

THE STATE OF WORKING OHIO 2009

A REPORT FROM
POLICY MATTERS OHIO

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I. Executive Summary

Ohioans are out of work at rates not seen for more than a quarter century. Many who are working have had to accept cuts in pay, reductions in hours or unpaid furloughs. Some have stopped seeking work because they fear no jobs exist, others hang on to part-time jobs though they want and need full-time employment. Wages are not rising, and for black workers, wages have dropped sharply, leading to unprecedented gaps between black and white wages and between the wages of black workers in Ohio and the nation. The dire situation is the result of deregulation, deindustrialization, and a deep recession. Public interventions have averted the worst possible outcome – allowing states to meet many of their obligations, extending unemployment compensation benefits, and stimulating the economy. But the federal government must provide further unemployment extensions, additional stimulus, and more aid to the states. Ohio must also modernize its unemployment compensation system and stabilize its own tax system, which has been badly crippled because of the weak economy and bad policy choices.

Out of work

- Unemployment rates in Ohio are now at rates not seen in more than a quarter century. Unemployment had hit a fifteen-year high at the end of 2008, with an annual rate of 6.5 percent. By July 2009, the less reliable monthly unemployment rate was more than 1.7 times as high at 11.2 percent, a rate last seen in August 1993.
- Unemployment levels are always higher for certain demographic groups – black workers, young workers, and those with limited education typically have higher rates of unemployment. At the end of 2008, unemployment rates for black workers were 14.8 percent, more than 2.7 times higher than the rate facing white workers and more than twice as high as the overall rate. If that pattern has persisted, it is possible that more than one in four black workers is now unable to find a job.

Underemployment

- In 1994, the federal government began tracking underemployment, a category that included unemployed workers, discouraged workers (jobless individuals who've stopped looking for work because they feel there are no positions), and involuntary part-time workers (those who want full-time work but can only find part-time jobs). By the end of 2008, before the employment situation worsened substantially, these measures were at the highest level since the government began tracking it, with 11.4 percent of Ohioans falling into one of these categories. More than 22 percent of black workers and more than 26 percent of those without a high school degree were also underemployed by the end of last year.

Wage woes

- Ohio's inflation-adjusted median wage fell sharply in each of the last two years. By the end of 2008, the median wage was lower than at any time in the last ten years. At \$15.04, this wage was more than 80 cents below what it has been in peak years like 2006, 2000 and 1979. Ohio's median wage is now 70 cents below the federal median wage, a larger gap than ever seen before.

- The median male wage in Ohio rose very slightly in 2008, but this was probably more due to job loss among the lowest-paid men than to actual wage increases. The median female wage fell slightly in 2008. Men earned \$16.93 at the median, compared to \$13.58 for women.
- The wages of both black and white workers fell last year in Ohio – for black workers it was the second consecutive year of a steep wage drop. Black workers earned just \$12.03 per hour at the median last year, less than at any point in the last three decades and more than \$3.40 less than what the median white worker earned, the largest gap ever. Black workers in Ohio earned more than a dollar less per hour than black workers nationally last year. This is the first time African Americans in Ohio have fallen this far behind black workers nationally, and contrasts sharply to the entire period prior to 1997, when African Americans consistently earned more in Ohio than nationally.
- Wages dropped at all educational levels last year, including for college-educated workers, who still earn more than twice as much as those without a high school degree. Those without a high school diploma, with just a high school diploma, or with a two-year degree or some college all now earn less than those without high school degrees earned in 1979 in Ohio.

Young and struggling

- Young workers in Ohio are far more likely to be unemployed, underemployed, or involuntarily part-time than middle-aged or older workers in Ohio, and the situation has gotten much worse for this group. This is despite the fact that young workers are significantly better educated than their older counterparts. At the end of 2008, workers under age 24 had 14.9 percent unemployment, more than four times higher than the rate facing those over 55. This does not include full-time students or retired workers, but only those actively seeking work. More than 23 percent of workers under age 24 were underemployed – either unemployed, involuntarily part-time, or no longer looking, by the end of 2008. All of these variables have worsened substantially over calendar year 2009.

