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# POLICY MATTERS OHIO



## ANNUAL REPORT

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2007

*Creating an economy  
that works for all*

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## OUR COMMITMENT

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*To those who seek a more prosperous and fair Ohio,*

**POLICY MATTERS**

*To those who want better jobs, growing incomes and more equity,*

**POLICY MATTERS**

*To those who support public structures that promote an economy that works for all,*

**POLICY MATTERS**

*To those who care about democracy, education, taxes, energy, cities, and the economy,*

**POLICY MATTERS...**

### **POLICY MATTERS OHIO**

is a non-profit policy research institute founded in January 2000 to broaden debate about economic policy in Ohio.

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**Learn more:**  
**[www.policymattersohio.org](http://www.policymattersohio.org)**

## ORGANIZATIONAL PROFILE

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We use the best data available to conduct high quality research that seeks to understand and find solutions to challenges facing Ohio and its communities. We conclude that we must invest in the future, strengthen public structures, expand opportunity, protect families, and create an economy that works better for everyone. We use research, media work, advocacy and events to promote our vision of a more prosperous, fair and sustainable Ohio. Workers, students, policy makers and citizens benefit from our intense focus on finding and promoting what works.

Learn more: [www.policymattersohio.org](http://www.policymattersohio.org).



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*Worker photos by Steve Cagan (www.stevécagan.com)*

## LETTER TO STAKEHOLDERS

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May 2008

Dear Friends;

Policy Matters has grown immensely in size, stature and effectiveness since it sprouted just 8 years ago. It is now one of the most effective research and advocacy voices in Ohio and a model among state think tanks nationwide. Our focus on work, wages, economic development, education, energy, budgets and taxes provides a unique perspective, and amplifies the concerns of low- and moderate-income workers in Ohio. This innovative approach led to more than 400 news stories last year alone; stories that point toward opportunities for progressive action and better policy.

We've enjoyed some policy victories in 2007 and early 2008: the minimum wage increase was implemented; older workers who lose their jobs can now receive the full amount of unemployment compensation and social security; Ohio put in place a benefit bank to provide free tax preparation and other services to those of modest incomes; payday lending reform passed the Ohio House of Representatives; and a renewable portfolio standard was enacted, ensuring that more of Ohio's energy comes from renewable sources. We're pushing for further reform ~ expanded use of renewable energy, more efficient buildings, better regulation of financial products, economic development accountability, smarter tax policy, paid sick days for workers, and more.

In 2007, Policy Matters brought on four new board members who have made vital contributions to the clout and insight of this organization and we transitioned in new board officers. We also added three new staff people: Policy Liaison Amanda Woodrum, Senior Education Researcher Piet van Lier and Communications Coordinator Kahlil Huff. We now have eight energetic professionals, plus terrific interns, in Cleveland and Columbus offices.

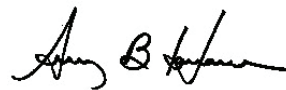
Our research finds that Ohio has deviated from its roots as an innovative state, deeply concerned with worker well-being. We recommend concrete ways in which the state could invest in the future, create more opportunity, ensure that new generations can join the middle class, protect the assets that people have worked so hard to build, and preserve strong public structures.

Creating a more fair, prosperous and sustainable Ohio requires thought and insight that Policy Matters can provide. Policy Matters will continue to grow as a resource to new and long-time policymakers, providing research, popular education, media work, and policy advocacy to fulfill a vision of an economy that works better for all. We are grateful for your support of our efforts and, increasingly, our victories.

Sincerely,



Joyce Goldstein  
Board Chair



Amy Hanauer  
Executive Director

## FINANCIAL STATEMENTS

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We are deeply grateful to our generous funders.

In 2007, support for Policy Matters came from:

The Joyce Foundation  
The George Gund Foundation  
The Cleveland Foundation  
The Public Welfare Foundation  
The Sisters of Charity Foundation  
The KnowledgeWorks Foundation  
Greater Cleveland Community Shares  
The New World Foundation  
The Annie E. Casey Foundation  
Cuyahoga County  
The Economic Policy Institute

And individuals like you! To make a tax-deductible contribution to Policy Matters, mail a check to Policy Matters Ohio, 3631 Perkins Avenue, Suite 4C-East, Cleveland, OH 44114 or donate online at [www.policymattersohio.org](http://www.policymattersohio.org)

### 2007 Assets

Net assets, start of 2007:	\$238,241
Net assets, end of 2007:	\$199,859

### 2007 Revenues

Total 2007 revenues:	\$534,596
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### 2007 Expenditures

Compensation:	\$445,226
Taxes:	\$ 32,273
Other operating expenses:	<u>\$ 95,475</u>
Total Expenditures:	\$572,974

Total Program Expenditures:	\$502,818
Total Expenditures — Management and General:	<u>\$ 70,156</u>
Total Expenditures:	\$572,974

## ...PAVING THE HIGH ROAD

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### FOCUS

Our research is unified by a belief in a high-road approach to economic and community development.

