

Left Behind: State of Working Ohio 2015

Executive summary

Productivity isn't enough: America's economy is expanding, but almost all of us are being left out of that growth. Nationwide, productivity grew 238 percent between 1948 and 2014, while average worker compensation grew only 109 percent. This is in stark contrast to the middle of the twentieth century when productivity and compensation both roughly doubled. Ohio's economy has grown less quickly than the nation's, but has still grown much more than our compensation, which has gone backward since 1979 on average. Ohio productivity rose 66.9 percent between 1979 and 2014 while inflation-adjusted hourly compensation over that period actually fell, by 1.1 percent.

Ohio needs jobs: More than six years into the official recovery from the last recession, Ohio has not yet recovered the jobs we lost. The country as a whole and most states passed that threshold over a year ago. Ohio had 35,400 fewer jobs in June 2015 than when the recession officially started in December 2007, a 0.7 percent loss. The nation added 2.5 percent to its job base over that period. Ohio has underperformed the nation over various time periods – since June 2005 when Ohio passed tax cuts targeted to the wealthiest in the name of job creation; since January 2011 when John Kasich became governor; since December 2007, when the recession started; and over the last year, since July 2014. By June 2015, the most recent revised data available, we had 5,384,200 jobs in Ohio, still more than 240,000 jobs shy of 2000, the peak job year.

Leaving the labor market: Ohio labor force participation rose steadily through the '80s and '90s but has shrunk since 2003. By June it was 62.8 percent, lower than at any time since 1979. Since the recession began, Ohio's labor force has shrunk by 236,000 (through June).

Unemployment improves: Overall unemployment in Ohio and the nation are half what they were at the heights of the recent recession. Ohio's black workers struggled with a much higher rate: At 11.9 percent, Ohio's African-American unemployment rate was well over twice that facing white workers (4.7 percent) for 2014 (state level demographic unemployment data available only at year end). Though both men and women experienced high unemployment in the recent recession, men's job loss was worse. Both had much better rates of unemployment by July, and they are closer together, at 5.9 percent for men and 5.2 percent for women.

Out of control inequality: The top one percent of Ohioans had an average income of more than \$852,000 in 2012, while the bottom 99 percent of Ohioans combined had an average income of just over \$40,000. Inequality is even higher at a national level.

Wages in quicksand: Ohio's median wage, once more than 8.7 percent above that of the nation, was over 5 percent less than the national in 2014. Ohio's median wage dipped slightly last year to \$16.05 an hour and remains lower than in all but eight of the last 36 years, adjusted for inflation. This is at the heart of what remains wrong with the Ohio labor market – regular Ohioans are left out of our productivity growth. The entire bottom 80 percent of the earnings spectrum is earning less than comparable workers did in 1979, adjusted for inflation.

Gender gap: Men still earn \$3.30 more each hour than women do at the median in Ohio. The gender wage gap has gotten smaller but much of that is due to male wage decline. The median female worker has gone from earning about 60.5 percent of the median male to 81.6 percent since 1979. Women earned \$14.64 per hour at the median in 2014, compared to \$17.94 for men.

Race woes: Ohio's racial wage gap has widened. Black workers earned over 90 percent of what white workers earned per hour in 1979; by last year that ratio was just over 75 percent. White workers earned \$16.87 an hour at the median in 2014, down from a peak of \$17.81 in 2002. Black worker wages in Ohio have plunged, never recovering to their 1979 level of \$15.90 in 2014 dollars. Last year, Ohio's median black worker earned just \$12.81 an hour, a more than \$3 hourly pay cut since the peak a few decades ago.

Unions help: Unionized workers earned about 32 percent more than non-union workers in 2014, \$20.17 an hour compared to \$15.27. Unions help workers of all demographic groups.

Education issues: Ohioans with at least a bachelor's degree earned \$24.90 in 2014, while those without a high school degree earned only \$9.94 that year at the median. Wages of those with less education have plunged. While all workers benefit from graduating high school or getting a BA, at every educational level white workers earn more than black workers. Men earn more than women with the same education levels, with the exception of men and women who lack a high school degree, both of whom earn just \$9.80 an hour at the median.

Many sectors struggle: Most sectors in Ohio have lost jobs since the beginning of the recession. As of June 2015, Ohio had lost more than 69,000 manufacturing jobs; more than 42,000 government jobs; more than 41,000 jobs in trade, transportation and utilities; and more than 34,000 construction jobs. Through June, Ohio gained more than 170,000 jobs combined in education and health services, leisure and hospitality, and professional and business services.

Poverty pay: Of all Ohio families earning less than 200 percent of the federal poverty level, nearly 70 percent are working. Between 2005 and 2013, the share of low-income working families expanded in Ohio from 26 percent in 2005 to 32 percent in 2013.

We can do more: While many of the numbers are grim, we see a renewed commitment by many activists, advocates and regular Ohioans to create an Ohio economy that works. Some solutions that are generating excitement include raising Ohio's minimum wage, building a stronger union economy, investing in childcare and early education, restoring public jobs and social services, and getting what we need from federal policy. We welcome you to join the conversation.

Introduction

The American labor market is weaker than it should be at this stage in an economic recovery. But the Ohio labor market is far worse. National labor experts say that job growth is still slow.¹ Yet, year after year, Ohio creates far fewer jobs as a share of our economy than the nation as a whole. While the country recovered the jobs lost in the official recession over a year ago and added 2.5 percent beyond that by June, Ohio still needed more than 35,000 new jobs just to get back to the level we had before the recent recession.

Nationally compensation is considered stagnant or slow-growing despite rising productivity because wages have risen by only five percent since 1979. Yet in Ohio, the median hourly wage in 2014 was only \$16.05 an hour, more than \$1.30 less than the 1979 Ohio median wage when adjusted for inflation.

Nationally, economists raise concerns that Americans have left the labor market. Yet in Ohio, labor market participation has fallen every year since 2007 and was lower than at any time in the 36 years that Policy Matters studies by the end of last year.

In both Ohio and the nation, disparities between black and white workers endure and even grow, gaps remain between men and women, inequality is staggering, and more working families have low incomes.

But we are also seeing the emergence of a rebellion against the policies that have led to lower wages, fewer jobs and higher inequality, and an embrace of a more middle-out or bottom-up economics. Turn to our conclusion and recommendations for our thoughts on how best to begin making Ohio's economy work better for everyone here. But first, look carefully at the charts on the following pages and the very brief explanations that serve as a guide to what you're seeing.

Before you get started, a few notes on this report. We use the best and most recent data available whenever possible. All dollars are inflation-adjusted to the final year measured in that chart – usually that's 2014, though we had to use 2013 for two charts that examine low-income family earnings. Our jobs data, unless noted otherwise, goes through June 2015, the most recent revised monthly data available, which also happens to be the six year anniversary of June 2009, the official end point of the 2007 recession according to the National Bureau of Economic Research.

¹ <http://www.epi.org/press/job-growth-trudges-along-but-wages-are-still-stuck-in-the-mud/>

Labor Day Q&A

What share has the U.S. added to its job base since last recession started?

+2.5% (plus 3.5 million)

What about Ohio?

-.7% (minus 35,400)

How are median wages growing in Ohio adjusted for inflation (2014)?

Ohio's median wage was \$16.05, lower than in 28 of the last 36 years.

Of Ohio's 12 most common jobs, how many pay more than \$40,000 a year?

One.

How was the top one percent doing in Ohio on average compared to the rest of us in 2012?

Bottom 99%: \$40,500

Top 1%: \$852,000

What can we do about it?

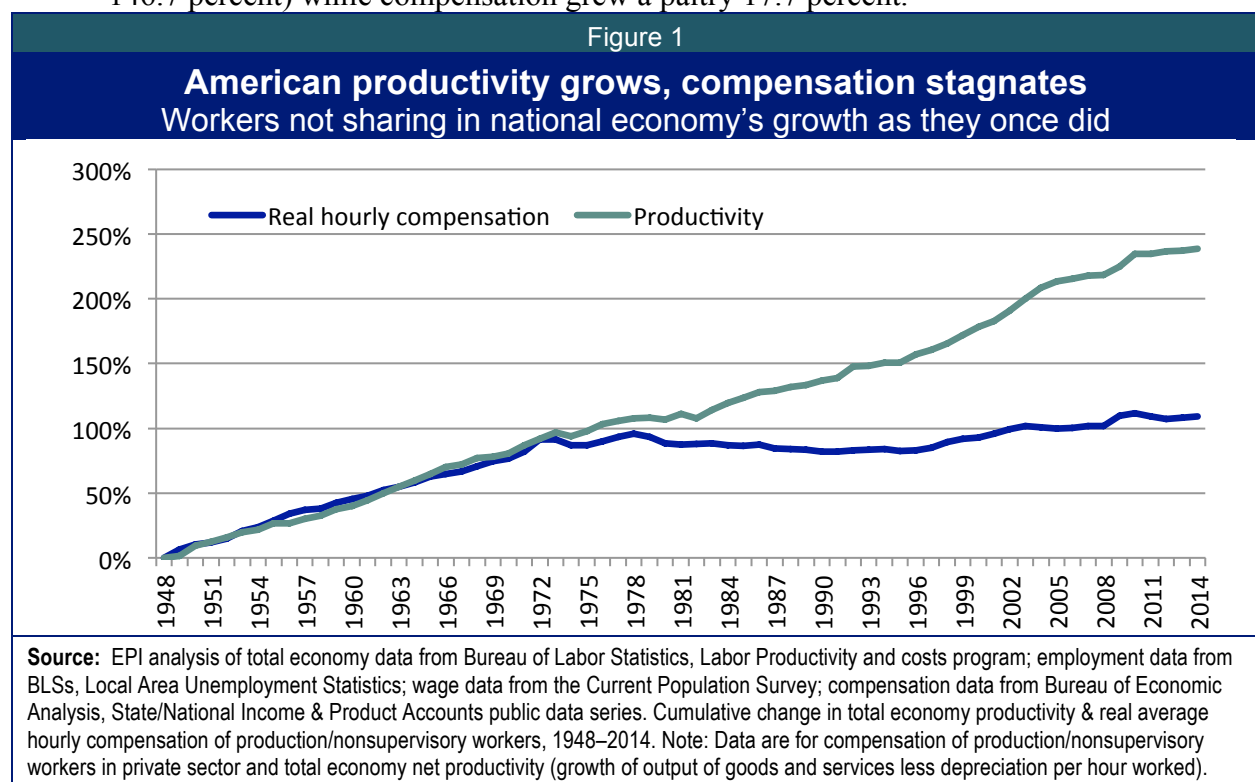
- Raise wage standards
- Increase unionization
- Create jobs
- Provide childcare, transit

While a few of the charts below look at averages (primarily the first two), we usually focus on the median wage (the worker in the middle among all workers) because this illustrates how the typical Ohioan is doing. Averages are skewed upward in a highly unequal economy like ours – if you have 99 people in a bar and Donald Trump walks in, the average income in the room gets multiplied many times over even though nobody has gotten a raise. Finally, if you’ve read this report in previous years, prepare yourself for fewer words – we decided in time-crunched 2015 that a few bullets could convey the key nuggets of each of these charts. Open a discussion with us on Facebook or Twitter or by good old-fashioned e-mail if you’d like to learn more about how Ohio’s economy is treating Ohioans. And now, dig in.

