Policy Matters Ohio

JOBWATCH

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Ohio's labor force expands as job growth beats expectations

Today, the Ohio Department of Job and Family Services (ODJFS), in partnership with the Department of Labor, released job and unemployment indicators showing Ohio employers added 13,500 jobs in October. Ohio's labor force grew in October, pushing the labor force participation rate up to 61.3% (+0.1 percentage points).

The takeaway: Ohio saw substantial job gains last month, adding 13,500 jobs in October following an upward revision to September's estimates (+1,100 from initial estimates, -3,900 from August). Ohio's labor force expanded for the first time in nearly a year and a half, though it will take continued labor force growth to recover significant losses seen over that period (-95,000 from May 2025 to October 2026). Ohio's unemployment rate held at 3.4%, unchanged from September.

"After displaying some potential weakness in September, Ohio's economy appeared to rebound with strong job growth in October," said Molly Bryden, researcher with Policy Matters Ohio. "Ohio tracked national trends, which exceeded economists' expectations last month. Economic indicators provided by the business establishment and household surveys – which often display diverging trends – offer a more positive outlook for Ohio's economy than we've seen in recent data.

"Other measures continue to indicate Ohio's working families are not faring as well as jobs and unemployment data would suggest," said Bryden. "Increasing energy costs – due to the Iran war and unprecedented growth in electricity demand driven by AI data centers – have been a major contributor to rising inflation, putting undue strain on household budgets. Increased costs of living and slow wage growth could be responsible for decreasing consumer confidence, which is approaching historic lows. Nationwide, rising household credit card balances suggest families are taking on more debt just to make ends meet. Meanwhile, in Ohio, the share of delinquent mortgages and foreclosures has increased by 17% from this time last year. And while the Fed may increase rates to address short-term concerns about inflation, rising household debt balances have concerning implications for working Ohioans' economic stability in the long term."

The numbers: The public sector drove job growth in October (+9,500), largely due to the increase in local government employment (+8,900), with small gains in state (+400) and federal government employment (+200).

Private service providers posted moderate gains (+2,700), driven by the trade, transportation, and utilities sector (+2,200). Professional and business service providers and the leisure and hospitality sector and saw moderate gains (+1,400 and +1,100, respectively), while private education and health service providers shed 1,600 jobs.

Goods-producers added 1,300 jobs, with an additional 1,000 construction jobs and 300 manufacturing jobs. Growth in durable goods manufacturing jobs (+1,400) offset losses in non-durable goods (-1,100).

“October’s job gains made up for September’s losses and then some,” said Bryden. “Importantly, surprising growth in local government employment represents most of Ohio’s job gains in October. Deeper analysis is necessary to understand what’s contributed to the significant jump in local government jobs – which have increased by around 530 in each month of this year, on average – though temporary election work could be inflating these numbers.”

The household survey: The separate household survey shows that Ohio’s labor force population increased by 14,000, as the number of employed Ohioans increased by 12,000 and the number unemployed increased by 3,000 (these numbers don’t sum to 14,000 due to rounding). The labor force participation rate ticked up 0.1 percentage points, from 61.2% in September to 61.3% in October – still below the U.S. rate of 61.9%. Ohio’s unemployment rate held at 3.4%.

“This is the first time Ohio has seen labor force growth since May of 2025,” said Bryden. “However, Ohio’s labor force has sustained significant losses since then – there’s still 95,000 fewer Ohioans in the labor force than there were in May of 2025. It’s unclear whether October marks the start of a reversal to consistent labor force contractions that have taken place for nearly a year and a half, or if recent labor force growth is a one-off occurrence.”

“The increase in household employment levels, along with recent job gains and labor force growth, are positive signs for Ohio’s economy. However, continued efforts to draw Ohioans back into the labor force – and to connect them to good jobs with family-sustaining wages – is critical for building an economy that works for working Ohioans and bolstering long-term economic growth.”