High-road development focuses on creating and retaining jobs with high wages, good benefits, and strong training and career advancement opportunities. The high-road approach recognizes that the best way to attract business and jobs is through investment in infrastructure, education, training, and other public goods. The cities, suburbs, and farms of Ohio can all benefit from economic policy that closes off the low road – preventing pollution, raising low wages, and stopping tax avoidance. Instead we should help pave the high road, rewarding firms that take care of the environment, contribute to the community, and value their workers. Here are some of the ways we get our voices heard:



### RESEARCH

Easy-to-read and hard-to-refute, our concise reports are based on high-quality, accurate data. All include a brief executive summary, a clear set of recommendations, and an understandable format. They can be downloaded from our website at [www.policymattersohio.org](http://www.policymattersohio.org)

### ADVOCACY

In 2007, we testified on payday lending before the Domestic Policy Subcommittee of the U.S. House of Representatives Committee on Oversight and Government Reform. We briefed members of Ohio's General Assembly, several top Ohio officials including the Governor, Attorney General, tax commissioner and Secretary of State, as well as U.S. Senators and members of Congress and other state and local officials on energy policy, foreclosures, payday lending and more. During the course of the year, we met with state and U.S. legislators of both parties to talk about issues that affect working people in Ohio. We participated in forums and presentations sponsored by agencies such as the state treasurer's office and entities like the Federal Reserve Bank of Cleveland. By making our research available to the people who make decisions, we are helping to amplify the voices representing concerns of low- and middle-income workers.

## ...PAVING THE HIGH ROAD

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### MEDIA

Our reports have led to hundreds of print and broadcast media stories. Policy Matters had more than 400 press citations in 2007, including coverage in every major Ohio daily, on television, radio, and the web. The news and editorial sections of Ohio dailies give regular attention to Policy Matters research, and findings with broader impact have made the *New York Times*, *The Wall Street Journal* and other national outlets. The increased attention to issues that matter to working people in Ohio means that not only do decision-makers have more access to our research and a better understanding of its implications, but also that the citizens of Ohio are more informed about issues that affect them. Visit the media page at [www.policymattersohio.org](http://www.policymattersohio.org) for links to some of the articles that mention our work.

### PUBLIC EVENTS

Our researchers take every chance they get to speak to the public. We've spoken at city forums, policy roundtables, union gatherings, church events, TV news shows, talk radio shows, and university classrooms. In 2007 we co-hosted the *Midwest Conference on Labor in the New Energy Economy* with the Apollo Alliance, a national coalition of environmentalists, businesses, unions and community groups pushing a clean energy revolution in America. Our staff also planned and participated in a briefing for a U.S. Senator, members of Congress, the Governor, State Treasurer, Secretary of State and legislative leaders on the work of the Alliance. We are eager to jumpstart debate about critical issues facing Ohioans. Please contact us if you'd like us to speak to your group.



### ORGANIZING

By forging relationships with working people, academics, citizens, researchers and activists, we help support effective coalitions working for policy change. To this end, we provide research to answer questions raised by advocates in Ohio, and we bring national experts to contribute insight to Ohio problems. We sponsor the Progressive Scholars' Network, a coalition of academics in Ohio created to bridge gaps between research and policy. Our director, Amy Hanauer, serves on the board of directors and the executive committee of the national think tank Dēmos and on the advisory committee to the national Economic Analysis and Research Network. Outreach coordinator Pam Rosado serves on the board of Greater Cleveland Community Shares, researcher David Rothstein on the steering committee of the National Community Tax Coalition, and researcher Piet van Lier on the board of the Cuyahoga Community Land Trust.

## RESEARCH OVERVIEW

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*We released more than 35 reports and briefs in 2007, all focused on issues that matter to Ohio. Our areas of research include:*

### WORK AND WAGES

We continue to explore ways to create and maintain good jobs in Ohio. Our Job Watch series, done in partnership with the Economic Policy Institute, has documented that Ohio still has more than 68,000 fewer jobs than it had in November 2001, when the last recession ended. We propose ways to turn that around. Our rules for qualifying for unemployment compensation remain among the most restrictive: we're one of only three states where a worker earning \$9 an hour and working 20 hours per week would not qualify. A victory in the area of unemployment: a bipartisan group was concerned about the needs of elderly workers who lost their jobs. We showed that Ohio had the nation's most restrictive policy for workers who should be eligible for full Social Security and unemployment benefits. Our research and testimony helped eliminate this Social Security offset against unemployment benefits and create fairer policy in line with that of other states.