Productivity isn’t Enough

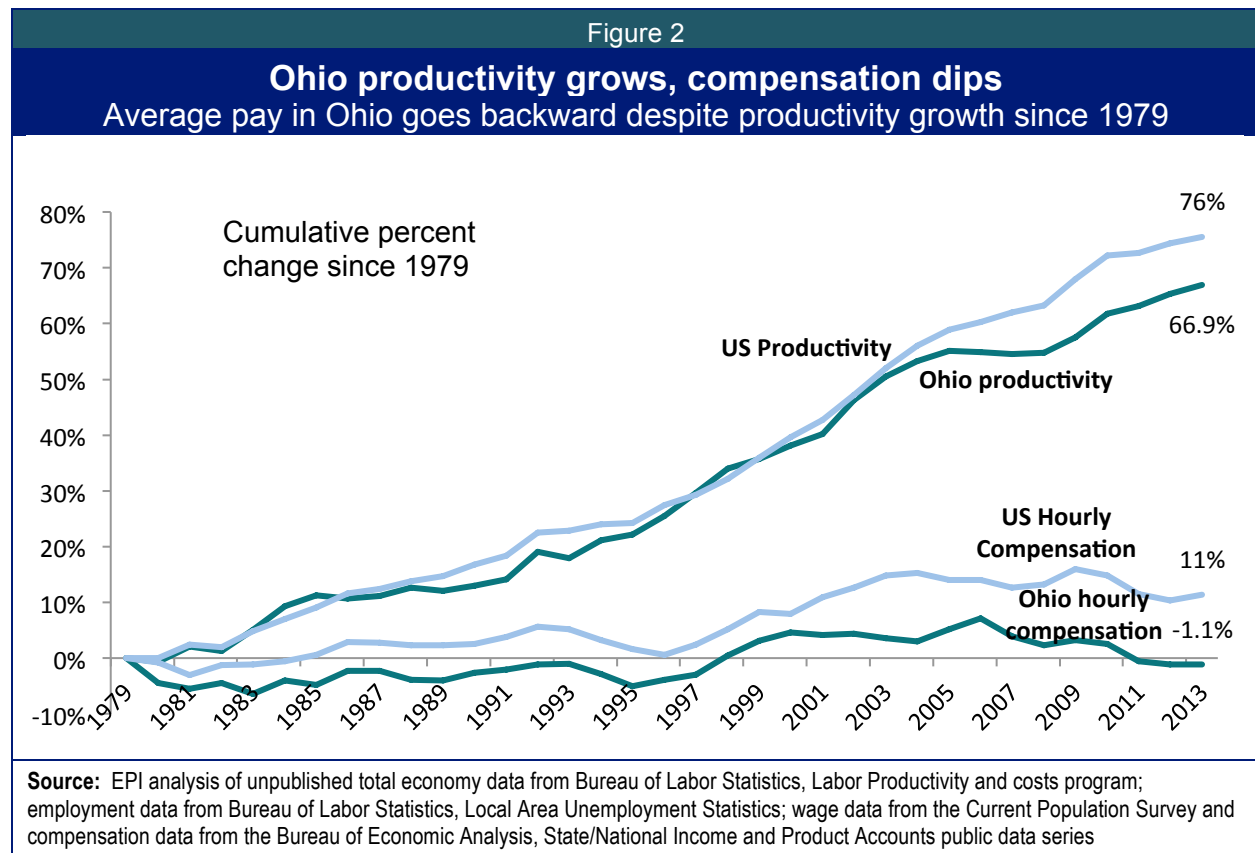
America’s economy is expanding, but almost all of us are being left out of that growth.

- Nationwide, productivity, or the amount workers produce per hour of work, grew by 238 percent between 1948 and 2014. Average worker compensation, however, grew by only 109 percent over this period. Workers are producing more but pay hasn’t kept pace.
- This is in stark contrast to the middle of the twentieth century, between 1948 and 1972, when productivity and compensation both roughly doubled (by 91.2 percent and 92.0 percent respectively). Since that time, productivity much more than doubled (growing by 146.7 percent) while compensation grew a paltry 17.7 percent.



Ohio’s economy has grown less quickly than the nation’s, but has still grown much more than our compensation, which has gone backward since 1979 on average.

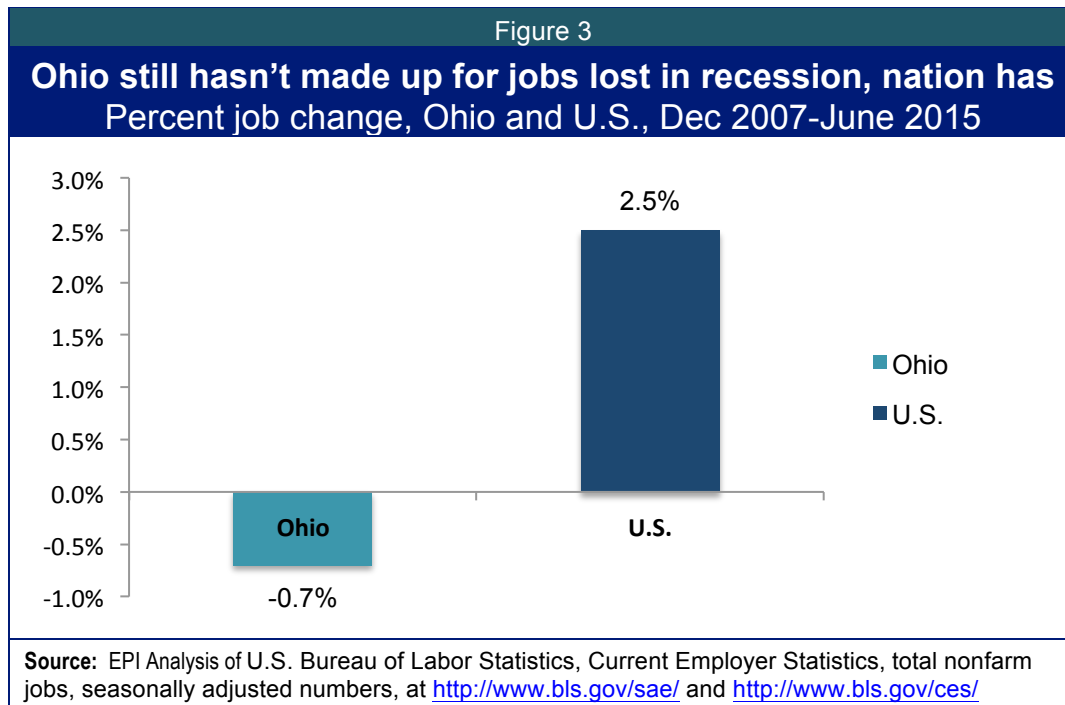
We can access state data on productivity and compensation only since 1979. This data shows Ohio families being similarly left out. Ohio productivity rose 66.9 percent between 1979 and 2014 while hourly compensation over that period actually fell, by 1.1 percent.



Ohio needs jobs

A full six years after the official end of the last recession in June 2009, Ohio has still not recovered the jobs it lost during that recession. The country as a whole and the majority of the states passed that threshold over a year ago.

- Ohio had 35,400 fewer jobs in June 2015 than it had when the recession started in December 2007.
- This means we have .7% fewer jobs, while the nation added 2.5% to its job base over that period.



Ohio's job growth lags the nation under a variety of recent time periods examined.

- Over various time periods – since June 2005 when Ohio passed tax cuts targeted to the wealthiest in the name of job creation; since January 2011 when John Kasich became governor; since December 2007, when the recession started; or in the last year, since June 2014 – Ohio trails the nation.

Figure 4

Ohio job growth lags that of nation in every time period examined
(since tax cut, since Kasich administration, since recession, past year)

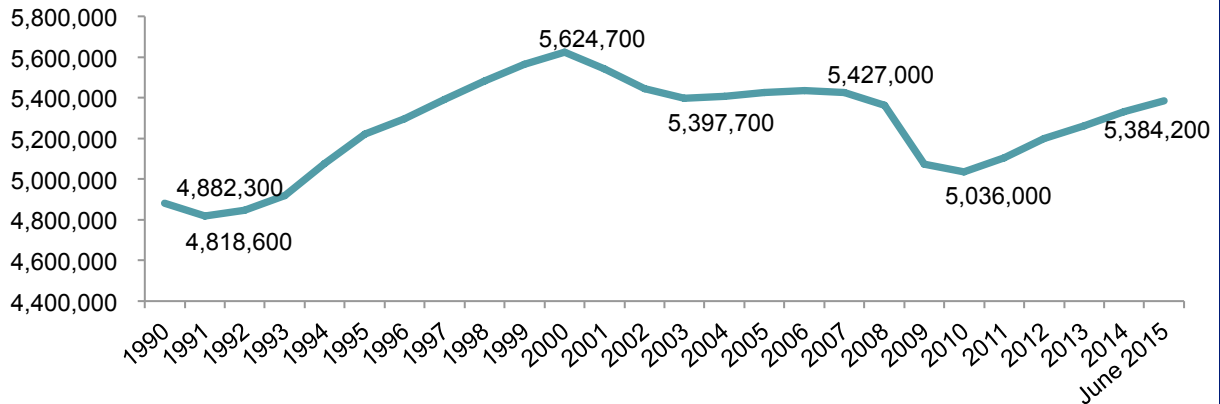
	Ohio	U.S.	Ohio (% change)	U.S. (% change)
Since June 2005	-30,700	7.9 million	-0.6%	5.9%
Since December 2007	-35,400	3.5 million	-0.7%	2.5%
Since January 2011	316,200	11.0 million	6.2%	8.4%
Since June 2014	59,300	2.9 million	1.1%	2.1%

Source: U.S. Bureau of Labor Statistics, Current Employer Statistics, seasonally adjusted numbers, at <http://www.bls.gov/sae/> and <http://www.bls.gov/ces/>. End date June 2015 (six years from official recession end), June numbers revised July 2015. June 2005 was when Ohio implemented major tax cuts in the name of job creation, December 2007 was start of the recession, January 2011 is when Kasich took office, June 2014 is one year prior to most up-to-date revised monthly data and is the six-year anniversary of the end of the recession.