The *State of Working Ohio 2009* ends with simple recommendations to the federal and state government. The federal government should enact a second stimulus program that provides aid to states, extends unemployment compensation again, and provides additional infrastructure and energy investments. Passing universal health coverage and the employee free choice act, which reduces barriers to union organizing, will also help workers get health coverage and better wages. The state of Ohio must modernize its unemployment compensation system so that it reflects the needs of today's workers, and restore taxation levels so that revenue is adequate to maintain vital public services.

II. Introduction

Labor Day 2009 represents a grim moment for people trying to earn a living in Ohio. Far too many are out of work – more than one out of nine people in the state are actively seeking jobs and can't find them. Many more have stopped looking, or are working part-time when they need and want full-time jobs. For those who are working, most face stagnant pay, and many have had to accept pay cuts, unpaid furloughs, or reductions in hours. Adding to the burden, Ohioans are seeing sharp cuts to public services, despite rising needs. The situation is particularly grim for young Ohioans who are trying to establish themselves in a labor market where the signs read “no help wanted”.

This dire situation has been long in the making. Decades of deregulation led to a foreclosure crisis that undermined our entire financial system, plunging the country into a deep recession. Ohio, which had never really recovered from the previous recession and which continued to suffer from ongoing deindustrialization, saw its unemployment levels rise more quickly and to a higher level, and expects job losses to continue and unemployment to remain high, probably for years to come. Unions have been substantially weakened, leaving workers with fewer tools to seek better work conditions.

Public intervention averted a more profound catastrophe. The federal government, with both a rescue of the dysfunctional financial system and a public stimulus program, allowed the country to avert what many analysts feared could become a depression. The stimulus, among other things, enabled state and local governments to continue to meet many of their programmatic obligations, averted some horrific cuts in public services, reduced layoffs and kept employment levels from spiraling irreversibly downward. The stimulus also extended unemployment compensation, allowing more people to qualify and letting benefits last longer. This rescued families and stabilized the economy. These provisions and more protected Ohio's economy and helped us dodge a more profound shock.

But intervention so far has been insufficient. Despite generous infusions of federal aid, the state made devastating cuts to public services that hurt vulnerable Ohioans and took money out of the economy. This was partly because of ill-considered tax cuts. However, the steep downturn made some of these cuts inevitable, because need had grown and revenues were low due to depressed business activity. Unemployment is likely to remain at double-digit levels in Ohio well into 2010 and beyond. That means that unemployment benefits will need to be extended, the state will need continued federal help in meeting its obligations, and stimulus is not yet complete.

III. Out of Work in Ohio

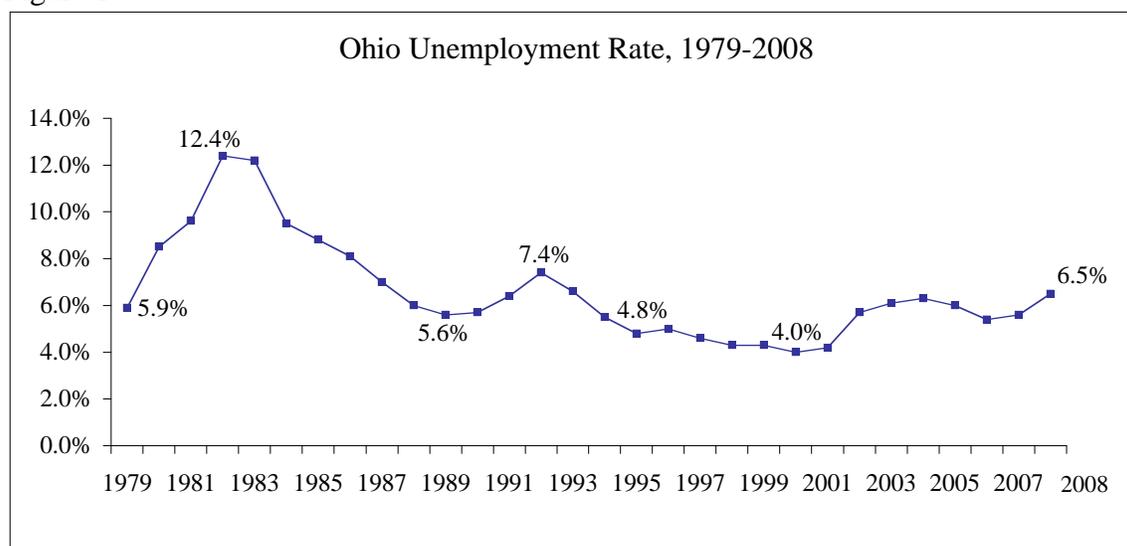
Ohio has been hemorrhaging jobs since the year 2000 and it has led to high levels of joblessness, made much worse by the current recession. This is both a temporary and a longer-term problem in Ohio. Our employment levels never recovered from the 2001 recession, and the state's unemployment rate has remained high throughout the last decade. In this recession alone, Ohio has lost 295,000 jobs, 149,000 of them in our