### INEQUALITY

Our *State of Working Ohio* report highlighted the incredible growth in income inequality in Ohio. Those in the top one percent earned more than 26 times what middle-class households did in 2007. We continue to support tax policies that would reduce inequality and ensure that the state has the resources to meet the needs of all of Ohio's families—for good schools, clean communities, solid infrastructure, public protection, and other basic needs. We advocate for reasonable regulation of lending, affordable healthcare and quality public schools in an effort to create a more cohesive Ohio in which we all can thrive.

### TRADE

In 2007 we highlighted how poorly structured trade agreements contributed to deindustrialization and job loss in Ohio. Our state has lost jobs in the wake of trade agreements, whether we look only at trade with China, at trade more broadly, only at jobs covered by the federal Trade Adjustment Assistance program or at all jobs. Policy Matters advocates that national trade policies be reexamined to protect basic labor and environmental standards. We also argue that more should be done to ensure that workers affected by trade are able to contribute to the economy as it changes. Extending Trade Adjustment Assistance protection to service sector workers and workers who are part of the supply chain for affected companies is also vital.

## RESEARCH OVERVIEW

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### BASIC NEEDS

By ensuring that Ohio families can meet their basic needs, we can improve children's long-term prospects, stimulate the economy, increase productivity and ensure a more prosperous future. In 2007 we looked at how allowing workers to earn paid sick days could help Ohioans take better care of themselves and their families. For Cuyahoga County, we examined a possible living wage policy, concluding that it would not lead to a major increase in costs but would benefit a significant number of employees. Together with the Economic Policy Institute and Voices for Ohio's Children, we released research on the positive impact of a state-sponsored universal pre-K education program. The report concluded that public investment in youngsters would lead to positive short and long-term effects for Ohio. These included higher individual earnings, lower crime, lower teen pregnancy and overall improvements in economic well-being.



### TAX POLICY

Fair and adequate taxation enables Ohio to provide the education, infrastructure, services, and other public structures that the state needs to thrive. Our research looks at who pays taxes in Ohio, who benefits and loses when changes are proposed and enacted, and how we can ensure adequate revenue to meet our needs, raised in a fair, smart way that allows our economy to prosper. One 2007 study scrutinized often-overlooked tax exemptions, deductions and credits that stripped \$7.12 billion from the state budget in fiscal year 2007. We called for better examination of whether these tax giveaways have led to the promised jobs and development. We continue to be involved in statewide planning groups seeking to provide more transparency and accountability with economic development spending. We also advocated on behalf of low- and moderate-income property owners by suggesting that Ohio target its expansion of the homestead credit to those most in need. We've suggested that the state provide an Earned Income Tax Credit to working families of modest income levels, we've scrutinized how the top one percent of earners in Ohio—those earning more than \$339,000 a year—have benefited most from tax changes, and we've pushed for a more reasonable system that allows us to meet Ohio's needs.

## RESEARCH OVERVIEW

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### ENERGY POLICY

Our research in 2007 found that among 18 states engaged in creating a clean energy fund, Ohio ranks last in per capita funding. In 2007 testimony on Ohio's Advanced Energy Fund before the Alternative Energy Committee of the Ohio House of Representatives, we argued for expansion of the funding program. We highlighted the need for a statewide program to train workers for



“green collar” jobs in a new energy industry. Our research suggests that Ohio has the ability to replace polluting energy sources with renewable resources such as wind, solar, and biomass at the same time as the state promotes energy efficiency. We testified that a strong fund can increase public awareness regarding clean energy options, and reduce upfront capital costs for renewable energy and energy-efficient equipment. We also partnered with the Apollo Alliance on the Ohio release of a study that shows how our state's colleges and universities could dramatically reduce energy use by increasing their energy efficiency.

