Policy Matters Ohio

JOBWATCH

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September jobs report reveals losses as unemployment ticks up

Today, the Ohio Department of Job and Family Services (ODJFS), in partnership with the Department of Labor, released job and unemployment indicators for September, showing Ohio employers shed 5,000 jobs. Ohio's unemployment rate ticked up from 3.3% in August to 3.4% in September (+0.1 percentage points). Inflation rose to 3.7% in September, up 0.3 percentage points from 3.4% in August.

The takeaway: Ohio employers reported 5,000 fewer jobs in September, offsetting an upward revision to August's numbers (+4,600 from initial estimates). The separate household survey showed an increase in Ohio's unemployment rate, as the number of unemployed Ohioans rose by 1,000 and 4,000 Ohioans exited the labor force. September's weak jobs report reinforces signs of a hiring slowdown in 2026: Month-to-month job gains have averaged only 1,800 since January.

The numbers: After several consecutive months of steady growth, goods producers shed 4,800 jobs in September, offsetting August's gains (+4,500). Among goods-producing industries, construction jobs decreased by 3,100, while manufacturing jobs fell by 1,800 (-2,500 in durable goods manufacturing jobs and +700 in non-durable goods). Private service providers added 3,000 jobs in September, driven by growth in private education and health services jobs (+2,800), while most service-providing industries saw little change. Declining local government employment (-3,000) represents most of September's public sector losses, with a small decrease in state government jobs (-200).

"It's too soon to tell whether the slowdown in construction and manufacturing industries is a blip or the beginning of a downward trend – preliminary monthly estimates often see substantial revisions in the following months," said Molly Bryden, researcher with Policy Matters Ohio. "Despite goods producers' recent losses, construction and manufacturing employers have driven job growth over the last year, adding 27,500 jobs since this time last year, while service sector growth has stalled (-500 since September 2025) and public sector employment has fallen by 8,300.

"Overall, however, the service sector is showing clearer signs of weakening. Although service providers added jobs in September, most of this growth took place in private education and health services, largely due to an increase in healthcare and social assistance jobs (+2,500) – which failed to make up for losses over the prior two months (-4,600). Stalled growth in the service sector – which represents around 69% of Ohio jobs – has troubling implications for Ohio's economy.

"Stubborn inflation could have a compounding effect on economic conditions faced by Ohio's working families. Rising costs could play a role in decreasing discretionary household spending in order to afford the necessities, while lower economic activity in the private

service sector could be contributing to the hiring slowdown – decreasing employment opportunities, in turn."

The household survey: The separate household survey shows that 4,000 working Ohioans left the labor force from August to September, as the number of employed Ohioans decreased by 5,000 and the number unemployed increased by 1,000. The reduction in Ohio's labor force took place despite a 4,000 increase in the working age population, driving Ohio's labor force participation rate down to 61.2% (-0.1 percentage points), while the U.S. rate ticked up 0.2 percentage points to 61.8%. Ohio's unemployment rate increased to 3.4% in September (+0.1 percentage points from August), after steadily decreasing for over a year due to labor force contractions.

"Ohio's labor force has been dwindling since June of 2025, driving down Ohio's unemployment rate," said Bryden. "In September, Ohio's labor force continued to shrink, but employment decreased and unemployment increased, leading to an uptick in the unemployment rate for the first time since July of 2025. Combined with inflation and lackluster growth, this should be an early-warning signal to lawmakers. Federal and state lawmakers must re-prioritize and focus on worker supports to draw people back to the labor force, expand pathways to quality jobs with family-sustaining wages, and restore affordability through shared prosperity – rather than pushing 'pro-business' policies that leave working families behind."