Figure 5 puts job levels in Ohio in a deeper historical perspective. During several years in the 1990s we regularly created nearly 100,000 jobs a year. By the year 2000, we had 5,624,700 jobs in the state. While we have been generating jobs since 2010 when the national recovery got underway, we have consistently produced a smaller share of jobs than the nation. By June 2015, the most recent revised data available and the six-year anniversary of the end of the recession, we had 5,384,200 jobs in Ohio, still more than 240,000 jobs shy of our peak.

Figure 5

Ohio jobs remain below previous peaks Slow growth continues through June 2015

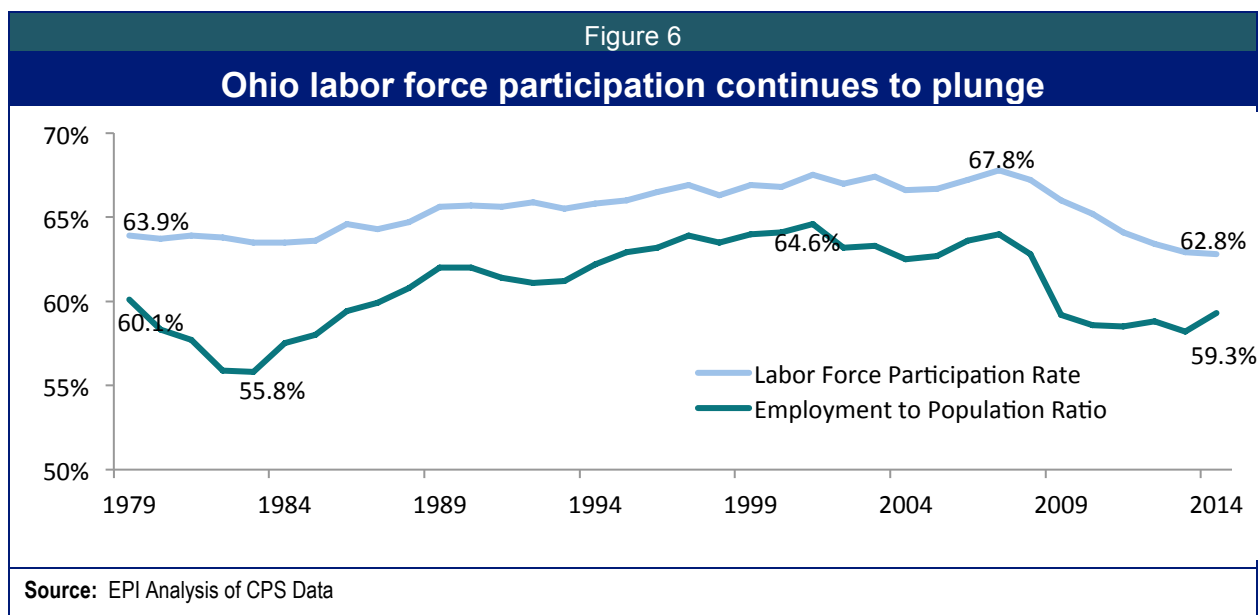


Source: EPI Analysis of CES Data, full-year non-seasonally adjusted 1990-2014, June 2015 revised monthly data is final data point.

Leaving the labor market:

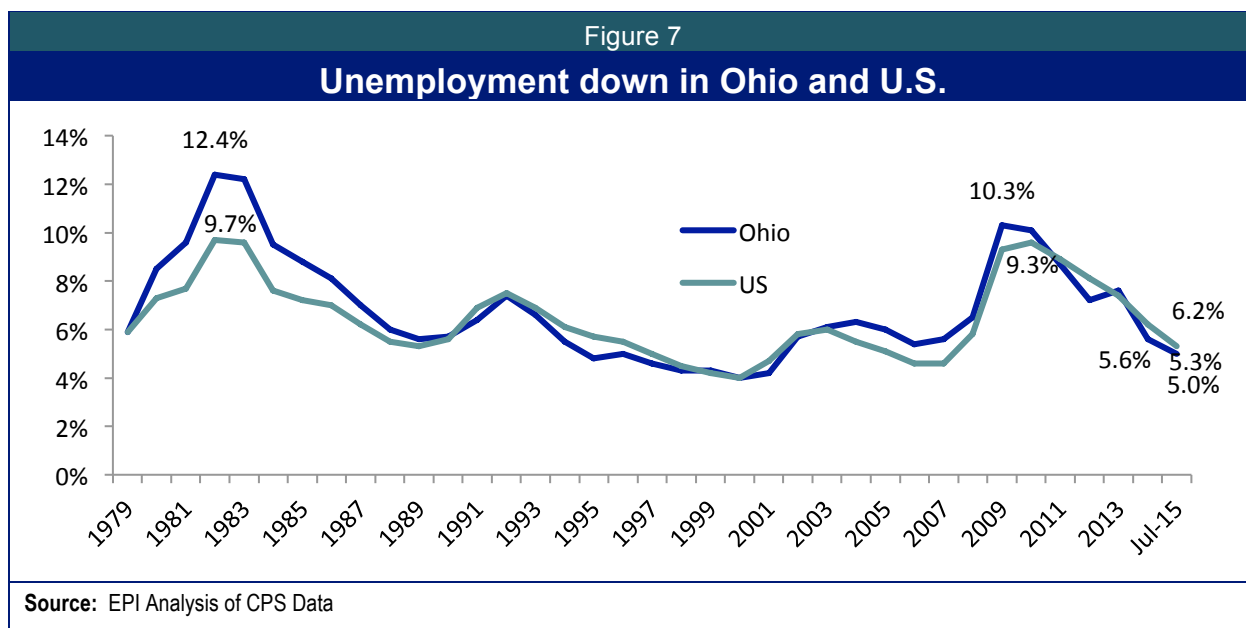
Because Ohio has created few jobs, Ohioans continue to leave the weak Ohio labor market.

- Ohio labor force participation rose steadily through the '80s and '90s but has been shrinking since 2007. By the end of last year it was at a historically low 62.8 percent, lower than at any time since 1979. Both the US and state unemployment rates have improved as we'll show below, but some of that is due to people retiring or giving up and no longer being counted in the labor force.
- The employment-to-population ratio rose a bit in 2014, after a tough decade. So while more people have entirely left the labor market (creating lower labor force participation), of those that have stayed, more are working and fewer are unemployed.
- Since the recession began, Ohio's labor force has shrunk by 236,000 (through June).



Improved unemployment

Overall unemployment in Ohio and the nation are half what they were at the height of the recent recession. In July 2013, unemployment was 5.0 percent in Ohio and 5.3 percent in the nation, far below peaks exceeding 10 and 12 percent in 2009 and 1982. The difference between Ohio and the U.S. is not statistically significant.²

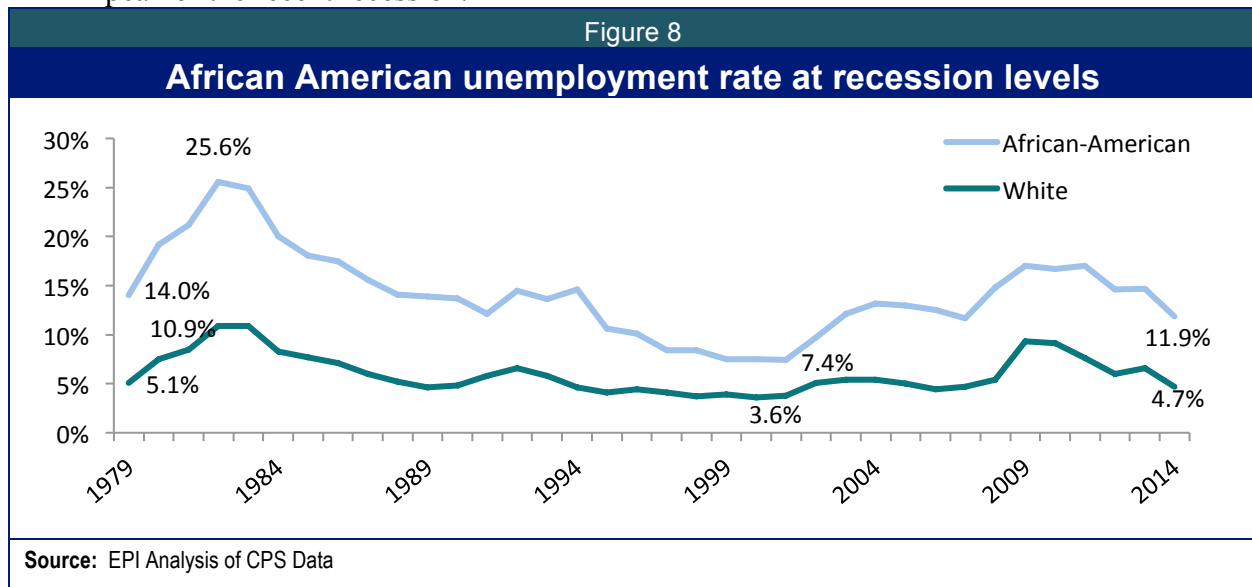


- Ohio's black workers struggled with much higher unemployment than white workers faced during 2014 and in all recent years. At 11.9 percent, Ohio's African-American

