Policy Matters Ohio

JOBWATCH

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Ohio loses jobs in September

Unemployment down as labor force shrinks

Today, the Ohio Department of Job and Family Services in partnership with the Department of Labor, released job and unemployment indicators for September. This report was delayed because the federal government shutdown led to a lapse in BLS data releases. October data is not expected to be released due to the pause on data collection during the shutdown. The delayed jobs report shows that Ohio lost jobs for the second month this year, as employers shed 6,200 jobs in September. Unemployment fell to 4.8%, down 0.2 percentage points from August, while the national rate rose by 0.1 percentage points to 4.4%. Inflation ticked up by 0.1 percentage points, from 2.9% in August to 3.0% in September.

The takeaway: Ohio's economy may be showing signs of weakening, with the second month-to-month decline in payroll employment seen this year, despite national growth (+119,000). At the same time, the decline in unemployment was driven by a second consecutive decrease in Ohio's labor force, which could translate to slower economic growth in the future. Despite recent job losses, Ohio has added a total of 69,200 jobs this year. It would take several more months of data indicating a softening labor market to understand whether Ohio is facing an economic slowdown.

"With the delays in the jobs report releases – and the cancellation of October's report – it's virtually impossible to have a comprehensive understanding of evolving economic conditions, preventing policymakers from making informed decisions," said Molly Bryden, researcher with Policy Matters Ohio. "Adding to the uncertainty, the Federal Reserve cut interest rates in November, a divisive decision due to persistent inflation – and according to Fed Chair Jerome Powell, tariffs are the main roadblock to bringing prices down."

The numbers: Seasonally adjusted data released today by the Ohio Department of Job and Family Services (ODJFS) show that Ohio employers reported 5,723,800 jobs in September, down 6,200 jobs from 5,730,000 in August (with a downward revision of 200 jobs). Job losses were felt most acutely in the public sector, driven by losses in state government jobs (-3,900), while federal and local government jobs fell by 100 and 200, respectively. Within the private sector, the service industry showed a net loss of 1,200 jobs, while employment in the goods-producing industries decreased by 800 jobs.

Professional and business service employers gained 3,800 jobs, while educational and health service jobs decreased by 4,000, with steep losses in private educational service jobs (-7,800) and moderate job gains in health care and social assistance (+3,800). Trade, transportation and utilities jobs increased by 2,100, while a 1,400 decrease in accommodation and food service jobs drove losses in the leisure and hospitality sector (-1,800).

"Shrinking demand for accommodation and food services and corresponding job losses, along with rising inflation, could indicate a growing affordability crisis. The employment decline in accommodation and food service sector is troubling, a stark divergence from the

growth seen in higher-paying professional and business service jobs," said Bryden. "The hiring slowdown for accommodation and food service workers – who are often paid a sub-minimum wage – and other lower-paying jobs has concerning implications for widening income inequality, especially if jobs continue to skew toward higher-paying professions.

"Accommodation and food service workers saw job instability just before the federal government shutdown, which disrupted SNAP benefits and HeadStart programming while threatening states' utility bill assistance programs. Since the shutdown also implicated the data collection for October's jobs report, we won't know the extent of the shutdown's impact on Ohio's working families. However, Ohio's job losses overall, coupled with the recent cut to interest rates despite rising inflation, indicates we may be navigating deeper economic uncertainty in the months ahead."

Construction jobs fell by 300 in September, while manufacturers lost 500 jobs, with small losses in durable goods and nondurable goods manufacturing jobs (-300 and -200, respectively).

The household survey: The separate household survey shows that the number of employed Ohioans decreased by 1,000 in September, while unemployment decreased by 8,000. Falling unemployment corresponds with a shrinking labor force, down 9,000 in September, following a decrease of 8,000 in August. As a result, Ohio's labor force participation rate dropped 0.1 percentage points to 62.4%, and the unemployment rate decreased by 0.2 percentage points, from 5.0% in August to 4.8% in September. The national unemployment rate ticked up 0.1 percentage points to 4.4% in September, narrowing the unemployment rate gap between Ohio and the U.S.

"Ohio's unemployment rate fell for the first time in over two years, after steadily rising from 3.4% in June of 2023. However, though falling unemployment is often a positive signal that more Ohioans are finding employment opportunities, this decrease was largely driven by the decline in Ohio's labor force," said Bryden. "Working Ohioans have been retreating from the labor force since June of 2025, with an average decrease of 5,000 over that four-month period. This emerging trend marks a departure from strong growth in Ohio's labor force seen earlier this year, with an average increase of 9,200 Ohioans entering the labor force each month between January and May.

"State lawmakers can – and should – address signs of a weakening labor market by investing in child care, transit, and job training programs that improve labor force participation, while bolstering unemployment benefits for Ohioans facing increasing economic instability. But doing so would require retreating from austerity and tax cuts for the rich."