State of the Region Address 2014

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Introduction

- Regional Profile
- Focus on Firms
- Recent Performance
- Policy Implications
Our Region

- Jobs Ohio 17 County region in NW Ohio
- 7,356 Sq. Miles (18% of Ohio)
- Population: 1,230,725
- Labor force* 600,000
- Employment * 554,100
- Unemployment * 45,900
- Unemployment Rate * 7.7%

* January 2014
Region

• Gross Regional Product = $51.3 billion (10.2% of Ohio GSP*)

• 373 industry categories (approx. 500 max)

• 75% of possible industries

U.S. Department of Commerce, BEA 2011
# Top Ten Industries by Employment

<table>
<thead>
<tr>
<th>Description</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food services and drinking places</td>
<td>47,806</td>
<td>$768,504,400</td>
<td>$2,398,121,000</td>
</tr>
<tr>
<td>* Employment and payroll only (state &amp; local govt, non-education)</td>
<td>39,755</td>
<td>$1,937,548,000</td>
<td>$2,225,516,000</td>
</tr>
<tr>
<td>* Employment and payroll only (state &amp; local govt, education)</td>
<td>36,070</td>
<td>$1,861,817,000</td>
<td>$2,133,352,000</td>
</tr>
<tr>
<td>Private hospitals</td>
<td>26,095</td>
<td>$1,416,247,000</td>
<td>$3,114,304,000</td>
</tr>
<tr>
<td>Wholesale trade businesses</td>
<td>21,301</td>
<td>$1,220,606,000</td>
<td>$3,368,742,000</td>
</tr>
<tr>
<td>Nursing and residential care facilities</td>
<td>20,537</td>
<td>$613,038,700</td>
<td>$1,117,080,000</td>
</tr>
<tr>
<td>Employment services</td>
<td>20,438</td>
<td>$497,253,500</td>
<td>$702,546,200</td>
</tr>
<tr>
<td>Offices of physicians, dentists, and other health practitioners</td>
<td>19,286</td>
<td>$1,437,095,000</td>
<td>$2,275,662,000</td>
</tr>
<tr>
<td>Motor vehicle parts manufacturing</td>
<td>16,133</td>
<td>$1,146,278,000</td>
<td>$7,542,248,000</td>
</tr>
<tr>
<td>Retail Stores - General merchandise</td>
<td>15,547</td>
<td>$371,215,900</td>
<td>$841,296,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>262,968</strong></td>
<td><strong>$11,269,603,500</strong></td>
<td><strong>$25,718,867,800</strong></td>
</tr>
</tbody>
</table>

IMPLAN 2011
## Education Attainment Age 25+ (2013)

<table>
<thead>
<tr>
<th>Degree Level</th>
<th>Region Number</th>
<th>Region Percent</th>
<th>United States Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School</td>
<td>320,814</td>
<td>39.3%</td>
<td>28.9%</td>
</tr>
<tr>
<td>Associate Degree</td>
<td>69,915</td>
<td>8.6%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>101,522</td>
<td>12.4%</td>
<td>17.6%</td>
</tr>
<tr>
<td>Graduate Degree</td>
<td>58,717</td>
<td>7.2%</td>
<td>10.3%</td>
</tr>
</tbody>
</table>
Firms in Region

- 63,672 firms in region (represents 10% of Ohio firms)
  - 3,165 manufacturing firms (4.9% of region)
  - 5,012 Agriculture (7.8% of region)
  - 5,579 Professional and scientific (8.8% of region)
  - 122 Motor vehicle parts manufacturing (0.19%)

Firm level data from Hoovers (a D&B Company)
Firms in Region

• Most firms in our region are small firms
  – 52,490 have 10 employees or less (82.4%)
  – 2,137 greater than 50 workers (3.3%)
  – 601 greater than 125 workers (1%)

• 711 (1.1%) Small to mid sized ($10m to $1b sales)

Firm level data from Hoovers (a D&B Company)
Region’s Firms

• 63,672 firms in region
  ▪ 1,619 Headquarters (2.5%)
  ▪ 7,305 branch plants (11.5%)
  ▪ 2,158 public or owned by a public firm (3.4%)
  ▪ 433 firms export
  ▪ 436 firms import
  ▪ 152 both import and export

Firm level data from Hoovers (a D&B Company)
D&B Risk Analysis

- **D&B Prescreen** -- Prescreen Scores predict the likelihood of a firm paying in a severely delinquent manner (90+ days past terms) over the next 12 months.

<table>
<thead>
<tr>
<th></th>
<th>Region</th>
<th>Ohio</th>
<th>US</th>
<th>Toledo MSA</th>
<th>Region WO/MSA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High Risk</strong></td>
<td>7.6%</td>
<td>7.6%</td>
<td>2.5%</td>
<td>9.6%</td>
<td>5.7%</td>
</tr>
<tr>
<td><strong>Medium Risk</strong></td>
<td>4.4%</td>
<td>4.7%</td>
<td>3.4%</td>
<td>5.2%</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Low Risk</strong></td>
<td>88%</td>
<td>87.7%</td>
<td>94.1%</td>
<td>85.2</td>
<td>90.8%</td>
</tr>
</tbody>
</table>
Region’s Public Firms

Marathon Petroleum Corporation (MPC)
Owens-Illinois, Inc. (OI)
Dana Holding Corporation (DAN)
The Andersons, Inc. (ANDE)
Owens Corning (OC)
Cooper Tire & Rubber Company (CTB)
Health Care REIT, Inc. (HCN)
Libbey Inc. (LBY)
MPLX LP (MPLX)
First Defiance Financial Corp. (FDEF)
SB Financial Group, Inc. (SBFG)
Croghan Bancshares, Inc. (CHBH)
United Bancshares, Inc. (UBOH)
Commercial Bancshares, Inc. (CMOH)
The Ohio Art Company (OART)
Community Investors Bancorp, Inc. (CIBN)
Axion International Holdings, Inc. (AXIH)
N-Viro International Corporation (NVIC)
Regional Performance

The Sky is Falling?

Or

Steady Progress?
Post Recession Performance

Unemployment Rate

[Graph showing the trend of unemployment rate from Jul 09 to Jan 14, with a noticeable decline over time]
Post Recession Performance

Unemployment Rate
Local Large Public Firms

- 63% (10/16) showed a negative revenue growth in 2013
- 43% (6/14) showed a negative employment growth in 2013

Firm level data from Hoovers (a D&B Company)
Employment and Labor Force
A Closer Look

• Employment
  ▪ 6,600 Jobs were created since 2009
  ▪ 1.18% regional employment growth (U.S. 4.66%)
  ▪ Net change in employment 2007-2014 -40,800

• Labor force
  ▪ 23,000 left the labor force since 2009
  ▪ 32,000 left the labor force since 2007
Employment and Labor Force
2000 to Present
Employment and Labor Force 2000 to Present
Post Recession Performance

Labor force

Employment
Policy Implications
Recommendations

• Focus on retention and expansion of SME companies ($10 million to $1 billion)
  – SME gained employment during the recession
  – SME outperformed others post-recession
    • 3.8% growth vs 2.8% small firms and 0.8% large firms

• Productivity gains will continue to displace manufacturing workers

• Our future is not shop floor manufacturing employment—stop smokestack chasing

• We must diversify the economy
Over the Horizon

• Department of Defense Office of Economic Adjustment
• Global growth is slowing (China, India, Brazil, Europe)
• Washington, D.C. environment is still very difficult
• New tools for the national toolbox?
Thank You

Michael C. Carroll

Center for Regional Development