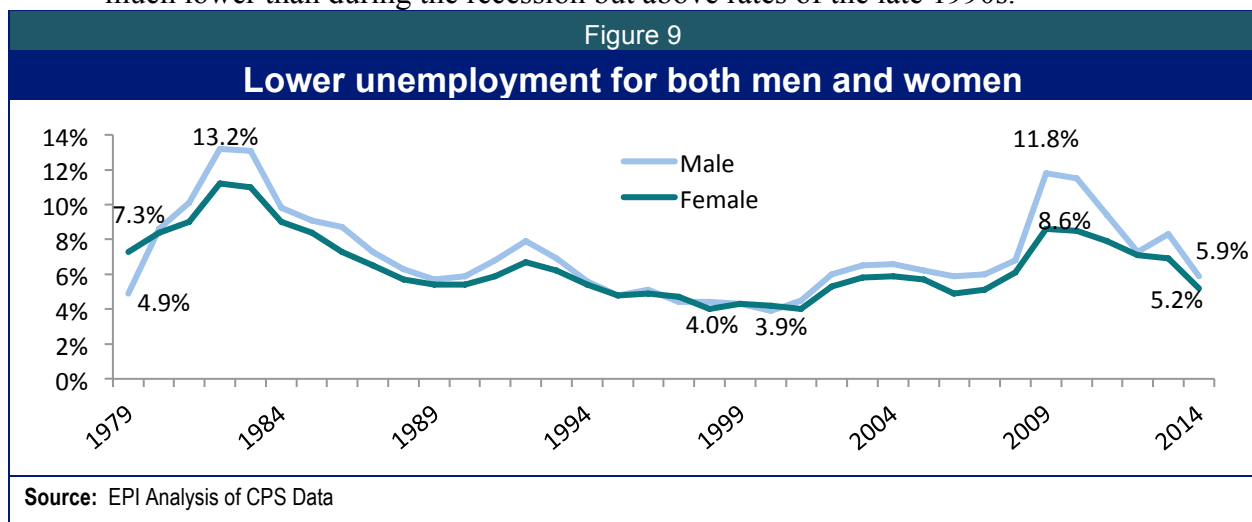
² <http://www.bls.gov/news.release/laus.nr0.htm>

unemployment rate was well over twice that of white workers (4.7 percent) for 2014 (state level demographic unemployment data available only at year end).

- Unemployment for black Ohioans is above rates that the state as a whole faced at the peak of the recent recession.



- Though both men and women experienced high unemployment at the height of the recent recession, men's job loss was worse. Both had much better rates of unemployment as of July, and they are closer together, at 5.9 percent for men and 5.2 percent for women – much lower than during the recession but above rates of the late 1990s.

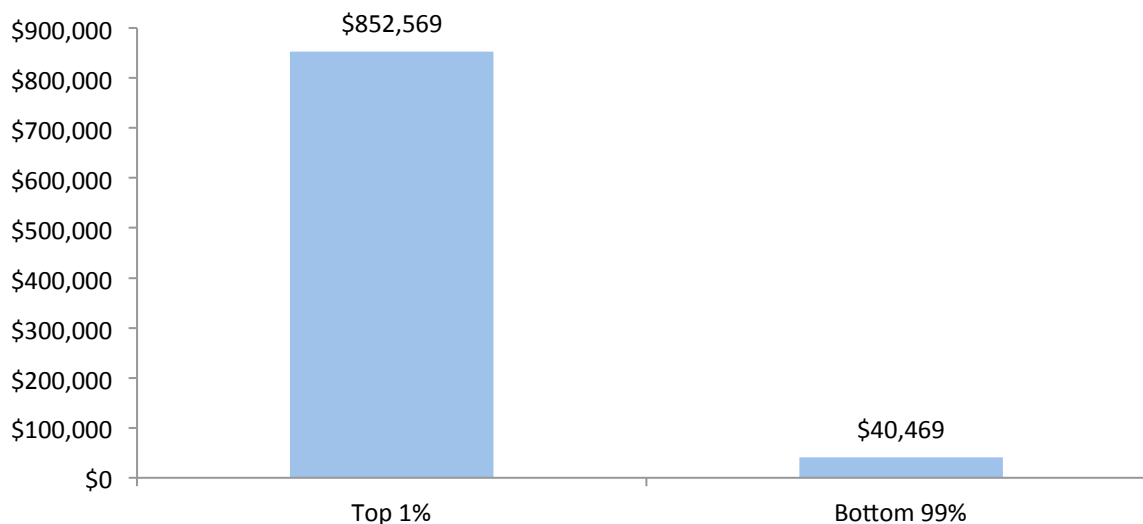


Out of control inequality

- The top one percent of Ohioans had an average income of more than \$852,000 in 2012, while the bottom 99 percent of Ohioans combined had an average income of just over \$40,000 that year. Inequality is even higher at a national level.

Figure 10

Ohio Average Income, top 1% vs. Bottom 99% , 2012



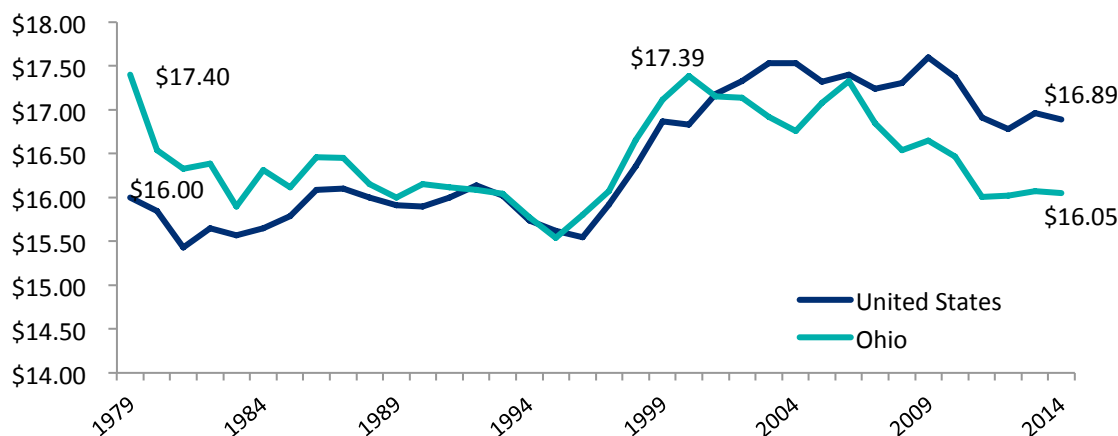
Source: EPI analysis of state-level tax data from Sommeiller (2006) extended to 2012 using state-level data from the Internal Revenue Service SOI Tax Stats (various years), and Piketty and Saez (2012)

Wages in quicksand

- Ohio's median wage, once more than 8.7 percent above that of the nation, was over 5 percent less than the national in 2014. Ohio's median wage dipped slightly last year, has been falling fairly steadily since 2000 with only one spike, and remains lower than in all but eight of the last 36 years, adjusted for inflation.
- Ohio's median wage was just \$16.05 an hour in 2014, more than a dollar and a quarter below peak levels in 2006, 2000 and 1979. This is at the heart of what remains wrong with the Ohio labor market – regular Ohioans are left out of our productivity growth.

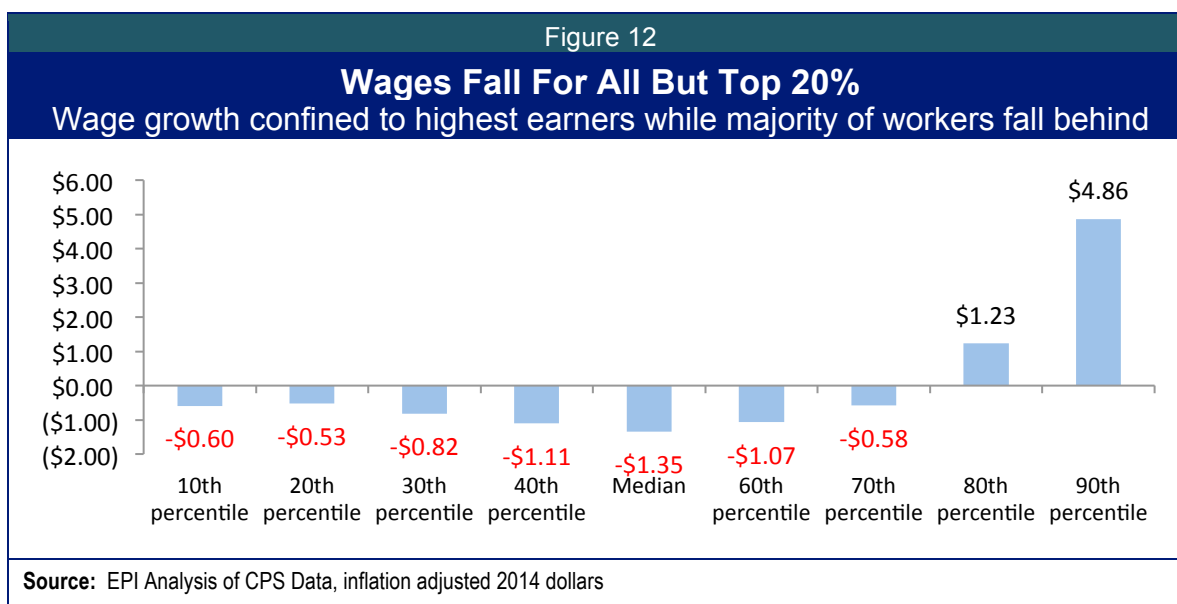
Figure 11

Persistent low wages: Ohio median wage far below peaks, below U.S.



Source: EPI Analysis of CPS Data, inflation-adjusted 2014 dollars

It's not just low-wage or middle-income families being left behind. It's nearly everyone. The entire bottom 80 percent of the earnings spectrum is earning less than comparable workers did in 1979. The following figure divides the 2014 Ohio workforce into ten equal parts and shows how earnings changed compared to employees at the same relative percentage in 1979. Only the 80th and 90th percentile workers saw small gains and these are dwarfed by the earnings of those in the top ten percent. These hourly earnings of even 90th percentile workers are, of course, far below the earnings of the top one percent, captured above in Figure 10 (on an annual income basis).



