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Northeast Ohio Economic Brief

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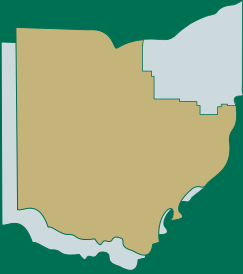
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Northeast Ohio Employment and Wage Trends

ECONOMIC BRIEF

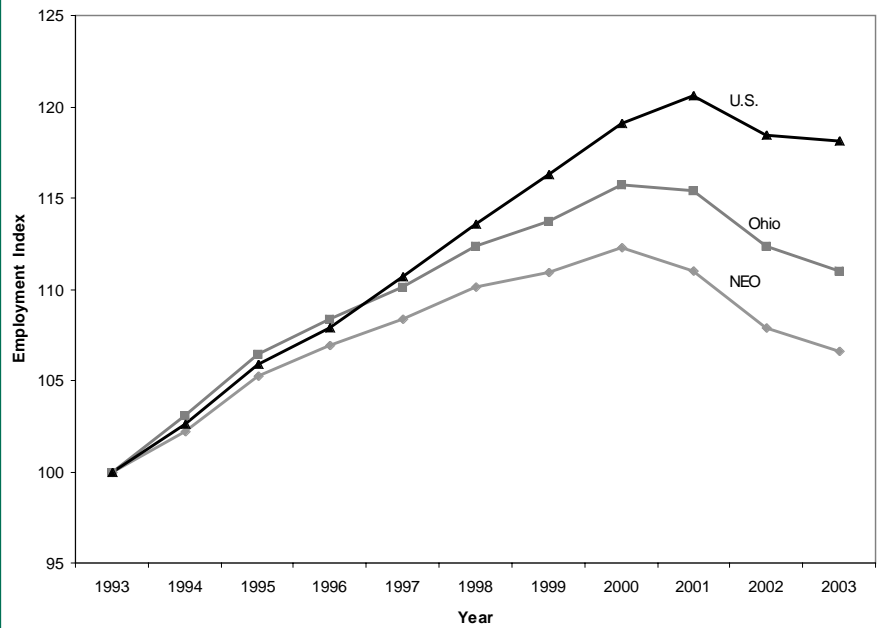


This brief is the first release of a quarterly publication that will provide a broad overview of employment and wage trends for Northeast Ohio (NEO). Its objective is to provide a quick, current, and informative report of the region's jobs. NEO is defined as a 14-county area, which is composed of four metro areas—Cleveland, Akron, Canton, and Youngstown—and three additional adjacent counties (Ashtabula, Columbiana, and Wayne). This brief begins with longer-term analysis followed by short-term trends from the year 2000 using the 20 two-digit industrial sectors of the North American Industrial Classification System (NAICS).

Since 1997, the national employment growth rate has outpaced that of both Ohio and NEO...

Figure 1 reveals that although NEO's employment trends followed those of Ohio and the nation, NEO's rate of growth was much lower. Between the first quarter of 1993 and the first quarter of 2003, the region's employment grew by 6.6 percent compared to 11 percent in Ohio and 18.1 percent in the U.S. Ohio grew faster than NEO each year. However, the U.S. rate of growth was lower than Ohio's in 1994-1996, which was a slow growth period for the national economy. Since 1997, the national employment growth rate has outpaced that of both Ohio and NEO, widening the gap. Both Ohio and NEO began to lose jobs a year before the U.S., and during 2001-2003, the most recent period of employment losses, NEO lost jobs at a higher rate (-4.0%) than Ohio (-3.8%) and the nation (-0.2%).