important manufacturing sector. Given that the state has been continually losing jobs since the beginning and end of the previous recession, this is a sobering employment picture for Ohio.

This section of the report uses three different types of unemployment compensation data, annual, quarterly and monthly. Annual rates are the most accurate statistically because they rely on a much larger sample. Monthly rates tend to vary more and be less reliable because they are based on a smaller sample, but during a period of rapid economic change like this calendar year, monthly rates obviously allow a much more up-to-date snapshot of the situation. Quarterly rates are volatile, like monthly rates, but the quarterly data do allow for some comparisons across demographic characteristics, like race and gender. For comparison across other indicators, like education level and age, we can only use annual data. All unemployment rate data only includes workers who are not working at all and are actively seeking work. Those who are in school full-time, are retired, are too discouraged to look for work, or are not actively seeking a job are not included in these numbers.

By the end of 2008, Ohio's annual unemployment rate was 6.5 percent, an annual rate that had not been seen for a decade and a half. Since that time, over the course of 2009, monthly unemployment has risen much further, spiking to 11.2 percent in July. This far exceeds unemployment levels seen in the last two decades and approaches the worst annual levels seen in the early 1980s. Figure 1, below, depicts annual unemployment rates, but does not show the much higher monthly rates that we've seen since January.

Figure 1

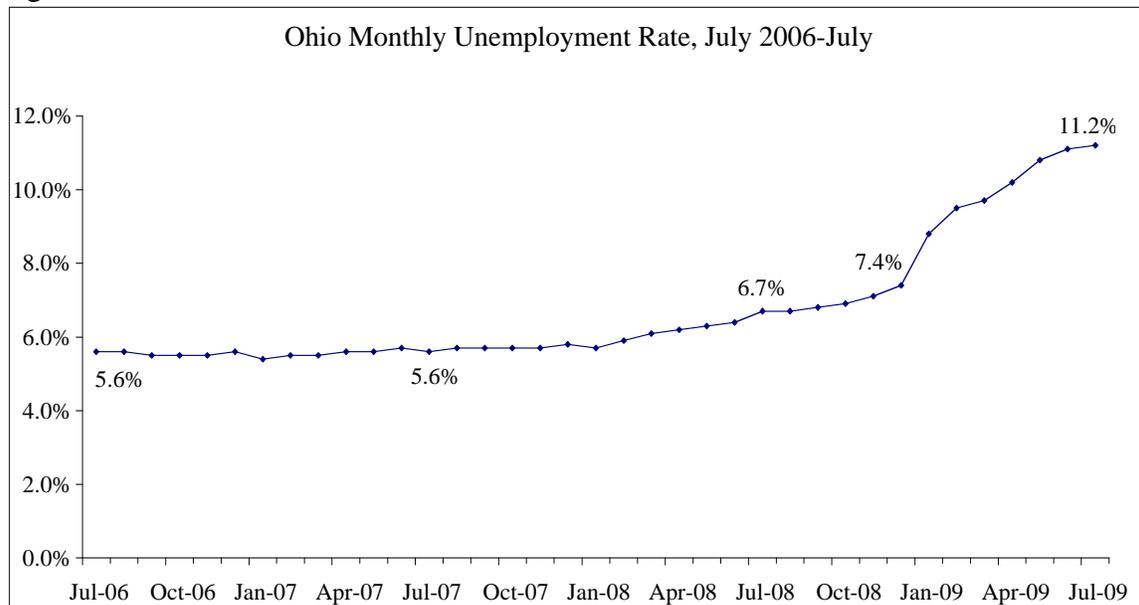


Source: Economic Policy Institute analysis of Current Population Survey data

As mentioned, unemployment hit a fifteen-year high at the end of 2008, with an annual rate of 6.5 percent. This is a high annual rate of unemployment, particularly considering that official rates do not capture everyone who is out of work, since some have stopped looking, gone back to school, or retired, even though they'd rather be working. Over the

course of 2009, unemployment has worsened dramatically. By July 2009, monthly unemployment for all workers in Ohio was up to 11.2 percent, the highest monthly rate since August 1983 and higher than all annual rates since the early 1980s. Even the most mainstream economists fear that these high rates are not likely to go away soon – most estimate that the year-end 2009 rate will be near 11 percent, and that Ohio unemployment will be even higher in 2010. Figure 2 shows the monthly unemployment rate for the last three years.