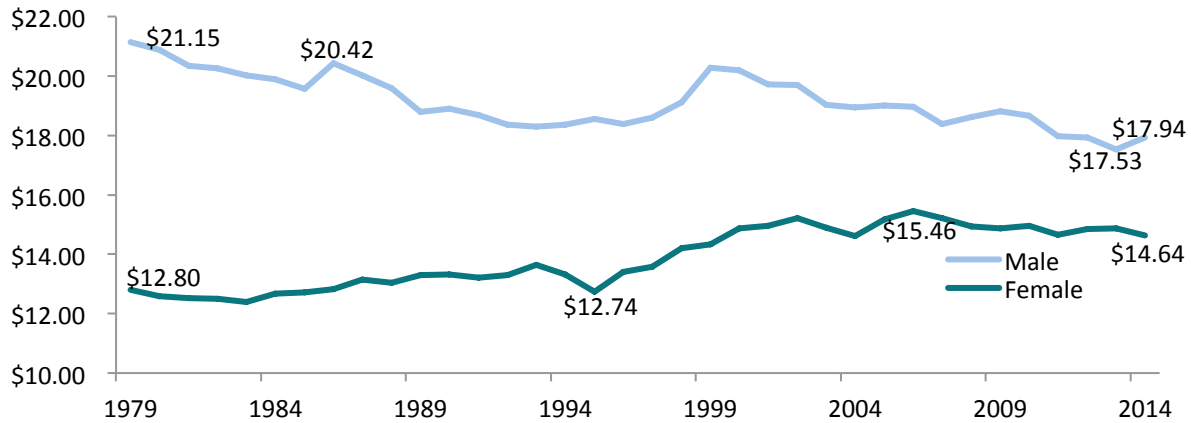
Gender gap

- Men still earn \$3.30 more each hour than women do at the median in Ohio, despite stark declines in men's wages over the past several decades, adjusted for inflation. Between 2013 and 2014, men's wages crept up in Ohio, from \$17.52 to \$17.94. Women's wages unfortunately fell slightly.
- The gender wage gap has shrunk but much of that is due to dropping men's wages. The median female worker has gone from earning about 60.5% of the median male to 81.6%, mostly due to male wages dropping from \$21.15 in 1979 to \$17.94 per hour in 2014. Women's wages rose from \$12.80 in 1979 to \$14.64 per hour in 2014.

Figure 13

Wage gap persists

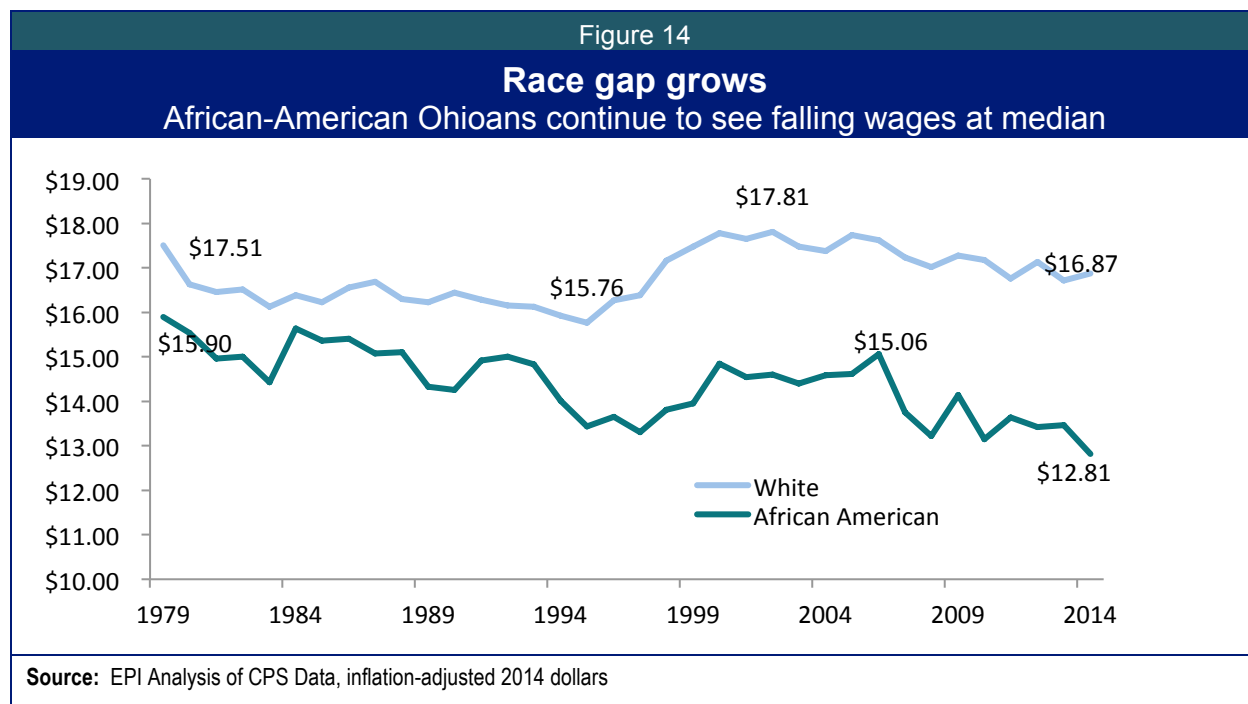
Men still earn \$3.30 more each hour than women at the median



Source: EPI Analysis of CPS Data, inflation-adjusted 2014 dollars

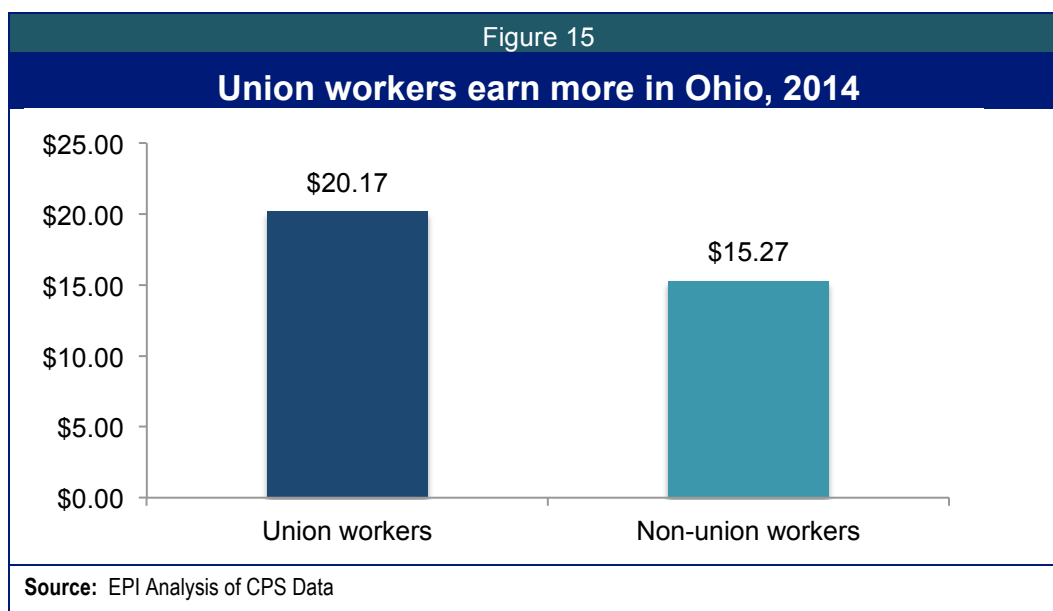
Race woes

- Ohio's racial wage gap has widened despite white wage decline over the past decade and a half. Black workers earned over 90 percent of what white workers earned per hour in 1979; by last year that ratio was just over 75 percent.
- White Ohio workers earned \$16.87 an hour at the median in 2014, down from a peak of \$17.81 in 2002. These wages crept up by about 16 cents an hour between 2013 and 2014. Inflation-adjusted black worker wages have plunged, never recovering to the 1979 level of \$15.90 in 2014 dollars. Last year, Ohio's median black employee earned just \$12.81 an hour, an hourly pay cut of more more than \$3.00 since the peak a few decades ago.
- The median black worker today has lost wage ground despite having completed much more education than the median black employee of that earlier, higher-wage time.
- Hispanic workers at the median earn less than black or white workers, but because of the small size of the Hispanic population in Ohio, it is harder to make reliable estimates. As a group, the "other" category, which includes Asians, Native Americans, and others, has a median wage higher than that of black or Hispanic workers and lower than that of white workers, but the sample size is small, making the number less reliable.



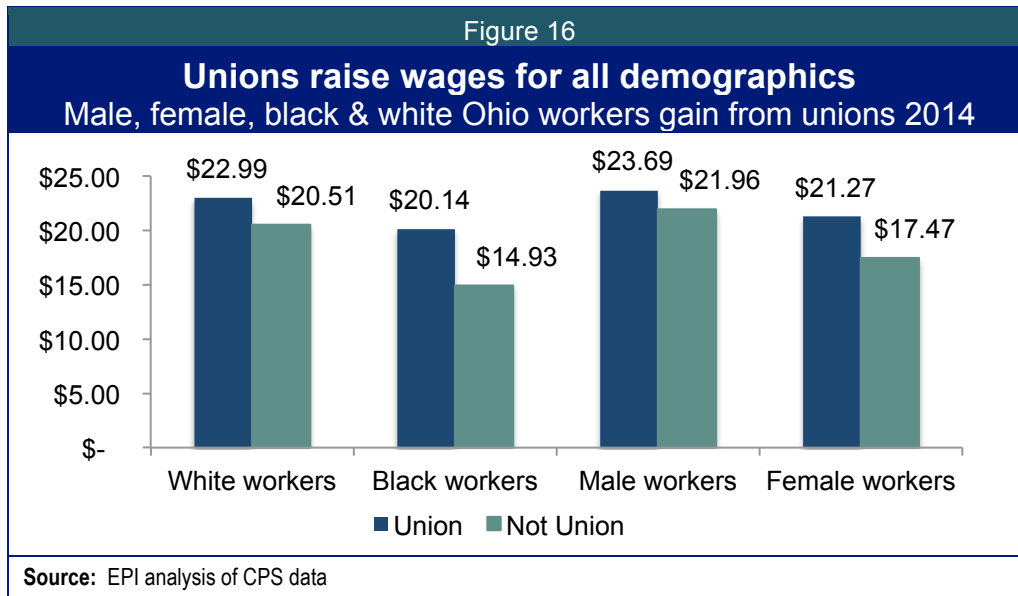
Unions help

- One solution to low wages is unionization. Unionized Ohio workers earned about 32 percent more than non-union employees in 2014, \$20.17 an hour compared to \$15.27. They are also more likely to get health insurance and retirement coverage.