Figure 1: NEO Total Employment Index, Q1 1993 - Q1 2003
Q1 1993=100



Northeast Ohio Research Consortium



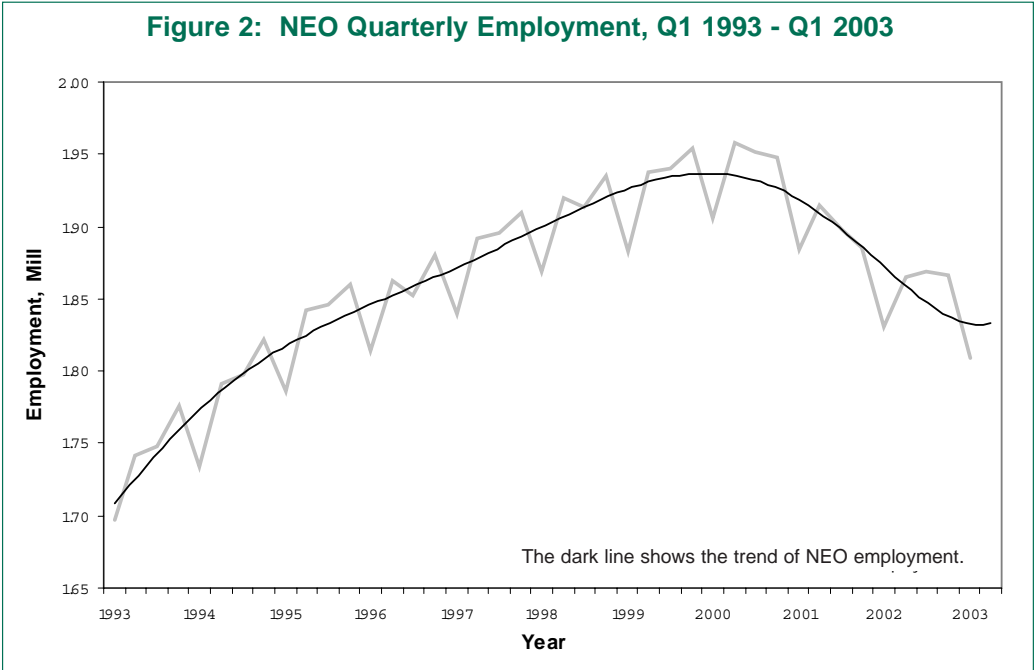
U.S. Economic Development Administration

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The brief is produced by the Center for Economic Development at Cleveland State University's Maxine Goodman Levin College of Urban Affairs. To contact the Center for Economic Development call (216) 687-6947.



Figure 2 illustrates quarterly employment trends from 1993 through 2003 (the last year for which data are available). Each year, fourth quarter employment is higher than that of the subsequent first quarter due to seasonal employment. Total employment in Northeast Ohio increased from 1993 through the second quarter of 2000, reaching a peak of 1.96 million. Employment declined thereafter. However, the trend line reveals that the rate of decline slowed in 2002, although total employment in the first quarter of 2003 was the lowest since 1995.



By 2003, NEO had 1.8 million employees. Among the 20 industries, the largest industrial sector is Manufacturing, which accounts for 17 percent of all regional jobs. Even after the drastic declines of more than 73,000 jobs during the past three years, NEO manufacturing companies still employed about 307,700 people.

Table 1 reveals that Manufacturing still accounts for a larger share of employment in NEO compared to Ohio and the U.S. Health Care and Social Assistance, a growing sector, employed 259,000 people and accounted for 14.3 percent of all jobs in NEO; a much higher share than the nation's 12.1 percent. Three sectors account for a significantly smaller share of NEO's job base than they do in the U.S. These include Construction; Professional, Scientific, and Technical Services; and Public Administration. As a result of NEO losing manufacturing jobs at a higher rate than Ohio, the mix of industries in NEO is becoming similar to that of the state.

