

Executive Summary

The *State of Working Ohio 2007* report from Policy Matters Ohio uses the best data available to document issues facing Ohio workers. The report found increased inequality; low job growth; rising productivity, hours and education; slight wage increases; modest progress on wage disparities; and slight unemployment declines. A summary of the findings includes:

Finding 1: Staggering Inequality

- Over the last 18 years, households in the bottom 60 percent saw few real income gains while those in the 95th to 99th percentile posted nearly a 24 percent (\$40,000) increase in annual income. The top one percent's income spiked more than 40 percent, from \$698,000 in 1988 to \$986,000 in 2006, rising more than seven percent just between 2005 and 2006. They earned over 26 times what middle-income households earned in 2006, on average.

Finding 2: Stagnant Job Growth

- Ohio has 2.8 percent fewer jobs than when the recession began more than six years ago, remaining more than 158,000 jobs behind the March 2001 level. Ohio also has fewer jobs than when the recession ended. Only Massachusetts and Michigan are in the same position.
- Ohio has lost nearly 21 percent of its manufacturing jobs since the 2001 recession started.
- By this point after the beginning of the 1990 recession, Ohio had an increase of 8.7 percent in total employment, compared to the 2.8 percent decline this time. Employment has not kept up with working age population which increased by 2.9 percent since the recession began.

Finding 3: Rising productivity, rising hours, rising educations

- American workers are more productive than ever before. Hourly output per U.S. worker, which has grown much more than compensation, rose 20 percent between 2000 and 2007.
- Ohio's gross domestic product grew 22.3 percent from 1990-97, and 13.3 percent between 1997 and 2006.
- Women's labor force participation increased from fewer than half of women over 16 in 1979 to more than 61 percent in 2006. Women are in the labor force at higher rates than ever.
- In contrast, Ohio men's labor force participation declined, from nearly 80 percent of Ohio men over the age of 16 to 73.1 percent in 2006. This was, however, an uptick over the previous year.
- Two-parent families increased their hours by 17 percent between 1979 and 2006, to 3,488 hours annually. Single-parent families are also working more.
- Of adults over age 25 in Ohio, more than 88 percent have a high school diploma and nearly a quarter of Ohio have completed their BA.
- Young adults have more formal education than older adults do. Just 73.9 percent of Ohio adults over age 65 have a high school degree, compared to more than 92 percent of younger adults, age 25 to 44. Just 16.3 percent of those age 65 and over in Ohio have a bachelor's degree compared to more than 26 percent of younger adults, age 25 to 44.

Finding 4: Ohio wages inch up

- Ohio's median wage rose between 2005 and 2006, a contrast to the wage decline between 2000 and 2004, though still low given increased productivity. This increase brought the state back up to within pennies of the federal median wage.

Finding 5: Unionization levels drop, but unions confer benefits

- The likelihood of being in a union declined over time in Ohio from slightly more than a quarter of workers in 1983 to just over 16 percent of the workforce in 2006.
- Black workers were more likely to be in a union: rates were more than one in five among black workers (21.3 percent) compared to less than one in six among whites (15.6 percent).
- Unions raise wages. The union premium was 28 percent for men, 42 percent for women, 34 percent for white workers and 38 percent for black workers in Ohio.

Finding 6: Modest Progress on Wage Disparities

- Men earn more than women in Ohio. The male median wage of \$16.15 an hour was more than 22 percent higher than the female median wage of \$13.16 in 2006. Still, the gender gap is smaller than it has ever been in Ohio and women are earning more than they ever have.
- The wage gap between black and white workers is larger than it was a generation ago. However, median black worker wages increased between 2005 and 2006 in Ohio. Although the median racial wage gap – 17 percent – is larger than in 1979, it has narrowed from the widest point of disparity. In contrast to earlier this decade black Ohio workers earned slightly more than black U.S. workers in 2006.
- Education is associated with higher earnings. Workers with at least a four-year college degree earned \$22.06 per hour in 2006, more than twice as much as workers without a high school diploma. Completing high school nets \$3.00 an hour more at the median.
- The consequences of not getting education are increasing. Those without a high school diploma earned more in 1979 (\$13.39) than those with one did in 2006 (\$12.93).
- The wages of those with a college degree, which grew sharply in the late 1990s, have not continued to grow. Since 1999 these wages have fallen slightly.

Finding 7: Unemployment inches down; little relief for black workers

- Ohio's official unemployment rate fell slightly to a 5.4 percent annual average in 2006, lower than between 1979 and 1995 or in the last five years, but higher than when the 2001 recession began and ended. Black Ohio 2006 unemployment was 12.5 percent, 3.5 percentage points above the national rate.

Recommendations

Ohio must make changes in five areas where dozens of states have bypassed us. Invest in the future by putting in place universal pre-kindergarten and enacting a renewable energy portfolio standard. Create more opportunity by targeting economic development dollars wisely and getting a handle on development spending through a unified development budget. Construct on-ramps to the middle class by working with neighboring states to establish regional universal health care and giving all workers in Ohio the ability to earn paid sick days. Build and protect people's assets by blocking exploitative payday lending; restoring the non-economic damages provisions in the consumer sales practices act; and enacting a state Earned Income Tax Credit. Finally retain strong public structures, in part by restoring the income tax cuts for Ohio's most affluent taxpayers. These reforms will allow Ohio to renew its commitment to prosperity, equity, sustainability, productivity, and a better tomorrow.