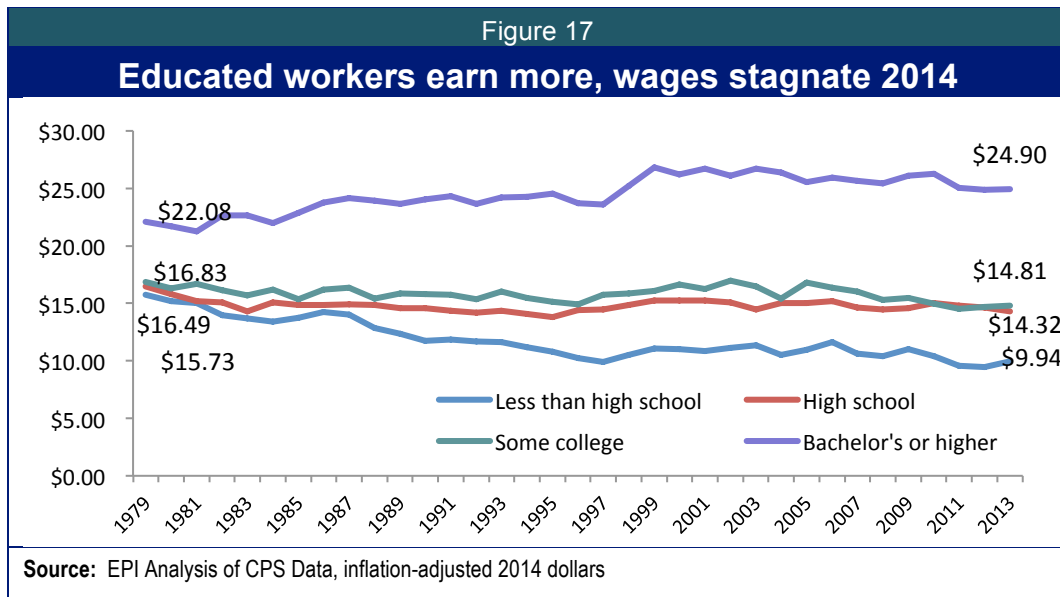
- Unions help Ohioans of all demographic groups. Black, white, male and female workers all earn more when they are in a union.

- Male workers in a union earn 8 percent more than non-union male workers, women earn nearly 22 percent more, white workers earn 12 percent more, and unionized black Ohioans earn a whopping 35 percent more than non-unionized black workers.
- Race and gender disparities are much smaller among unionized than non-unionized workers.

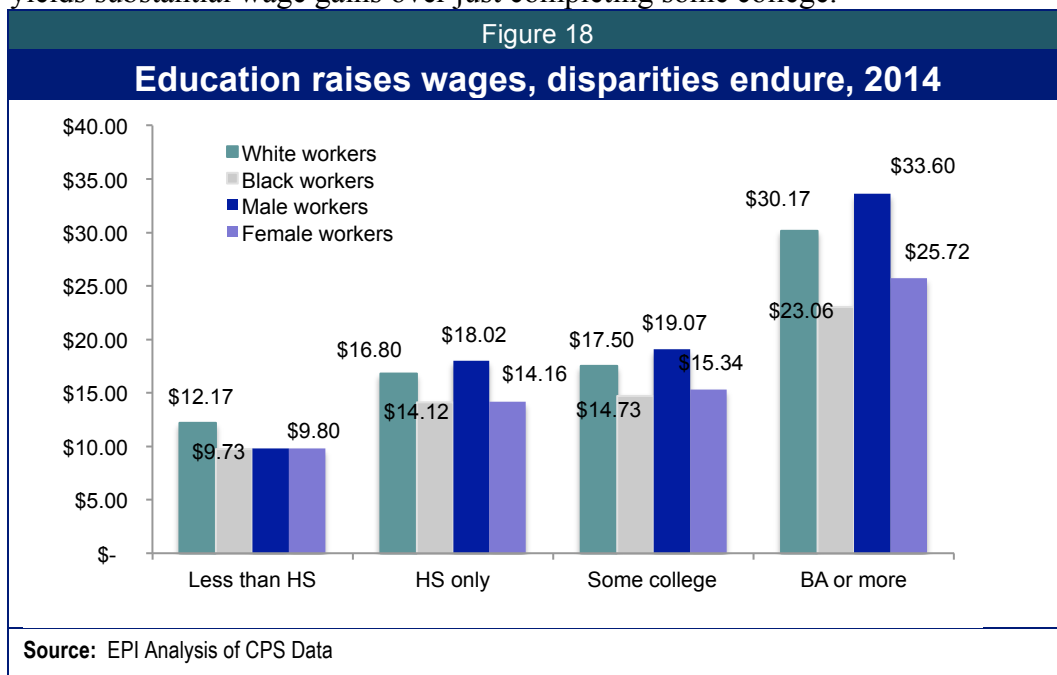


Education Issues

- Ohio workers with at least a Bachelor's degree earned \$24.90 in 2014, more than two and a half times as much as workers without a high school degree who earned only \$9.94 that year at the median. Wages of those with less than a BA have fallen sharply since 1979, by close to \$2.00 an hour or more (inflation-adjusted) in each educational category.
- Typically if particular skills or credentials are in demand, that demand is reflected in increasing wages. While many employers are reporting difficulty finding employees, that demand is not showing up as wage growth. In fact, wages of college-educated Ohioans were lower in 2014 than in any year since 1997. It makes sense for workers to get more education, since it generally yields higher wages than those without credentials can get. But education is expensive, and this data implies that education alone will not ensure rising wages. Workers of all education levels also need bargaining power, either through unions or through a tighter labor market.

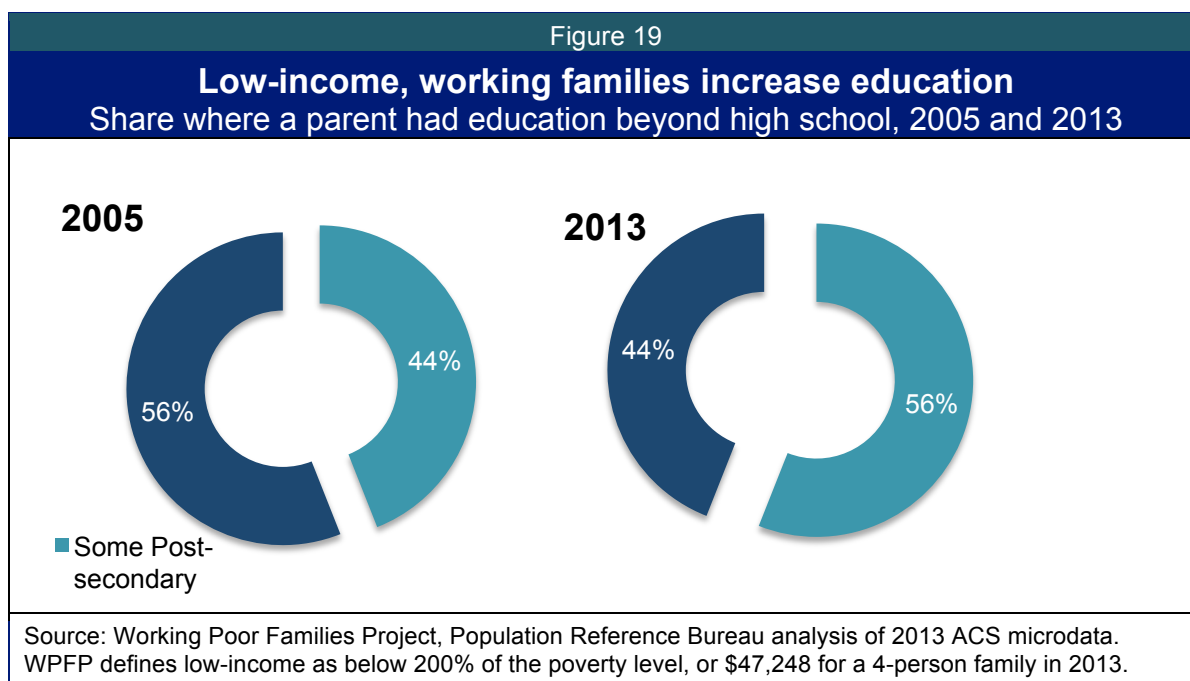


- While all workers benefit from getting a high school or college degree, at every educational level, white workers earn more than black workers. Men earn more than women with the same education levels, with the exception of men and women who lack a high school degree, both of whom earn just \$9.80 an hour at the median.
- White workers with a BA earn more than 30 percent more than African-American workers with the same education level, and male workers with a BA earn more than 30 percent more than female workers with the same education, at the median.
- To produce a more accurate sample size, the category for “some college” combines those who have completed one year of college and those who have earned an associate’s degree, which can mask the value of that degree. In fact, earning an associate’s degree yields substantial wage gains over just completing some college.



Low-income, working families (below 200 percent of poverty level or below \$47,248 for a four-person family in 2013) have increased their education levels in Ohio in the past decade.

- The share of these families where a parent has a high school degree or equivalent increased from 78 percent to 82 percent in just the eight years between 2005 and 2013.
- The share with some education beyond high school jumped from 44 percent to 56 percent over the same period.
- These increases in education levels were not enough to secure higher wages. In fact, more families than ever are trapped at low income levels, despite working. The biggest wage gains come with a BA, but the ‘education beyond high school’ category below also captures workers with education beyond high school but short of a four-year degree.



