Policy Matters Ohio

JOBWATCH

April 17, 2026
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Ohio saw job losses in February

Unemployment drops to 4.2%, driven by workers leaving the labor force

Today, the Ohio Department of Job and Family Services (ODJFS), in partnership with the Department of Labor, released job and unemployment indicators for February. Ohio employers shed 5,400 jobs that month. Ohio's unemployment rate ticked down 0.1 percentage points to 4.2%, while the U.S. rate increased to 4.4%, up 0.1 percentage points from January. After holding at 2.4% in February, inflation jumped to 3.3% in March.

The takeaway: Ohio's weak jobs report aligns with national trends. Ohio employment fell by 5,400 in February, following moderate gains in January. January's gains, however, came on the heels of substantial downward revisions to December numbers through the annual benchmarking process, which painted a weak outlook for 2025's job growth overall. The number of working Ohioans in the labor force continues to trend downward, a troubling signal for the resilience of Ohio's economy.

"February's job losses reinforce the stalled growth that we've observed through 2025," said Molly Bryden, researcher with Policy Matters Ohio. "The government shutdown has delayed Ohio's jobs reports for 2026, so while we won't have March's estimates until May, the U.S. jobs report could offer some indication of what we can expect. The U.S. saw stronger job growth than expected in March, offsetting substantial losses in February. National indicators could offer some hope for Ohio, though Ohio often diverges from federal trends. Ohio's economy may be more vulnerable to economic turbulence generated by federal policy decisions; we still lag most states in job growth following the COVID-19 pandemic."

"At the same time, Ohio lacks the robust labor force necessary for maintaining a resilient economy," said Bryden. "As of February 2026, there are 40,000 fewer Ohioans in the labor force — and the U.S. labor force grew by 42,000 over the same period. Ohio's shrinking labor force, coupled with sluggish job growth, could signal that workers are experiencing a weaker economy than what the numbers reflect. Labor force declines can result from several factors. Workers could be retiring, returning to school or training, or they could be discouraged by a lack of good job prospects. The spike in inflation from February to March could further weaken Ohio's economic conditions, particularly for low- and middle-income workers who are facing a growing affordability crisis."

The numbers: According to seasonally adjusted data released today by the ODJFS, Ohio employers reported 5,400 fewer jobs in February, from a downwardly revised 5,673,900 jobs in January to 5,668,500 in February. Monthly estimates are preliminary and subject to revision.

Public sector employees, who make up around 14% of Ohio's employment, are disproportionately represented in February's job cuts: Government employment fell by 3,600,

outweighing the decline in service-providing industry jobs (-3,100), which represent around 69% of total Ohio employment. Professional and business service providers drove losses among service-providing industries (-1,300), followed by the leisure and hospitality sector (-1,200). Public sector losses took place in state and local government employment (-1,500 and -2,600, respectively), while federal government jobs increased by 500.

Construction employers added 1,000 jobs, leading job growth in goods-producing industries (+1,300). Small gains in manufacturing jobs (+800 in durable goods manufacture, -400 in nondurable goods manufacture) were slightly moderated by losses in mining and logging jobs (-100).

“Public sector cuts at the state and federal level could be driving the decline in state and local government employment. Ongoing efforts to slash federal funding — largely targeting key public assistance programs, like SNAP and Medicaid, along with public education funding — could be straining state and local budgets. At the same time, Ohio faces huge constraints on raising adequate state revenue due to changes in tax policy under Ohio’s operating budget for FYs 2026-27, which disproportionately favor the highest-income households and wealthy corporations. Tightened state and federal spending can destabilize local governments’ budgets, while amplifying public sector employment impacts, which has further implications for the availability and delivery of key public supports for Ohio’s working families.”

The household survey: The separate household survey shows that the number of unemployed Ohioans decreased by 4,000, as another 2,000 Ohioans left the labor force, with no change in employment. Typically, it’s possible to track the changes in unemployment, employment, and labor force across each group. This month, there appears to be an unaccounted-for difference of 2,000 across the indicators. Some differences are possible due to rounding, but we’ve been unable to confirm with ODJFS at the time of publication.

Based on the published data, since fewer Ohioans are in the labor force actively pursuing employment, Ohio’s unemployment rate ticked down 0.1 percentage points to 4.2%. The U.S. unemployment rate rose to 4.3%, up 0.1 percentage points from January.

“Lower unemployment, driven by a shrinking labor force, is hardly something to celebrate,” said Bryden. “Ohio’s labor force participation rate still hasn’t recovered to pre-pandemic levels. The exodus of working Ohioans from the labor force has serious implications for our long-term economic growth and could be an indication that Ohio lawmakers’ pro-business posturing isn’t conducive to an economy that works for Ohio’s working families.”