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Jobs shift slams Ohio workers

Median wages have declined faster than any other state, report says.

By Randy Tucker, Staff Writer

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DAYTON — The shift from manufacturing and construction to more knowledge-based industries has been one of the key stumbling blocks to income growth in Ohio, where median wages have declined faster than any other state over the past 10 years, according to a recent report from Policy Matters Ohio.

Many Ohio workers have been consigned to low-paying jobs with little potential for advancement because they don't have the education or training to fill the positions that have replaced production jobs, said Bill Even, a labor economist at Miami University. He noted that while about 26 percent of Ohioans hold at least a bachelor's degree, the national average is closer to 30 percent. And government statistics show a wage gap of more than \$20,000 in median household income between workers with at least a bachelor's degree and workers with only a high school diploma.

"We're seeing wages in the types of jobs that require a high school degree not keeping pace with wages in jobs that require a college degree. And Ohio, on average, has a less-educated work force," Even said. "We're also finding that a lot of young people who get college degrees are leaving the state, and that has also hurt us in terms of wages relative to the rest of the country."

Nationally, median hourly wages rose 51 cents over the past decade to \$16 last year, Policy Matters reports. At the same time, Ohio's median hourly wage fell by 86 cents to \$15.16 in 2010.

Even attributed much of the decline to the dramatic shift in the nature of employment in Ohio, now focusing more on high-tech and green technology than manufacturing.

That's a big change from 20 or 30 years ago, he said, when high-paying manufacturing and construction jobs were the backbone of the economy and employers were forced to raise wages to compete for workers.

"In Ohio, for many years, a person with a high school degree could do quite well in the manufacturing industry," Even said. "That's not working anymore."

As plants shut down in the wake of recessions in the 1980s, '90s and early 2000s, those jobs disappeared and many laid-off factory workers were forced to take entry-level jobs, if they could find work at all.

"Ohio historically has been a state that has a larger-than-average share of its work force in manufacturing," Even said. "So as the manufacturing industry in the U.S. has been declining, it's hit Ohio harder than many other states."

The decline in manufacturing and construction jobs has also taken its toll on workforce participation in Ohio – or the percentage of the working-age population that is employed or actively seeking work.

Men have become detached from the labor force at a much faster rate than women as those male-dominated construction and manufacturing jobs evaporated.

Men's labor force participation in Ohio fell for the fourth year in a row last year to 70.5 percent – a record low, according to the Policy Matters report.

Meanwhile, women's labor force participation fell to 60.3 percent in Ohio last year – the lowest since 1999.

Overall, Ohio labor force participation was on par with the rest of the nation at 65.2 percent – slightly above the national rate of 64.3 percent.

But participation rates for Ohio and the nation continue to trend down, which doesn't bode well for future economic growth, said Amy Hanauer, Policy Matters' executive director and author of The State of Working Ohio report.

Hanauer noted that when you have fewer people working harder for lower wages that tends to reduce consumer spending, which drives 70 percent of all economic growth in the United States.

Without increased demand for their goods and services, employers have little incentive to raise wages or hire more workers. That was illustrated in the government's latest jobs report, which showed no new jobs were created in the U.S. last month.

Hanauer said the employment picture won't improve if businesses are counted on to boost hiring on their own volition, and she thinks more government intervention will be needed to stimulate job growth.

"It's time for a laser-like focus on ensuring that all Ohioans can contribute to and benefit from our economy," she said.

In terms of employment, Policy Matters also found that:

- In 2010, blacks, whose employment levels had risen above 60 percent before the early 2000s recession, are now employed at just barely over 50 percent.
- Fewer than half of all 16-24 year olds in Ohio were employed in 2010 for the first time in the past 20 years, down from 64 percent in 2000.
- Ohio men's 2010 unemployment rate of 11.5 percent was worse than at any time since the 13.2 percent peak in the early 1980s.
- Women's 2010 unemployment was 8.5 percent, worse than at any time since the early 1980s.
- Nearly one in four workers (23 percent) with less than a high school education was jobless in 2010, worse than any time in the last two decades.
- High school graduates faced a 12 percent official unemployment rate. Even those with a bachelor's degree or more had a 4.5 percent unemployment rate, exceeding any rate tracked in the last 31 years.
- A breathtaking 42.4 percent of the unemployed had been out of work for more than half a year during 2010, the highest level in more than 60 years. More than 29 percent of Ohio's unemployed had been out of work for more than a year.