the industry analysis showed. For the whole 2010-2023 period, the industries with strong, above average employment performance were: Professional, Scientific and Technical Services; Hospitals; Transportation and Warehousing; Insurance; Construction; Wholesale Trade; and Other Health and Social Assistance. Two industries in the Leisure and Hospitality Sector (Accommodation and Food Services, and Arts, Entertainment and Recreation) also performed strongly over the period, but, not surprisingly, suffered significantly due to Covid. Toward the bottom were several retail industries, metal-working durable goods industries and a mix of other industries.

While not definitive, the results of analyzing Current Employment Statistics are well worth considering when developing economic development strategies for Metro Cleveland because they are based on recent objective employment data, not theory, ideology, or personal preferences. Simple analysis of existing CES data will objectively identify significant, strategic industries with consistent, positive local employment growth over time. Incorporating this understanding into the strategic planning process would undoubtedly improve Metro Cleveland's job growth and economic performance.

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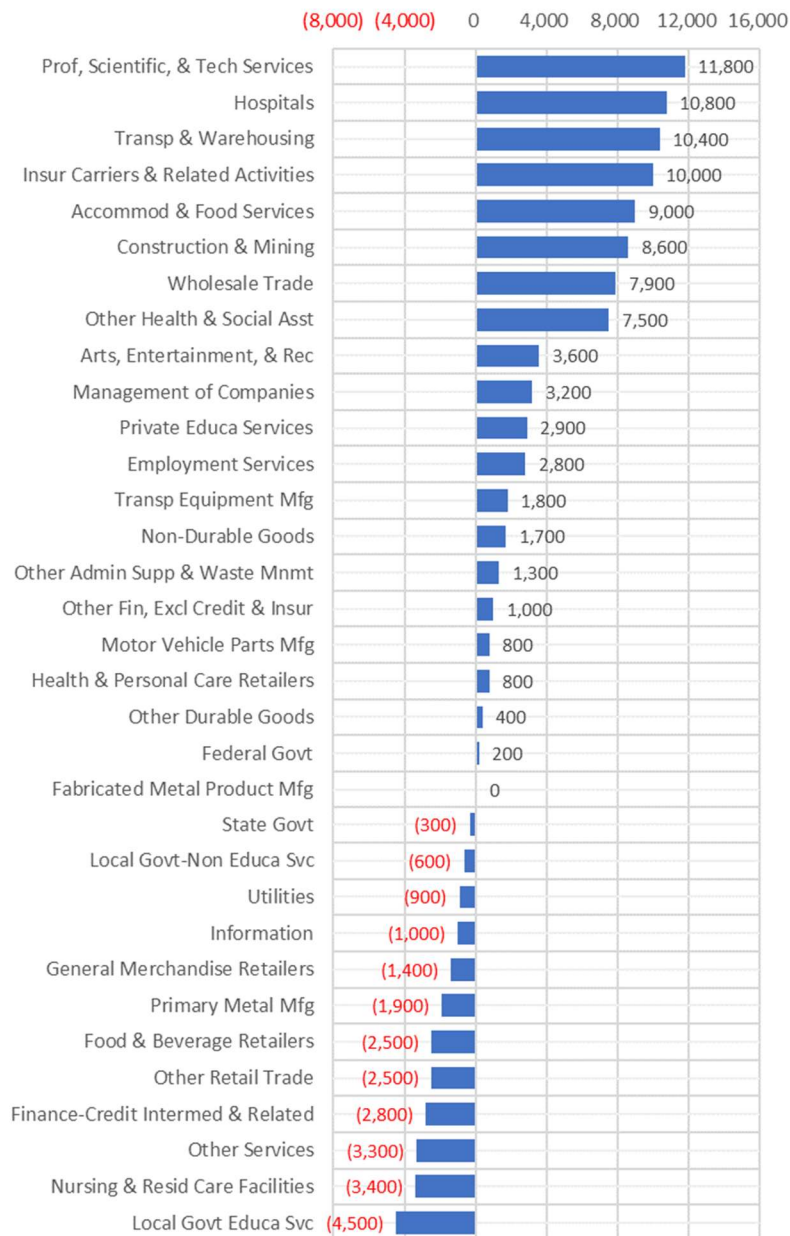
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Summary: Metro Cleveland Employment Growth By Industry (2010-23)					
Industry	Indus Sector	2023 Empl	Overall Growth (2010-23 Empl Chg)	Overall %Growth (2010-23 %Empl Chg)	Covid Rebound (2019-23 %Empl Chg)
<b>TOTAL NONFARM</b>	<b>Total Nonfarm</b>	<b>1,062,300</b>	<b>71,400</b>	<b>7.2%</b>	<b>-1.7%</b>
Prof, Scientific, & Tech	Prof & Busi	63,300	11,800	23%	5%
Hospitals	Educa & Health	70,000	10,800	18%	4%
Transp & Warehousing	Transp & Util	36,500	10,400	40%	14%
Insur Carriers & Related	Finance	33,600	10,000	42%	8%
Accommod & Food	Leisure & Hospitality	82,800	9,000	12%	-6%
Construction & Mining	Const & Mining	40,200	8,600	27%	3%
Wholesale Trade	Wholesale	54,400	7,900	17%	3%
Other Health & Social Asst	Educa & Health	70,300	7,500	12%	2%
Arts, Entertainment, & Rec	Leisure & Hospitality	16,600	3,600	28%	-4%
Management of Companies	Prof & Busi	28,900	3,200	13%	-3%
Private Educa	Educa & Health	34,600	2,900	9%	-6%
Employment	Prof & Busi	24,500	2,800	13%	-21%
Mfg Transp Equipmt	Mfg-Durables	13,000	1,800	16%	-3%
Mfg-Non-Durables	Mfg-Non-Durables	35,700	1,700	5%	0%
Other Admin & Waste Mnmt	Prof & Busi	36,100	1,300	4%	-12%
Other Fin	Finance	21,300	1,000	5%	10%
Mfg Motor Vehicle Parts	Mfg-Durables	7,400	800	12%	-4%
Health/Personal Care Retail	Retail	8,600	800	10%	1%
Other Durable Goods	Mfg-Durables	31,300	400	1%	-3%
Federal Govt	Government	20,300	200	1%	4%
Mfg-Fabricated Metals	Mfg-Durables	25,700	0	0%	-7%
State Govt	Government	7,000	(300)	-4%	-5%
Local Govt-Non Educa	Government	58,200	(600)	-1%	-3%
Utilities	Transp & Util	2,300	(900)	-28%	-15%
Information	Information	14,800	(1,000)	-6%	7%
Genl Merchandise Retail	Retail	18,700	(1,400)	-7%	0%
Primary Metal Mfg	Mfg-Durables	6,200	(1,900)	-24%	-10%
Food & Beverage Retail	Retail	20,800	(2,500)	-11%	-2%
Other Retail Trade	Retail	46,500	(2,500)	-5%	-7%
Finance-Credit Intermed	Finance	17,900	(2,800)	-14%	11%
Other Services	Other Services	38,000	(3,300)	-8%	-5%
Nursing & Resid Care	Educa & Health	29,100	(3,400)	-11%	-12%
Local Govt Educa Svc	Government	47,800	(4,500)	-9%	-8%
Source: BLS, CES					

