

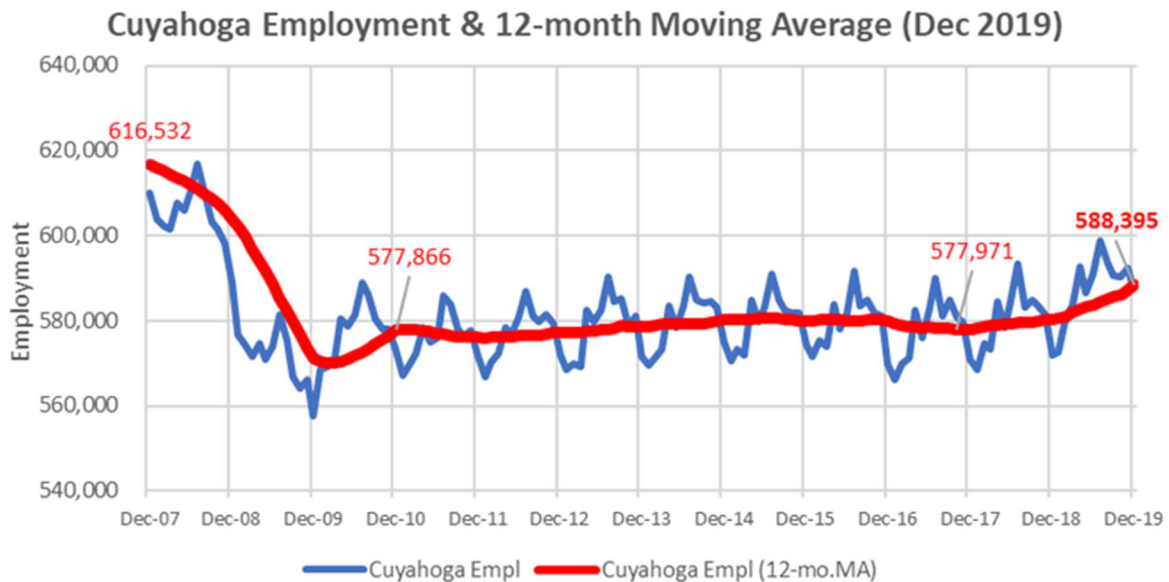
Positive Employment Trends Are Hiding in Plain Sight

By James M. Trutko

For the past two decades, many Clevelanders have experienced real economic losses, leading them to develop a pessimistic outlook about future prospects for the Northeast Ohio economy. However, in the past two years, there appears to be real economic improvement in jobs and unemployment that has perhaps gone unnoticed, and certainly largely unreported, by local media.

The positive news is buried in employment and unemployment reports about Cuyahoga County residents prepared monthly by the Bureau of Labor Statistics. Because the local employment data on Cuyahoga County and local cities is presented without adjustment for seasonal variations, normal summer and winter differences make it very difficult to see what is happening. This arguably explains the lack of local press interest.

But there is a statistical technique that allows one to decode the data and see some remarkably positive news about local job growth and real improvement in unemployment since 2017. Using a 12-month moving average smooths out seasonal variations and shows the underlying positive pattern that began in 2018. Looking at the employment history of Cuyahoga County, one can see clearly the 38,200 drop in employment in the 2008-11 recession, followed by virtually no rebound from 2011 to the end of 2017. Since the beginning of 2018, Cuyahoga County has seen steady employment growth of 10,400.