Poverty Pay

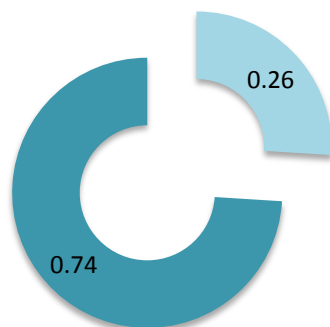
More Ohio families are poor or low-income, despite working.

- Of all Ohio families earning less than 200 percent of the federal poverty level, nearly 70 percent are working.
- Between 2005 and 2013, the share of working families that earn less than 200 percent of poverty has expanded in Ohio, growing from 26 percent in 2005 to 32 percent in 2013.

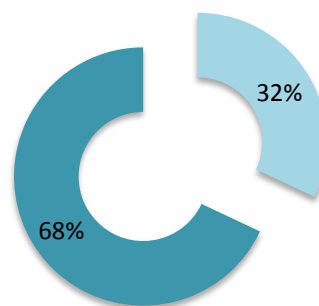
Figure 20

More Ohio working families are low-income

2005



2013



Working families earning less than 200% of poverty level

Working families earning more than 200% of poverty

Source: Working Poor Families Project, Population Reference Bureau analysis of 2013 ACS microdata. WFPF defines low-income as below 200% of the poverty level, or \$47,248 for a 4-person family in 2013.

It's not surprising that many Ohio families are earning less than 200 percent of poverty because 11 of Ohio's 12 largest occupations pay less than this amount for a three-person family with one full-time year-round working parent. Eight of these occupations leave that family under 130 percent of poverty, the eligibility threshold for food aid, which is also below the eligibility threshold for Medicaid.

Figure 21

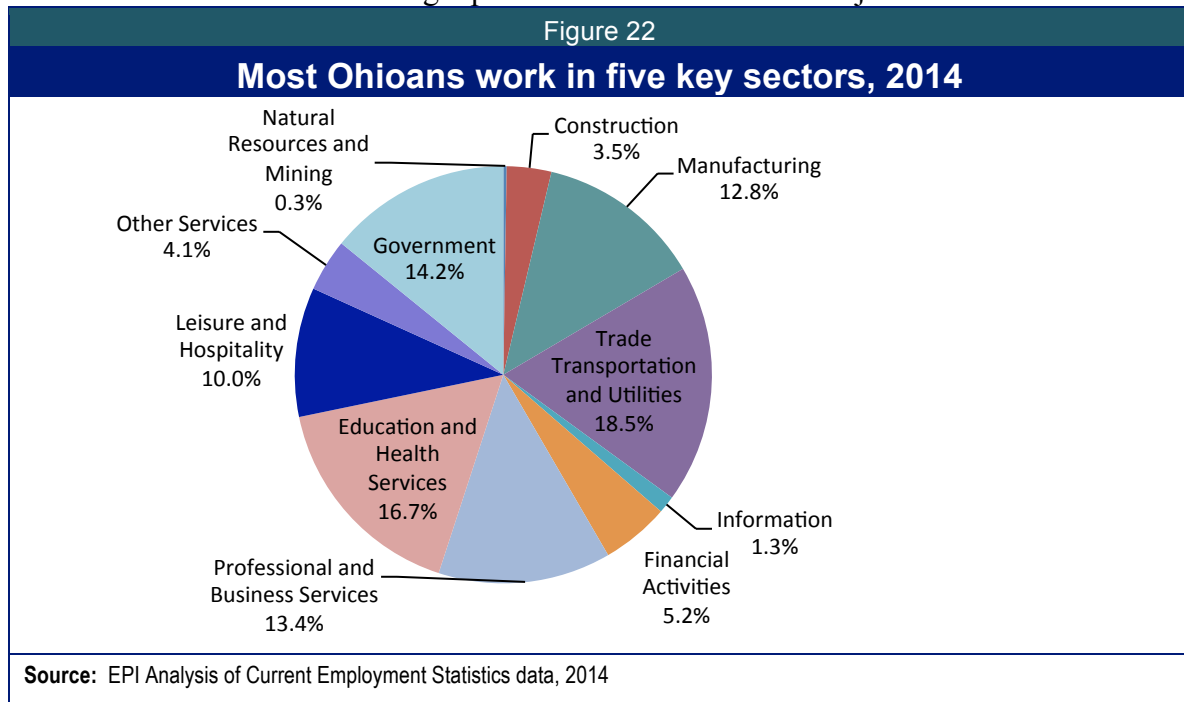
Ohio's largest occupations leave families below 200% of poverty

Occupation	Number of	Median	Percent of poverty,
Combined food prep, serving, fast food	159,040	\$18,710	93%
Retail sales	155,280	\$21,229	106%
Registered nurses	126,880	\$61,852	308%
Cashiers	120,150	\$19,720	98%
Laborers, freight stock, material movers	104,930	\$23,699	118%
Office clerks	95,980	\$28,384	141%
Waiters and waitresses	89,770	\$18,812	94%
Janitors & cleaners, except maids & housekeeping	84,360	\$22,358	111%
Customer service representatives	82,200	\$30,861	154%
Stock clerks and order fillers	81,250	\$23,412	117%
Secretaries & administrative assts, except legal, medical	69,750	\$32,525	162%
Nursing assistants	69,610	\$24,197	120%

Source: Policy Matters Ohio analysis of Occupational Employment Statistics (OES) survey. Table contains Ohio's 12 largest occupations. We pool data from 2010, 2011, 2012 and half of 2013 to obtain sample size, then age the data to June 2014 using the Employment Cost Index. Annual income is based on full-time, year-round work (2,040 hours a year) Federal poverty line for family of three in 2015 is \$20,090. Families below 200% of poverty are considered low-income by many government programs and by the Working Poor Families Project

Many sectors struggle

Knowing Ohio's employment composition helps gauge the impact of job change on the overall economy. For example, mining and logging has high growth but it's a small share of the economy (0.3 percent), so the growth creates just 2,800 jobs. Five key sectors – Trade, Transportation and Utilities, Education and Health Services, Government, Professional and Business Services or Manufacturing – provide three-fourths of Ohio jobs.

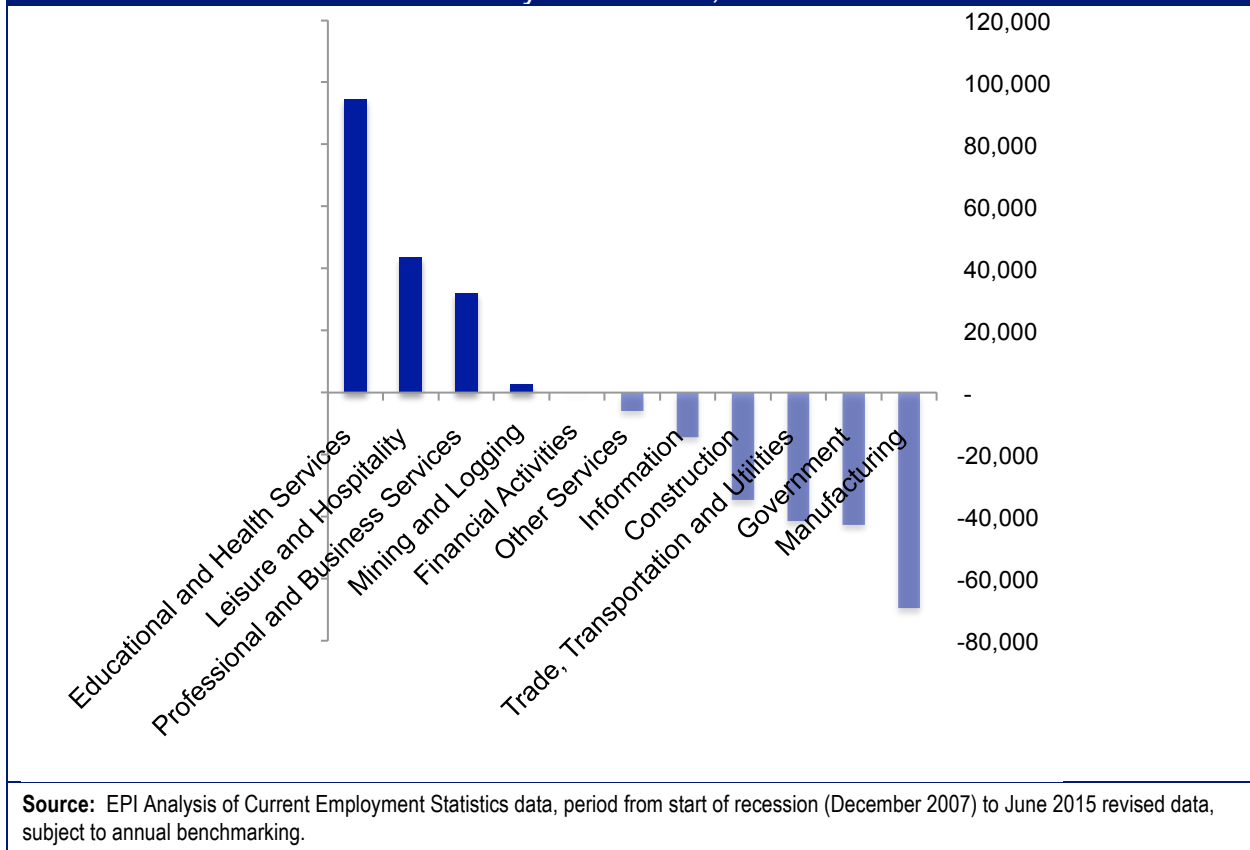


Six years after the recession ended in June 2009, most Ohio sectors still have fewer jobs than at the start of the recession.

- Most sectors in Ohio have lost jobs since the beginning of the recession.
- Since the recession, Ohio has lost more than 69,000 manufacturing jobs; more than 42,000 government jobs; more than 41,000 jobs in trade, transportation and utilities; and more than 34,000 construction jobs.
- Ohio has gained more than 170,000 jobs combined in education and health services, leisure and hospitality and professional and business services.

