

Is making less becoming the norm?

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Olivera Perkins, The Plain Dealer



Thousands in July snaked two blocks down the street from the student center at Cleveland State University -- some in suits and dresses, some in casual clothing, all hoping for a shot with more than 100 recruiters inside.

CLEVELAND, Ohio -- Deborah Normand is making \$10,000 less a year, but she feels she's among the lucky ones.

She went from working as an office manager for a wholesale business to a clerical position, and it took a year and half for her to find that job.

"I am happy to be working," said Normand of Berea.

According to a new report by **Policy Matters Ohio**, Norman's job experience may be the new reality. Most hourly wages of workers in Ohio dropped faster during the last decade than their counterparts in any other state, according to a report by Policy Matters Ohio that was released today. **(See the results on our poll of workers worried about being laid off and vote yourself.)**

The report confirms what local economic experts have seen for years: Ohio has suffered massive job loss in the last 10 years or so especially in manufacturing, which created and sustained the state's

middle class. And most of those jobs seem not to be coming back. Ohio's latest unemployment rate is 9 percent.

"I just didn't expect us to come in first (in the rankings)," said Amy Hanauer, executive director of Policy Matters, the non-profit, liberal research organization focused on economic policy.

"Wages are shrinking, jobs are elusive, long-term joblessness is the highest on record and men's employment is the lowest on record," she said in a press release.

The study said that Ohioans saw the median hourly wage drop by 86 cents between 2000 and 2010 in inflation adjusted dollars. That meant that the median wage went from \$16.02 to \$15.16 per hour. Nationally, the figure increased 51 cents from \$15.49 to \$16.00.

Ohio was one of only 10 states to see wages drop during that decade. Tennessee, where wages dropped, 73 cents an hour, from a median of \$14.53 to \$13.80, came in second. Michigan, where the median hourly wage decreased 70 cents, from \$16.60 to \$15.90, ranked third for wage decline. The Policy Matter study supports other data showing how workers, often those in the middle class, have lost ground. Such findings include:

- People who worked in Cuyahoga County lost a combined total of \$5.2 billion from their paychecks between 2000 and 2010, according to an analysis of payroll data of residents' wages compiled by George Zeller, an economic research analyst. The inflation-adjusted figures showed that Cuyahoga residents lost more from their paychecks than their counterparts in any other county. The statewide total was \$17.7 billion.

The toll of a decade of job losses for Ohioans

Between July 2000 and July 2010, Ohio lost nearly 600,000 jobs, accounting for more than one-fourth of all jobs lost in the nation.

Ohio's 10-year job losses versus the rest of the nation

(net job losses, 2000 - 2010)



Since 2000, Ohio ranks first for wage losses

Ohio workers sustained the biggest loss in median hourly wages in the country, as inflation-adjusted wages fell by 86 cents an hour from 2000 to 2010 — after gaining \$1.15 an hour from 1990 to 2000. These are the only states in which wages fell.

Change in median-hourly wages, 2000-10*

	2000	2010	Change
Ohio	\$16.02	\$15.16	-86¢
U.S. average	\$15.49	\$16.00	+51¢

* Inflation-adjusted wages

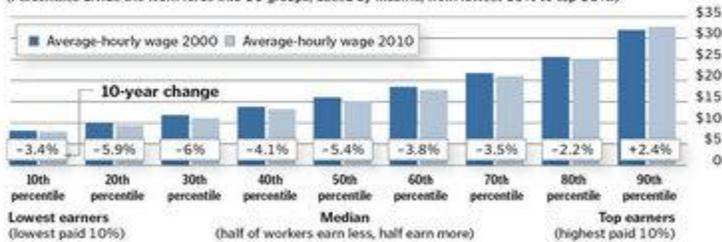


Wages are down for all but the highest-paying jobs

Median wage earnings, adjusted for inflation, are down since 2000 for all but the highest-paid workers in Ohio.

Average Ohio wages, 2000 versus 2010, by percentile

(Percentiles divide the work force into 10 groups, based by income, from lowest 10% to top 10%.)



Lost earnings mount up

Cuyahoga County lost \$5.2 billion in annual payroll, inflation adjusted, from 2000 to 2010, the biggest loss in the state by more than \$2 billion. Here are the changes for area counties, with their statewide rank.



Change in annual payroll, 2000 to 2010

Rank	County	Payroll change	Percent change
1	Cuyahoga	-\$5.2 billion	-14.5%
7	Lorain	-\$736.6 million	-18.2%
11	Summit	-\$430.4 million	-4.1%
13	Lake	-\$414.5 million	-10.7%
46	Portage	-\$53.7 million	-2.8%
53	Geauga	-\$23.7 million	-2.0%
76	Medina	+\$34.4 million	+1.8%
—	Statewide	-\$17.7 billion	-8.4%

SOURCES: Economic Policy Institute analysis of federal Current Population Survey data; analysis of Ohio Department of Job and Family Services data by George Zeller, an economic research analyst

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- Since 2000, Ohio has had more than one-fourth of the net job losses in the United States.
- The share of new hires in greater Cleveland making at least \$20 an hour dropped from nearly 15 percent in 2001 to roughly 12 percent in 2009, according to a Plain Dealer analysis of inflation-adjusted federal data.