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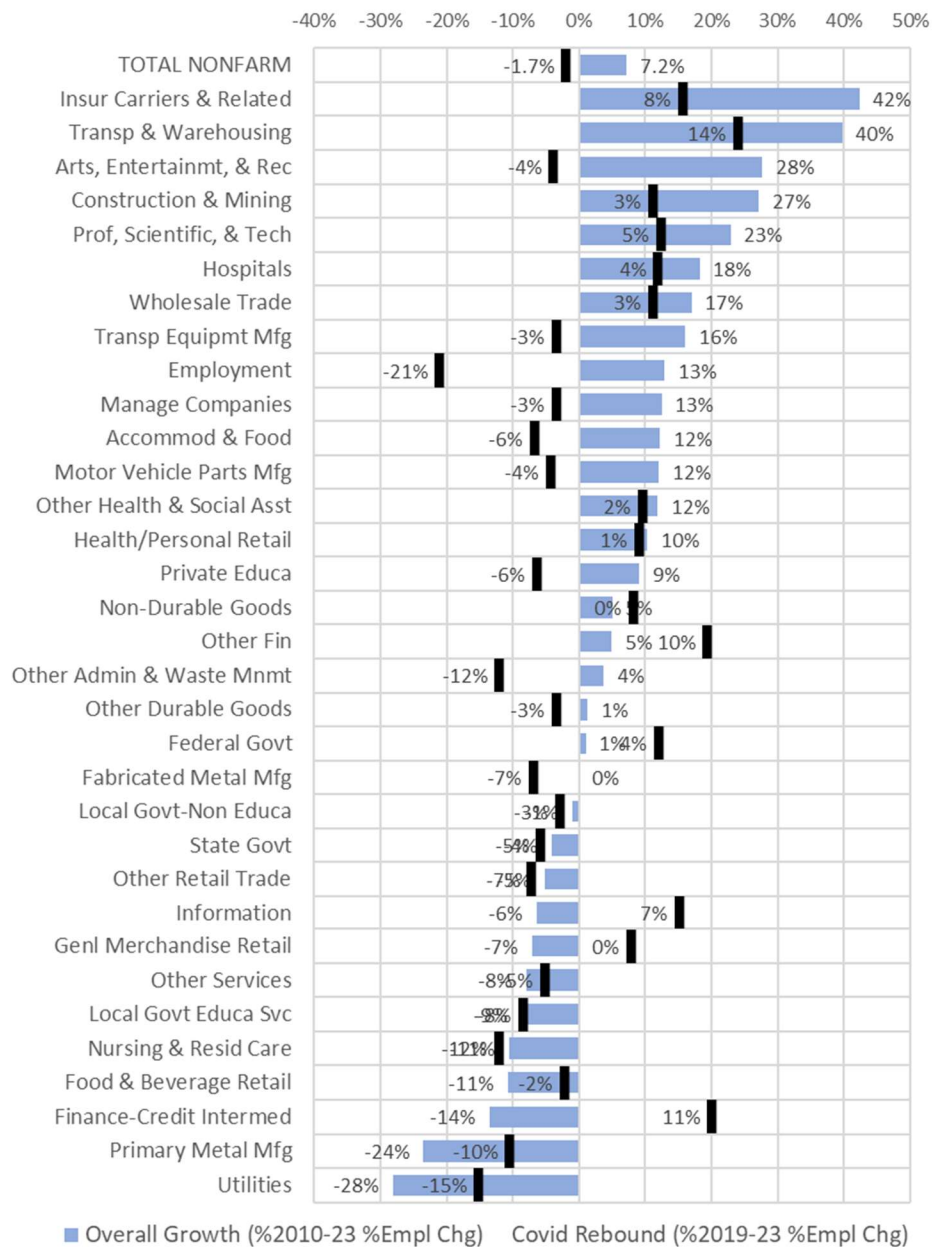
Metro Cleveland Industry Employment Change  
(2010-23)



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Metro Cleveland % Employment Growth  
Overall 2010-23 Growth & Covid 2019-23 Rebound



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