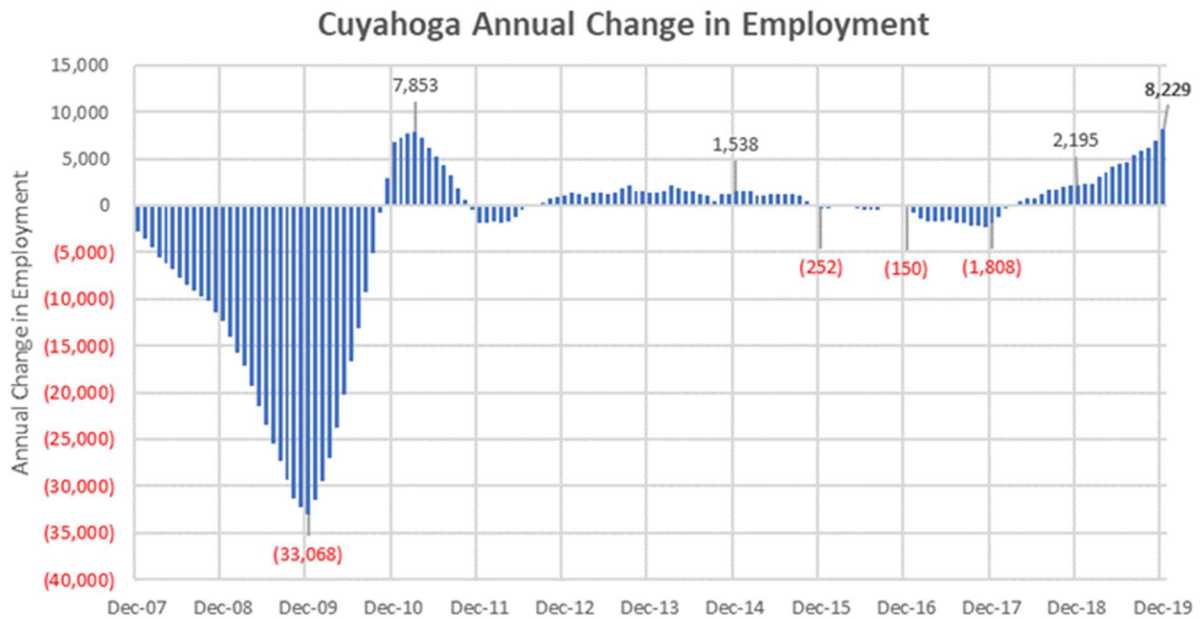


Source: BLS, Local Area Unemployment Statistics. Not seasonally adjusted. December 2019 is preliminary.

When one considers the unusual annual rate of growth, the recent employment change is especially newsworthy. In December 2017, Cuyahoga County residents were losing jobs at an annual rate of -1,800. By December 2019, the annual rate of employment gains had surged to about 8,200, a rate that exceeded the recessionary rebound of 2011-12. In fact, Cuyahoga County had not seen levels of annual job growth this high since 1998, more than two decades ago.

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Source: BLS, Local Area Unemployment Statistics. Dec. 2019 is prel. Annual change is based on 12-month moving average.

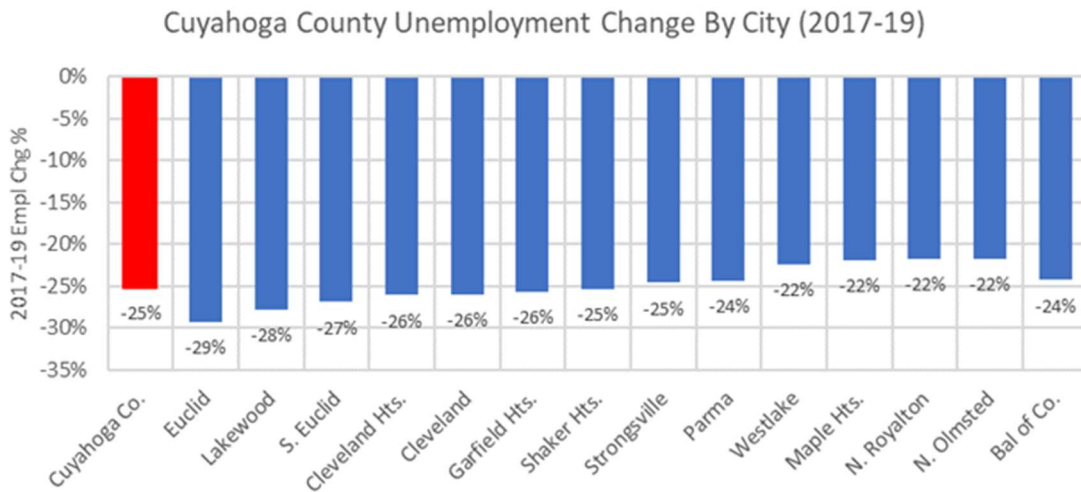
Cuyahoga County's recent job growth is both unusual and significant when placed in a regional context. Expressed in percentage terms, Cuyahoga County's annual growth rate in late 2019 exceeded that of the Midwest region for the first time since 2011. Prior to the brief one-year recessionary rebound, Cuyahoga County's annual growth rate had been lower than the Midwest since at least 1990.

At the same time, there has been a widespread improvement in the unemployment situation in Cuyahoga County. Unemployment decreased significantly after the severe 2008-10 recession before it began to increase after mid-2015. It increased by more than 5,000 before it began to drop in late 2017. Since December 2017, unemployment has dropped by almost 9,000 (-25%). The last time the number of unemployed people in Cuyahoga County was this low was in 2002.

A further illustration of how unusual the unemployment situation is can be seen by looking at the widespread decrease in unemployment in Cuyahoga County's major cities. The number of unemployed residents has decreased by 22% to 29% since December 2017 in every major city in the county (Cleveland, Cleveland Heights, Euclid, Garfield Heights, Lakewood, Maple Heights, North Olmsted, North Royalton, Parma, Shaker Heights, South Euclid, Strongsville and Westlake). In many of these cities, the unemployment rate is at historically low levels.

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It's not clear what has caused these major improvements in the local job market and unemployment situation, but it's possibly the result of three major factors. First, over the past three years, local health care has grown significantly in Cuyahoga County and is likely a major factor. A second local factor may be the change in the national image of Greater Cleveland, which has led to growth of the local tourist, food and entertainment sector. A third factor has been the national economic expansion kicked off by tax cuts and the deregulation policies of the Trump administration. This nonlocal factor has undoubtedly helped strengthen the local manufacturing sector.

There may be other factors which have contributed to the dramatic improvement in job growth and the reduction of unemployment in Cuyahoga County. If local policymakers can recognize the trend, identify the underlying causes and align local economic development policies to support further improvement, Clevelanders may be able to replace their pessimism with some realistic optimism.

Trutko is an economist and market research professional. The lifelong Cuyahoga County resident lives in Rocky River.