Figure 2



Source: Bureau of Labor Statistics

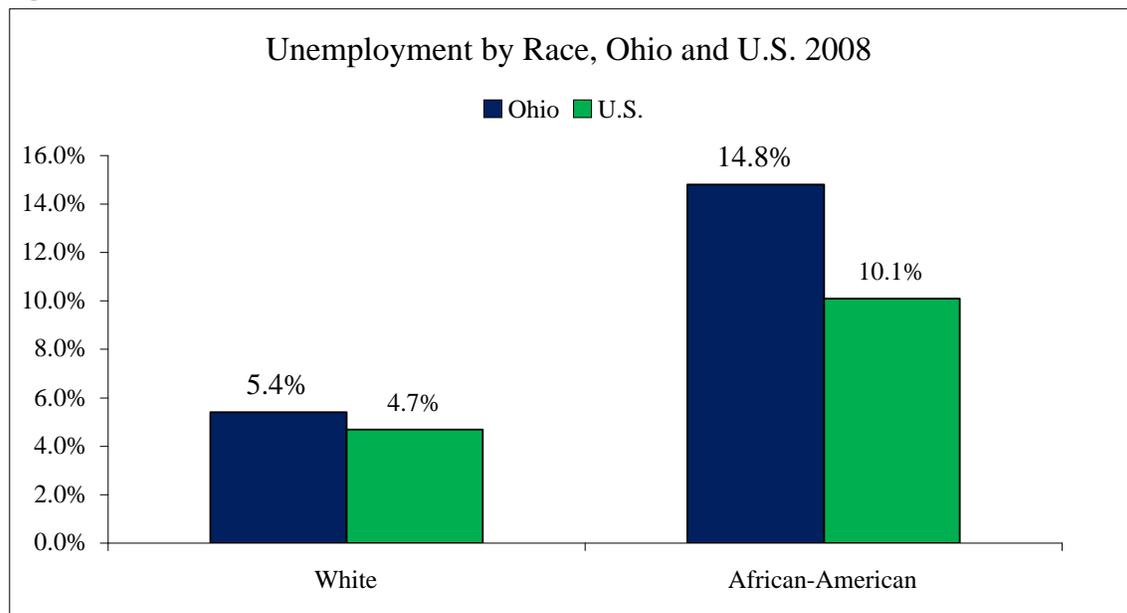
Going back to the annual numbers, which allow more understanding of effects on different demographic groups, from the peak of the last business cycle in 2000 through the end of 2008, unemployment in Ohio rose 3.5 percent. For men the increase was even larger at 2.9 percent. And for black workers in Ohio, whose unemployment levels even at the peak were a problematic 7.6 percent, unemployment nearly doubled by the end of last year to 14.8 percent, as Table 1 shows. Each of these groups had higher unemployment in Ohio than in the nation and for each of these groups unemployment rose more in Ohio than in the nation. And of course, since the end of 2008 the employment picture has grown far more ominous in Ohio and nationally. Black workers had unemployment levels that were more than twice as high as those facing all workers – if that pattern has persisted, then it is possible that more than one in four black workers is currently unemployed.

Table 1			
Unemployment Rates by Gender and Race			
Ohio and United States, 2000 and 2008			
All Workers	2000	2008	Percentage point change 2000-2008
Ohio	4.0%	6.5%	2.5%
U.S.	4.0%	5.8%	1.8%
Men			
Ohio	3.9%	6.8%	2.9%
U.S.	3.9%	6.1%	2.2%
Women			
Ohio	4.2%	6.1%	1.9%
U.S.	4.1%	5.4%	
White			
Ohio	3.6%	5.4%	1.8%
U.S.	3.1%	4.7%	1.6%
African-American			
Ohio	7.5%	14.8%	7.3%
U.S.	7.6%	10.1%	2.5%

Source: Economic Policy Institute analysis of Current Population Survey data

We hone in on this comparison of nationwide and Ohio-wide unemployment levels by race in the bar chart below, where we see that black unemployment in Ohio at the end of last year was more than 4 percentage points above that of the nation. Again, quarterly and monthly data suggest that the situation has worsened substantially at the state and local levels since the end of year numbers depicted in Figure 3.