Figure 23

Most Ohio sectors have not recovered jobs lost in recession Jobs added or lost by sub-sector, Dec 2007-June 2014



Ohio excels at some things

While the labor market indicators we explore in this report generally point to a weaker labor market in Ohio, some things are better in the Buckeye State for workers. As mentioned, inequality is bad here but even worse at the national level. Ohio has a much more reasonable cost of living than many places, so our lower wages go further here. We still have a manufacturing sector that is larger than that of the nation. Finally, health insurance coverage is strong in Ohio – just 8.7 percent of adults and just 2 percent of children were uninsured in a 2015 survey, both about half the rate of 2012.³ This is a clear affirmation of Governor Kasich’s decision to accept expansion of the federal Medicaid program under the Affordable Care Act.

We can do more: Conclusion and recommendations

A deep examination of economic data on Ohio leads to the inevitable conclusion that we’re badly lagging the nation on many labor market indicators. We have much lower job growth – still short of the jobs we had prior to the last recession (and the one before that). We have real wage decline where the nation has sluggish wage growth. And as in the rest of the country, a growing share of our jobs pay poverty wages. Ohio has also laid off more public sector workers,

³ <http://www.dispatch.com/content/stories/local/2015/08/19/medicaid-insurance-survey.html>

the one set of jobs over which we as citizens have the most control, leaving our communities deprived of many of the services that help families and businesses thrive. If we want to improve the lives of most Ohioans, reduce poverty, and invigorate the economy, better wage growth and more job creation are essential.

To be clear, not everything is worse in Ohio. Inequality, though staggering here, is even worse at the national level.

And we do many things better. We have a more reasonable cost of living than many places, so our lower wages go further here, buying more in the way of housing and services. Ohio manufacturing jobs have declined over the long term, but the auto industry rescue of 2008 and 2009 stabilized jobs in the auto supply chain where Ohio manufacturing is concentrated. And our health insurance coverage is phenomenal compared to the recent past and to other places – just 8.7 percent of adults and just 2 percent of children were uninsured in a 2015 survey, both about half the rate of 2012.⁴ This is a clear affirmation of Governor Kasich’s decision to accept expansion of the federal Medicaid program as permitted under the Affordable Care Act.

Still, if we’re looking mostly at the labor market – job creation and wage growth – Ohio is struggling badly.

The good news is we can influence our economy by making the right policy choices. We can restore and create jobs, raise job quality, invest for the future, and provide the basics. Doing so will make our businesses more competitive, our workers more skilled, and our communities better prepared to manage future challenges. Below is a brief list focused on strategic opportunities at the local, state or national level.

I. Create jobs: We need to create more jobs in Ohio to reinvigorate our economy and help families and communities thrive. Here are some current opportunities to do that:

1. **Restore public jobs:** Since the 2007 recession started, Ohio has shed many jobs in local government, laying off people in communities throughout the state and sapping economic growth. We should restore the historic revenue sharing that the state has had with local government,⁵ so that teachers, firefighters, snowplow operators and other public servants can do their jobs, and so that they, in turn, can purchase goods and services from local stores, restaurants, childcare providers and others.
2. **Hire new workers:** Restoration of recently eliminated jobs does not do enough to position us for tomorrow, deal with our infrastructure needs, or create sufficient employment. We should hire Ohioans now to teach pre-K, update our infrastructure, insulate buildings, install solar and wind energy units and in other ways prepare us well for the future. This is discussed further below.
3. **Keep interest rates low:** The national economy has grown too slowly and wages are stuck in neutral, making it clear that we are in little danger of inflation and we still need more stimulus. The story is even worse in Ohio. The Federal Reserve Bank should keep interest rates at their current near-zero levels to stimulate hiring and investment. This will

⁴ <http://www.dispatch.com/content/stories/local/2015/08/19/medicaid-insurance-survey.html>

⁵ Learn more here: <http://www.policymattersohio.org/blogpost-localgovt-aug2015>

do more than anything else to create private sector jobs. Learn more at <http://whatrecovery.org/>.

II. Job quality and worker well-being: Over the past generation job quality has declined in Ohio – wages are lower, schedules more erratic and unpredictable, pensions and employer-provided health care more often missing from the social contract.

1. **Raise labor standards:** The simplest way to begin improving job quality is to raise the minimum wage, which could be done at the federal, state, or local level. Fourteen states have raised theirs since January 2014 and 20 sub-state localities now have a higher minimum wage than the federal level of \$7.25 an hour. Ohio voters enacted a higher minimum wage in 2006, providing a raise each year for more than 270,000 of our lowest-paid workers. But our wage still lags that of many states. If the federal government doesn't raise the minimum wage (it should but probably won't), we should put an additional increase before the state's voters. Local lawmakers should also propose increases at the city and county level throughout the state.
2. **Protect labor rights:** In terms of job quality, nothing substitutes for a union, where working people can consider what they need and what is possible and negotiate accordingly. Governor Kasich and Republican lawmakers eliminated collective bargaining rights for public sector workers in 2011 but Ohio voters wisely restored those rights at the ballot box. Since then, Governor Kasich has said he opposes other attacks on unions (like so-called "right to work" which would deprive unions of fees they need to adequately serve and represent workers). But other right-wing leaders in Ohio continue to push this policy. They should be rebuffed.
3. **Modernize overtime:** Millions of middle-income Americans work overtime and don't get paid extra because it's been over a decade since the salary guidelines were updated. Workers earning between about \$23,000 and about \$50,000 would get time and a half for hours over 40 a week, if the Labor Department updated the threshold as many are now urging. These updates should happen. Learn more here: <http://www.epi.org/research/overtime/>.
4. **Enforce labor law:** Every day, Ohioans are asked to do extra work after they've punched out, are denied benefits that they should be getting, or are paid less than the minimum wage. Workers are also regularly fired for trying to organize a union, which is against the law. In Ohio and the U.S., we should do more to make sure that labor standards are raised and enforced so that workers can form unions and know that labor law will be followed.

III. Invest for tomorrow: Ohio became a great state because in times far less prosperous than today we thought about what was needed for future success and invested in it: public schools, community colleges, universities, roads, bridges, and more. Our economy is changing and new investments are needed to enable a better future. Some exciting movements and policies are advancing these ideas. These include:

1. **Early education:** Ohio enrolls just 2 percent of our three year olds and just 4 percent of our four-year olds in state-funded preschool programs, about 11,000 kids in all, giving us a ranking of 36th among states (up from 39th).⁶ This is an improvement over recent years, but compare us to Oklahoma, which now enrolls more than 75 percent of its four-year olds. We should increase our state commitment as Senator Peggy Lehner has urged.

⁶ http://nieer.org/sites/nieer/files/YB14_OH_Release.pdf

There are some exciting city or county efforts that deserve support, including Pre4CLE in Cleveland, the Cincinnati Preschool Promise, and other efforts.⁷

2. **Higher education:** Tuition and fees in Ohio are 12th highest for two-year public institutions and 16th highest for four-year public colleges and universities in the nation. We made steep cuts to need-based financial aid after 2008. Policymakers wisely began restoring need-based aid, which will increase by 7 percent next year. We must continue to fight to make higher education affordable in Ohio.
3. **A new energy economy:** Ohio established clean-energy standards which were creating jobs and greening our economy, until lawmakers froze them last year, making Ohio the first state ever to go backwards on clean-energy standards. We should restore those. At the same time, we have a chance to put in place a clean power plan in response to federal Environmental Protection Agency requirements. Ohio should use this plan to create good green jobs, reduce emissions, and position our state for a cleaner energy future.

IV. Provide the basics: Our ideal Ohio would include a good job for everyone who wants one, a job that ensures the basics and a little extra. But too many people can't find a job at all and too many of the jobs we can find don't allow us to make ends meet. Until we have good jobs for everyone, it's up to us as a society to make sure that kids grow up with what they need to become productive adults, and that the rest of us have the essentials, too. Ohio does a great job with some of this, but we rank near the bottom in other areas. Here are some ideas to bridge the gap.

1. **Earned Income Tax Credit and Child Tax Credit:** The federal EITC and Child Tax Credit do more than any other federal program to ensure working families have the resources they need to get by. The federal government expanded those highly successful tax credits in 2009, but those expansions will soon expire unless the U.S. Congress acts. U.S. Senator Sherrod Brown is on record in support of extending those expansions, but Senator Rob Portman has not announced his intentions. Call him to encourage that we keep supporting low-income working families. While we're supporting the federal EITC, we should also encourage state lawmakers to make our state EITC refundable and as large as the average state, helping nearly a million working families with children.⁸
2. **Health care:** Ohio accepted the expansion of Medicaid available under the Affordable Care Act, so the federal government will pay almost all of the expense of providing health insurance to Ohioans earning under 138 percent of the poverty level. This explains why our rates of uninsured residents have been cut in half in the last few years, and it brings billions to the state. Ohio lawmakers have directed the Department of Medicaid to seek a waiver from the federal government that will erect barriers in front of Ohioans who need this care. Legislators should withdraw this request. Failing that, the federal government should not grant these waivers.⁹
3. **Food aid from the feds:** In communities where unemployment is high, the federal government offers waivers to time limits on food assistance for some hungry Ohioans, also paid for at the federal level. Ohio, oddly, has requested those waivers for some rural

⁷ Learn more here <http://www.cincy-promise.org/> and here <http://clevelandmetroschools.org/pre4cle>

⁸ Learn more here: <http://www.policymattersohio.org/eitc-april2015>

⁹ Learn more here: <http://www.policymattersohio.org/testimony-medicaid-may2015>

residents but rejected it for hungry Ohioans in cities and some other rural counties. Instead we should seek federal food aid for all Ohioans who need it.¹⁰

4. **Work supports:** Much more than in the recent past, Ohioans remain low income despite working. This is in part because the most common Ohio occupations pay poorly. We can help Ohioans who are struggling to stay in the workplace by making sure that transportation and childcare, two expenses that go way up when people get jobs, are affordable. Only nine states make it harder to qualify for childcare assistance than Ohio does. Ohio ranks third worst in the nation for state commitment to public transit. At the same time, lawmakers have given away billions in tax cuts to the wealthiest. We should restore some of those taxes and fund transit and childcare at the level of the average state.

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¹⁰ Learn more here: <http://www.policymattersohio.org/food-aid-aug2015>