- Only one in four of people laid off during the Great Recession found full-time work; and half of the new jobs paid less, according to a report released last week by the John J. Heldrich Center for Workforce Development at Rutgers University in New Jersey.

For more than a year, Normand followed what the experts said would lead to a job: Volunteering. Job counseling. Sending out resumes and filling out on-line applications daily. Then she had to have the honest talk with herself. In her 50s -- a time when she thought she would be settling into her dream job -- Normand had to shift to working her way up from the bottom.

"When you're older, it is harder to get a job," she said. "The longer you have been out of work, the harder it is to get a job. There are some places that don't even want to look at you if you have been out of work longer than a year."

Though she is working, Normand is struggling.

Nancy Ruffner stood in line at the job fair with thousands of others at an event sponsored by U. S. Rep. Marcia Fudge early last month at Cleveland State University. She spoke to many qualified people who had been out of work for months. Ruffner was laid off in July from her job as a staff coordinator for a nonprofit agency that she said lost funding because of state budget cuts.

When a position paying "slightly less" that had benefits came along, she took it.

Ruffner also considers herself lucky. She found something in her field with a growing company, which she hopes offer her the chance to move up. Ruffner hasn't lost hope of her middle-class dream.

The Policy Matter study says more workers will have to abandoned their desires for a middle class lifestyle because wage inequality is growing.

"Readers could be forgiven for assuming that nobody is winning in today's economy," the study states. "But as has often been the case in this generation, in fact productivity is high and growing, and incomes at the very top are ballooning. The growth is simply not being shared."

The study said workers at the very top were the only to see their wages increase between 2000 and 2010, those in the middle and lower experienced the most wage loss. For example, the study says that only workers in the 90th percentile -- or the top 10 percent -- who had a median hourly wage of \$31.92 in 2000, saw them increase to \$32.68 in 2010.

At the 50th percentile -- or median -- wages fell from \$16.02 in 2000 to \$15.16 in 2010.

Another example was the growing gap in wages between the lowest paid workers and the highest paid. In 2010, the 90th percentile worker made 4.14 times what the 10th percentile worker, with a median of \$7.89, made. In 2000 the gap was 3.91 times.

James Sherk, a senior policy analyst in labor economics at the conservative Heritage Foundation in Washington, D.C., said such comparisons are flawed because they don't take benefits into account. "That is going to be a larger share of your income if you are making \$30,000 a year, than \$90,000 a year," he said.

Proving disparity often sparks debate, said Veronica Kalich, an economics professor at Baldwin-Wallace College. It draws upon not only numbers, but sociological terms like "middle class." It deals with percentiles, which often do not contain equal numbers of people. It often doesn't take into account how factors such as education influence a person's ability to find a job and advance. People with college degrees, for example, have the lowest unemployment rates.

But the true debate is often centered on what it takes to become and remain "middle class," and whether it has become harder for the average Ohioan to do during the last decade.

In terms of official definitions, "middle class" has meant a "household" earning between \$30,000 and \$80,000 a year. A household can contain "one" person or it can have many, she said.

Individual workers often measure middle class in terms of lifestyle. Whether they can afford a house, buy a car, take an occasional vacation or send the kids to college.

Zeller said as manufacturing jobs disappeared, it has been harder for Ohioans to remain middle class using either definitions. The mean annual earnings for a manufacturing job in Ohio for the third quarter of 2010 for example was \$51,682 and non-manufacturing it was \$46,517. For a field like retail, which has become popular among many of the non-educated workers, the mean average is \$24,333.

He is optimistic by recent trends like Cuyahoga County regaining 1,729 manufacturing jobs -- a 2.6 increase -- during the last year or so. But many of these jobs don't pay what the old manufacturing jobs did. For example, a recent United Automakers Workers agreement requires entry level workers to make about \$14 per hour, roughly half the wage made by more senior workers.

Sherk said pursuing a manufacturing strategy was risky for other reasons.

"Increasingly it is not a worker on the assembly line, but a robotic arm or computerized system that does that," he said. "If you can produce more with a lot fewer workers, it is going to be difficult for companies not to do that."

Local economist Jack Kleinhenz, also an economic forecaster, said experts and policymakers have known what ails Northeast Ohio for years, now it is time to work on a viable plan.

"There are no easy solutions," he said. "It takes time for a region to transform itself."