Figure 3

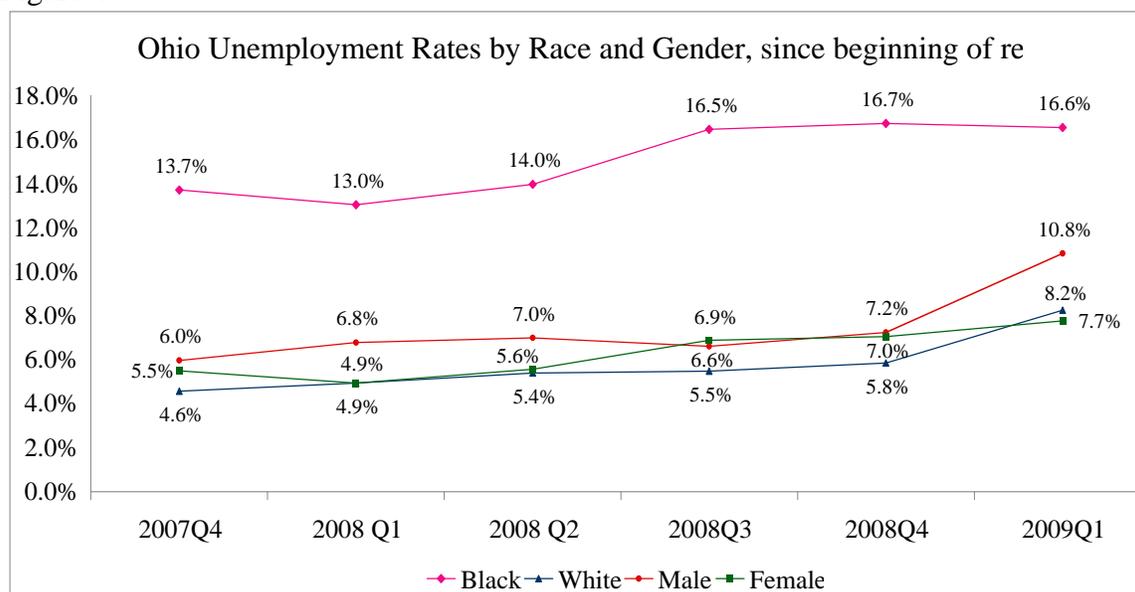


Source: Economic Policy Institute analysis of Current Population Survey data

The table and bar charts above shows how much the situation had worsened across demographic groups by the end of 2008. Quarterly unemployment data allow us to examine how unemployment rates for different groups in Ohio had increased by early 2009 – the first quarter of 2009 is the most recent quarterly data available. The quarterly data shows that unemployment had started to climb sharply for the most disadvantaged workers during 2007 and 2008, and has worsened substantially for other workers during 2009.

Not surprisingly, unemployment rates were much higher for black workers and for male workers than for white and female workers in the first quarter of 2009. Unemployment for African American workers was above 16 percent during the entire second half of 2008 and the first quarter of 2009. For white workers it was less than half that level, rising to a problematic 8.2 percent during the most recent quarter available. Male unemployment rose to 10.8 percent that quarter, about 3 percentage points above the 7.7 percent rates faced by women. As mentioned, quarterly rates like those in Figure 4 below are based on smaller sample sizes and can fluctuate, so are not considered as reliable as annual rates, but they allow us to examine how workers have fared during this deep recession year.