Table 1: Industrial Sector Shares in Comparison to Ohio and the U.S., Q1 2003

| Major Economic Sector (NAICS) | NEO | | Ohio | U.S. |
|---|----------------|-----------------------|-----------------------|-----------------------|
| | # of Employees | % of total Employment | % of total Employment | % of total Employment |
| Manufacturing | 307,704 | 17.0 | 16.5 | 11.6 |
| Health Care and Social Assistance | 259,028 | 14.3 | 13.4 | 12.1 |
| Retail Trade | 210,617 | 11.6 | 11.8 | 11.6 |
| Educational Services | 155,877 | 8.6 | 8.8 | 9.3 |
| Accommodation and Food Services | 135,138 | 7.5 | 7.7 | 7.9 |
| Administrative and Support and Waste Management and Remediation | 95,306 | 5.3 | 5.5 | 5.8 |
| Finance and Insurance | 84,750 | 4.7 | 4.5 | 4.6 |
| Wholesale Trade | 83,077 | 4.6 | 4.5 | 4.4 |
| Professional, Scientific, and Technical Services | 79,106 | 4.4 | 4.5 | 5.4 |
| Construction | 69,734 | 3.9 | 4.1 | 5.1 |
| Public Administration | 68,678 | 3.8 | 4.2 | 5.6 |
| Transportation and Warehousing | 63,830 | 3.5 | 3.7 | 4.0 |
| Other Services (except Public Administration) | 60,668 | 3.4 | 3.3 | 3.4 |
| Information | 38,606 | 2.1 | 2.2 | 2.7 |
| Management of Companies and Enterprises | 31,236 | 1.7 | 1.7 | 1.3 |
| Real Estate and Rental and Leasing | 24,293 | 1.3 | 1.3 | 1.6 |
| Arts, Entertainment, and Recreation | 23,283 | 1.3 | 1.1 | 1.5 |
| Utilities | 11,137 | 0.6 | 0.7 | 0.7 |
| Agriculture, Forestry, Fishing, and Hunting | 3,536 | 0.2 | 0.2 | 0.8 |
| Mining | 2,304 | 0.1 | 0.2 | 0.4 |
| TOTAL | 1,808,602 | 100.0 | 100.0 | 100.0 |