### CREDIT AND DEBT

Ohioans are among the most affected by the abuses of payday loan establishments and predatory mortgage contracts. In testimony to the Domestic Policy Subcommittee of the U.S. House of Representatives Committee on Oversight and Government Reform, we cited the statewide growth in payday lenders to 1,562 in 2006 from 107 in 1996. We found that unfair loan structures and excessive interest rates have helped trap borrowers in an endless cycle of debt. We were among the first to draw attention to the massive increase in foreclosures in Ohio, which has helped lead to a national financial crisis. Our study on foreclosures in Cuyahoga County, one of the hardest hit counties in the nation, showed foreclosure growth in suburban and urban communities. Statewide, we found that foreclosures increased more than 23 percent in 2006, partly because of the explosion of subprime adjustable-rate mortgages sold to people who could not afford them. We have been an advocate for ensuring that financial institutions make suitable loans to mortgage consumers.

## PUBLICATIONS

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- Job Watch Reports.* Zach Schiller and the Economic Policy Institute. Eleven issues in 2007.
- New Energy for Campuses: Energy-Saving Policies for Colleges and Universities.* Apollo Alliance, January 2007.
- International Trade and Job Loss in Ohio.* Jon Honeck, January 2007.
- An Economy That Works.* Amy Hanauer, January 2007.
- EITC Gains, RAL Drains.* Brookings Institution and Policy Matters Ohio, February 2007.
- Exempt From Scrutiny: Tax Breaks in Ohio.* Schiller, February 2007.
- Trapped in Debt: The Growth of Payday Lending in Ohio.* David Rothstein with the Housing Research and Advocacy Center, February 2007.
- Policy Matters Testifies in Congress on Payday Lending.* Rothstein, March 2007.
- Foreclosure Growth in Ohio.* Schiller, March 2007.
- Policy Matters Ohio Testifies on Unemployment Compensation and Social Security.* Schiller, April 2007.
- Tax policy shortchanges Ohio's public services; Weak job growth continues.* Honeck, April 2007.
- Dollars That Make Sense: The EITC in Ohio.* Rothstein, April 2007.
- Costly Trade with China.* Policy Matters Ohio and the Economic Policy Institute, May 2007.
- Pre-K Pays! - Enriching Children, Enriching the Nation.* Policy Matters Ohio with the Economic Policy Institute and Voices for Ohio's Children, May 2007.
- Living Wage study for Cuyahoga County, 2007.* Policy Matters Ohio, June 2007.
- Ohio Should Target Homestead Exemption.* Institute on Taxation and Economic Policy and Honeck, June 2007.
- Federal Trade Adjustment Assistance covers 5,319 Ohioans so far in 2007.* Honeck, August 2007.
- Foreclosures in Cuyahoga County Communities.* Schiller, August 2007.
- The State of Working Ohio 2007.* Hanauer, September 2007.
- Policy Matters Ohio Testifies on Unemployment Compensation and Social Security.* Schiller, October 2007.
- Investing to Re-Energize Ohio.* Amanda Woodrum, with the Apollo Alliance, October 2007.
- Adopting Maternity Leave.* Woodrum, October 2007.
- A Healthy Standard: Paid Sick Days in Ohio.* Hanauer, October 2007.
- Policy Matters Testifies to Ohio Attorney General on Payday Lending.* Rothstein, December 2007.
- Ohio Still Excludes Many from Unemployment Compensation.* Schiller, December 2007.
- Policy Matters Testifies to Ohio House Committee on Advanced Energy Fund.* Woodrum, December 2007.

## BOARD OF DIRECTORS:

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### **Harriet Applegate**

Executive Secretary,  
North Shore Federation of Labor

### **David Bergholz**

### **Michael Charney**

Retired Teacher

### **Joyce Goldstein (Board Chair)**

Attorney, Joyce Goldstein and Associates

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### **Bakari Kitwana**

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### **Baldemar Velasquez**

Founder and President,  
Farm Labor Organizing Committee

### **George Zeller**

Economic Research Analyst

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## STAFF

**Amy Hanauer**, Executive Director

**Jon Honeck**, Research Analyst

**Kahlil Huff**, Communications Coordinator

**Pam Rosado**, Outreach Coordinator

**David Rothstein**, Researcher

**Zach Schiller**, Research Director

**Piet van Lier**, Education Researcher

**Amanda Woodrum**, Policy Liaison

### **2007 Interns**

Sara Becker

Rebecca Bonthius

Jaeseong Choe

Nelson Foster

Andrew Gaines

April Hirsh

Thomas Kapfer

Elena Khramtsova

Josh Marcin

Eric Metcalf

Michael Newell

Ruth Obasecki

Jamie Smith

Mark Stovell



*Staff photo* Back row, left to right: Jon Honeck, Zach Schiller, Kahlil Huff, Pam Rosado, Piet van Lier.  
Front row: Amanda Woodrum, Amy Hanauer, David Rothstein.