Figure 4

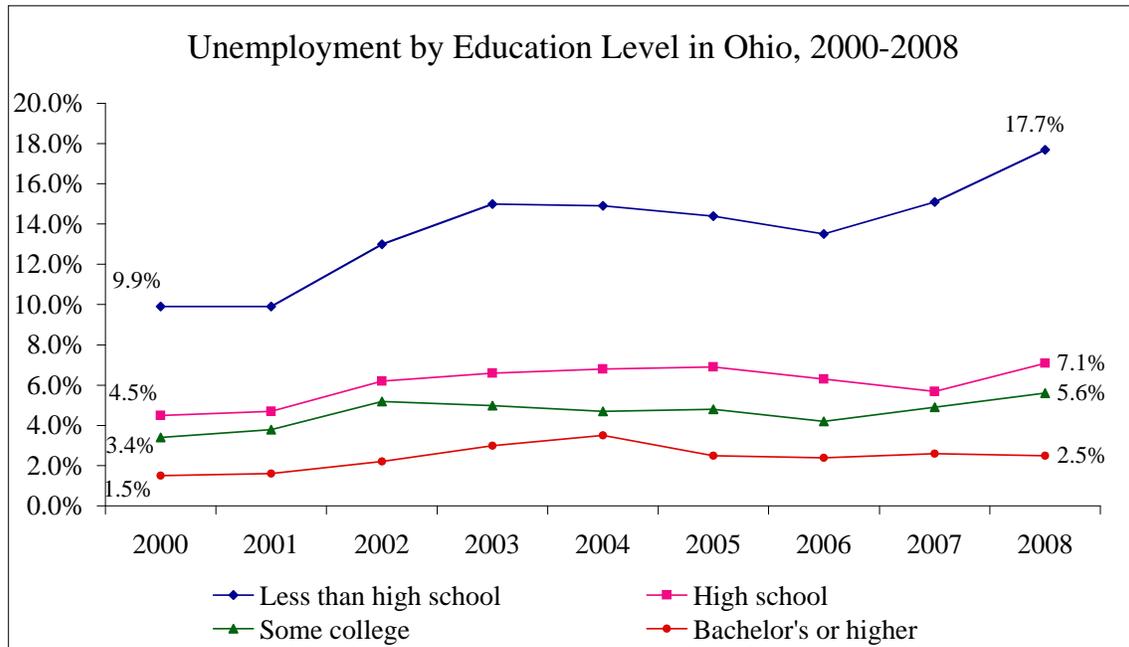


Source: EPI estimates based on BLS LAUS and CPS data, as well as projections by Moody's Economy

Unemployment rates vary widely by education level in Ohio, a variable for which only annual data can be used. At the end of 2008 nearly all of those with Bachelor's degrees were still employed if they wanted to be – unemployment in that group was 2.5 percent. For those with just some college, rates were more than twice as high at 5.6 percent. Those with just a high school diploma had unemployment levels of more than seven percent at the end of 2008. For those without a high school degree, annual unemployment was already a staggering 17.7 percent last year, nearly twice as high as what that group was experiencing in 2000, and well over twice as high as what any other educational level

experienced. More recent monthly data does not allow us to examine unemployment at this level of detail, but given the dramatic increases in unemployment since that time period, it is safe to estimate that at least one in five, and perhaps as many as one in four of those without a high school degree are now unemployed. Figure 5 shows the trend through the end of 2008.

