Policy Matters Ohio

JOBWATCH

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Ohio sees sluggish job growth, continued labor force contractions

Today, the Ohio Department of Job and Family Services (ODJFS), in partnership with the Department of Labor, released job and unemployment indicators for August, showing Ohio employers added just 2,100 jobs. Ohio's unemployment rate ticked down from 3.4% in July to 3.3% in August (-0.1 percentage points), as another 10,000 Ohioans exited the labor force. Inflation held at 3.4%, unchanged from July.

The takeaway: Ohio employers added 2,100 jobs in August, following a downward revision to July's numbers (-3,400 from initial estimates). Ohio's job growth appears to be slowing, adding an average of 2,200 jobs over the past three months, lower than average monthly gains made this year to date (+3,163 in each month from January to August 2026, on average). Notably, Ohio jobs have increased by only 9,900 since this time last year. Meanwhile, Ohio's labor force population continued to shrink in August (-10,000 from July). Nationwide, U.S. employers added 162,000 jobs in August – more than doubling economists' initial projections – following upward revisions to June and July estimates (+31,000 from May to June, and +21,000 from June to July).

"Modest job gains in August could signal a hiring slowdown, after revisions to July's estimates revealed overstated job growth," said Molly Bryden, researcher with Policy Matters Ohio. "Revisions to both statewide and national indicators over the past several months make a departure from our recent observations – while downward revisions to Ohio's jobs numbers show weaker growth than initially reported, substantial upward revisions to national estimates show accelerating growth nationwide, reversing job losses shown by preliminary estimates for July.

"However, though the U.S. job market outperformed expectations, its recent rebound signals a recovery from an earlier slowdown, rather than a continued upward trend. Though more data are needed to understand how Ohio's economy is faring compared to the national economy, continued weakness in Ohio's job market could pose further challenges for Ohio's working families, as stubborn inflation continues to strain household budgets."

The numbers: According to seasonally adjusted data released today by the ODJFS, Ohio employers added 2,100 jobs in August, from a downwardly revised 5,686,600 jobs in July to 5,688,700 in August. Goods producers drove job growth (+3,900) for the third consecutive month in August, while private service providers shed 2,200 jobs and public sector employment increased by 400.

Among goods producers, construction employers added 4,600 jobs while manufacturing employers reported 700 fewer jobs in August (-500 and -200 durable goods and non-durable goods manufacturing, respectively). Moderate growth in the trade, transportation, and utilities sector (+3,500) and small gains in the information sector (+500) partially offset losses in other service-providing industries. The private educational and health services sector saw

the steepest losses (-2,100), followed by leisure and hospitality (-1,900), and financial activities (-1,400).

Public sector employment increased by 400 in August, with small growth in state and local government jobs (+200 and +300, respectively), while federal government employment decreased by 100.

Goods producers posted strong job growth in August, maintaining a year-long trend, led by construction job growth. Goods producers have added 30,500 jobs since this time last year (+17,800 construction jobs and +12,500 manufacturing jobs). Conversely, the private service sector as a whole – which represents over two-thirds of Ohio jobs – has been weakening, shedding 10,700 jobs over the same period. The public sector has also seen steep losses over the past year, with 9,900 fewer public sector jobs (-4,600 in federal government employment since August of 2025, -4,300 in state government, and -100 local government).

“Many working families depend on jobs in the service sector to make ends meet,” Bryden said. “Weakness in that sector has concerning implications, especially considering the concurrent erosion of the public sector, which needs a strong workforce to deliver critical public programs and services.

“Drawing Ohioans back into the labor force through targeted, pro-worker policies could stimulate more economic activity in the private sector and reinforce Ohio’s economy. Ohio lawmakers have a range of policy options to connect workers to good jobs with family-sustaining wages – like raising the minimum wage, expanding eligibility for unemployment compensation, and increasing access to affordable childcare and paid family and medical leave. These policy choices are vital to build a diversified economy that works for Ohio’s working families.”

The household survey: The separate household survey shows that 10,000 working Ohioans left the labor force from July to August, as the number of employed Ohioans decreased by 6,000 and the number unemployed decreased by 5,000 (these numbers don’t sum to 10,000 due to rounding). The continued decline in Ohio’s labor force population drove the unemployment rate down to 3.3% (-0.1 percentage points from July), while the labor force participation rate ticked down to 61.3% (-0.1 percentage points), while the national rate rose to 61.6% (+0.2 percentage points).

“Ohio has seen the nation’s largest decrease in statewide unemployment (-1.5 percentage points) since January of 2025. However, lower unemployment isn’t always a positive sign – over the same period, Ohio’s labor force level has shrunk by 1.9%: the 10th-largest decrease in the country. As of August 2026, there are 95,000 fewer Ohioans in the labor force than there were this time last year, despite a 39,000 increase in the working age population. While there are 100,000 fewer unemployed Ohioans in the labor force actively looking for work, employment is up by only 5,000 since August of 2025.

“Although the business establishment survey continues to show slow but relatively steady job growth in 2026 – an encouragement after 2025’s losses – the separate household survey paints a more troubling picture. As more working Ohioans exit the labor force, the dwindling labor force participation rate – which dipped below the U.S. rate for the first time in 2026 – could have consequences for Ohio’s long-term economic resilience.”