Figure 3: NEO Employment Change by Major NAICS Sectors, Q1 2000 - Q1 2003

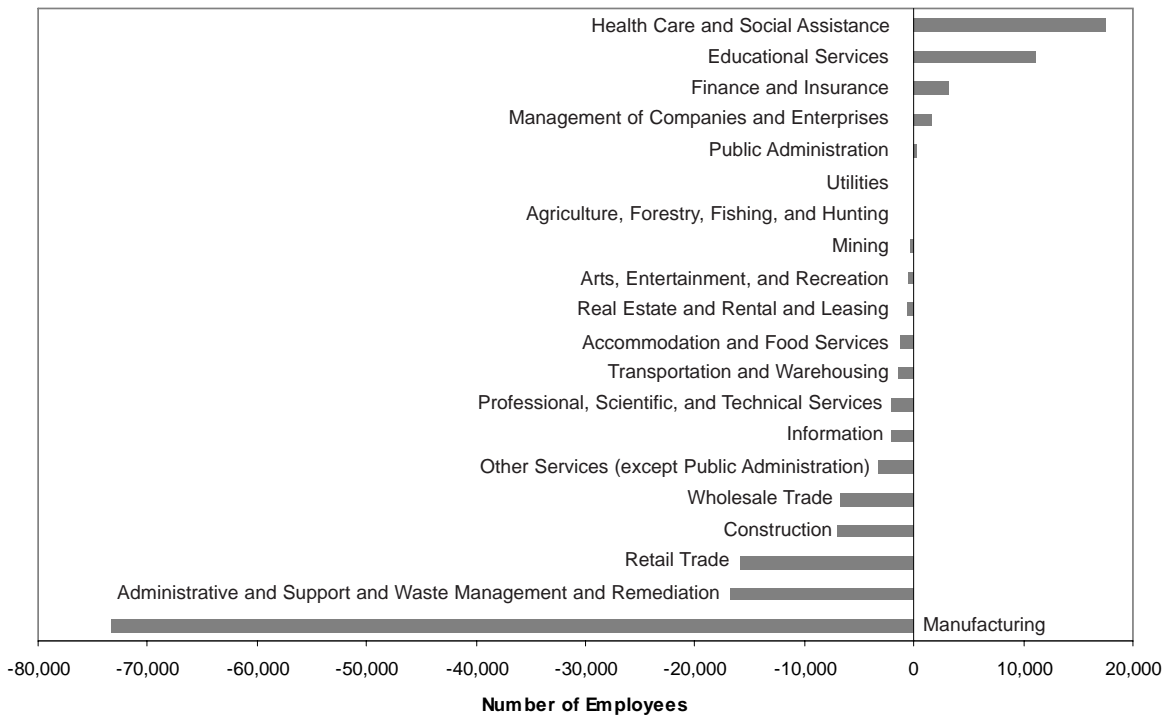
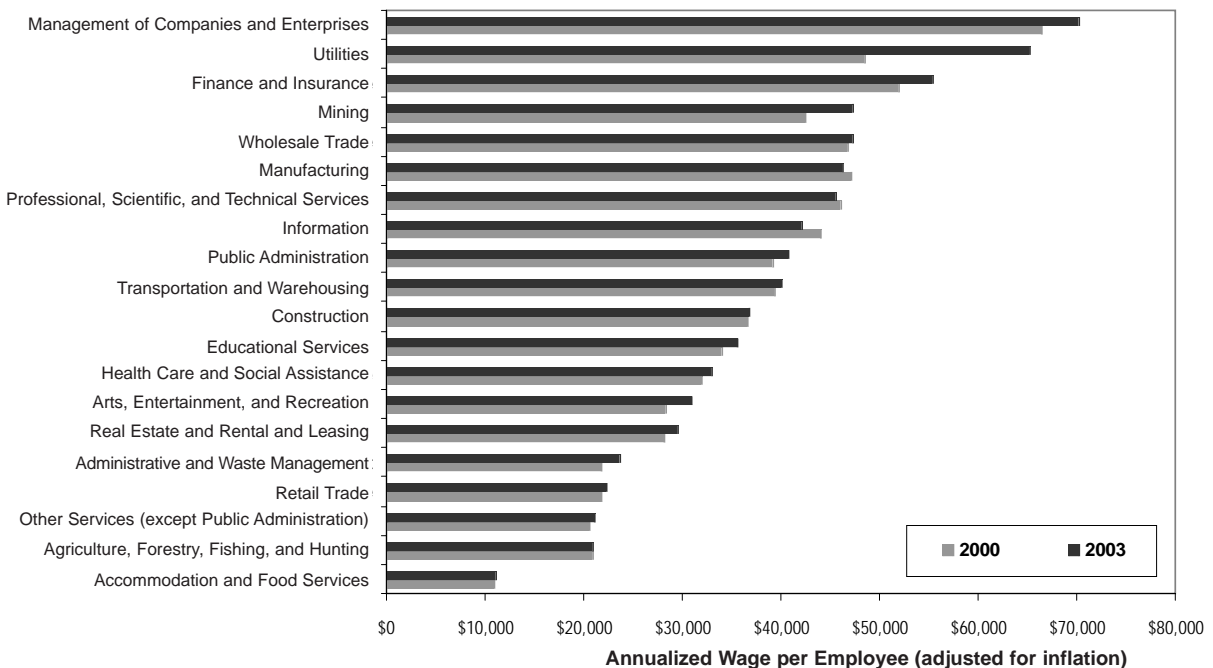


Figure 3 shows changes in total employment by the 20 industrial sectors. Overall, NEO lost over 97,000 jobs between the first quarter of 2000 and the first quarter of 2003. However, six industries added jobs. The four industries with sizeable job gains were Health Care and Social Assistance (17,500), Educational Services (11,200), Finance and Insurance (3,200), and Management of Companies and Enterprises (1,700). These gains were more than offset by losses in all other industries. The largest losses occurred in Manufacturing (-73,300), Administrative and Support Services and Waste Management and Remediation (-16,700), and Retail Trade (-15,900).

The four industries with sizeable job gains were Health Care and Social Assistance, Educational Services, Finance and Insurance, and Management of Companies and Enterprises.

Another critical measure of economic activity is average wage. Figure 4 shows both the average wages in each of the main 20 sectors and the change over the three-year period. In 2003, the three highest-paying industries were Management of Companies and Enterprises (\$70,100), Utilities (\$65,150), and Finance and Insurance (\$55,300). However, these three sectors combined accounted for only seven percent of all employees. Manufacturing is an industrial sector that is both large (17 percent of all employees) and pays relatively high wages (\$46,200). Health Care and Social Assistance, the second largest industrial sector, paid an average wage of \$33,000.

Figure 4: NEO Annual Average Wage Change by Major NAICS Sectors, Q1 2000 - Q1 2003



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This brief will be updated with data for the first quarter of 2004 as soon as it becomes available. Please share your comments regarding this brief with **Dr. Ziona Austrian**: ziona@urban.csuohio.edu. An electronic version of this brief (in PDF format) is available via Cleveland State University's Center for Economic Development website.

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Table 2: NEO Total Employment by Region, Q1 2000 - Q1 2003

| | Q1 2000 | Q1 2003 | Change | % Change |
|-------------------------------------|------------------|------------------|----------------|-----------------|
| Ohio | 5,413,620 | 5,192,313 | -221,307 | -4.1 |
| NE Ohio | 1,905,817 | 1,808,602 | -97,216 | -5.1 |
| Cleveland-Lorain-Elyria PMSA | 1,094,164 | 1,030,549 | -63,616 | -5.8 |
| Cuyahoga | 806,321 | 752,267 | -54,054 | -6.7 |
| Geauga | 31,237 | 31,136 | -100 | -0.3 |
| Lake | 100,151 | 94,653 | -5,497 | -5.5 |
| Lorain | 104,557 | 98,298 | -6,258 | -6.0 |
| Medina | 51,900 | 54,194 | 2,294 | 4.4 |
| Akron PMSA | 313,547 | 306,540 | -7,007 | -2.2 |
| Portage | 51,012 | 50,107 | -905 | -1.8 |
| Summit | 262,534 | 256,433 | -6,101 | -2.3 |
| Canton-Massillon MSA | 177,916 | 170,385 | -7,531 | -4.2 |
| Carroll | 6,327 | 5,353 | -974 | -15.4 |
| Stark | 171,590 | 165,032 | -6,557 | -3.8 |
| Youngstown-Warren MSA | 202,993 | 188,111 | -14,882 | -7.3 |
| Mahoning | 109,197 | 102,726 | -6,471 | -5.9 |
| Trumbull | 93,796 | 85,385 | -8,411 | -9.0 |
| Rural Counties | 117,197 | 113,017 | -4,180 | -3.6 |
| Columbiana | 34,469 | 32,869 | -1,600 | -4.6 |
| Wayne | 47,581 | 47,394 | -187 | -0.4 |
| Ashtabula | 35,147 | 32,753 | -2,393 | -6.8 |

Overall, the average wage in NEO remained stable, while many of the individual industrial sectors experienced rising average wages between 2000 and 2003. Industries that employed more than 50,000 people and increased average wages by at least \$1,000 include Finance and Insurance, Administrative and Support and Waste Management and Remediation, Public Administration, Educational Services, and Health Care and Social Assistance. Three industries experienced reduced average wages: Information; Manufacturing; and Professional, Scientific, and Technical Services.

Most of this brief describes employment and wages for NEO as one region. It is obvious that this analysis masks differences

among the region's metropolitan areas and counties. **Table 2** highlights these differences in terms of total employment. During this recessionary period, all counties and metro areas lost employment except for Medina County, which reported a 4.4 percent gain. The number and rate of jobs lost (or gained) depends primarily on the area's size and industry mix. The Youngstown and Cleveland metro areas lost employment at the highest rates, 7.3 percent and 5.8 percent, respectively. Cuyahoga, Lake, and Lorain Counties contributed to the decline in the Cleveland metro area. Both Mahoning and Trumbull Counties caused the losses in the Youngstown area. The losses in the Akron metro area and its counties were smaller.