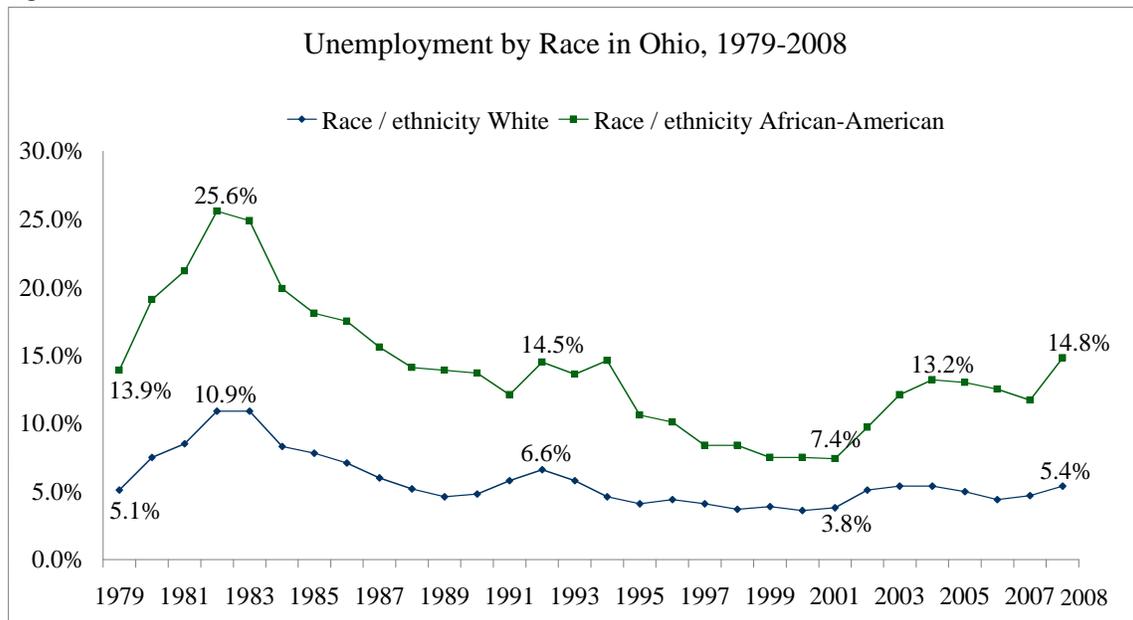
Figure 5



Source: Economic Policy Institute analysis of Current Population Survey data

During calendar year 2008, official unemployment rates for black workers in Ohio were higher than they had been in 21 years. As Figure 6 shows, unemployment rates are always higher in the black community, and unemployment levels for black workers are more volatile, spiking much more during recessions. However, even the lowest unemployment levels that the black community has experienced, such as in the late 1990s and 2000, were well above what white workers experience in a modest recession.

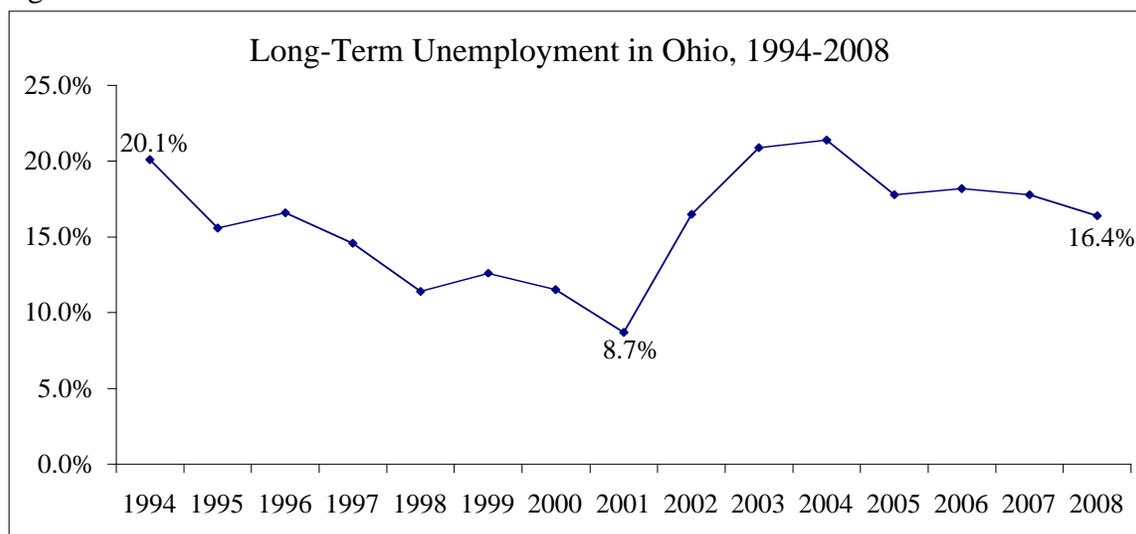
Figure 6



Source: Economic Policy Institute analysis of Current Population Survey data

As of the end of 2008, 16.4 percent of the unemployed in Ohio had been unemployed for more than six months as Figure 7 shows. These long-term unemployed actually made up a smaller percentage of the unemployed in 2008 than in previous years, largely because as new layoffs occur, more of the unemployed are newly in that position. However, overall numbers of long-term unemployed are rising steeply, along with numbers of newly unemployed. When long-term unemployment is high, federal extensions of unemployment insurance become essential because more workers are still jobless after 26 weeks, when state unemployment compensation benefits expire.

Figure 7



Source: Economic Policy Institute analysis of Current Population Survey data

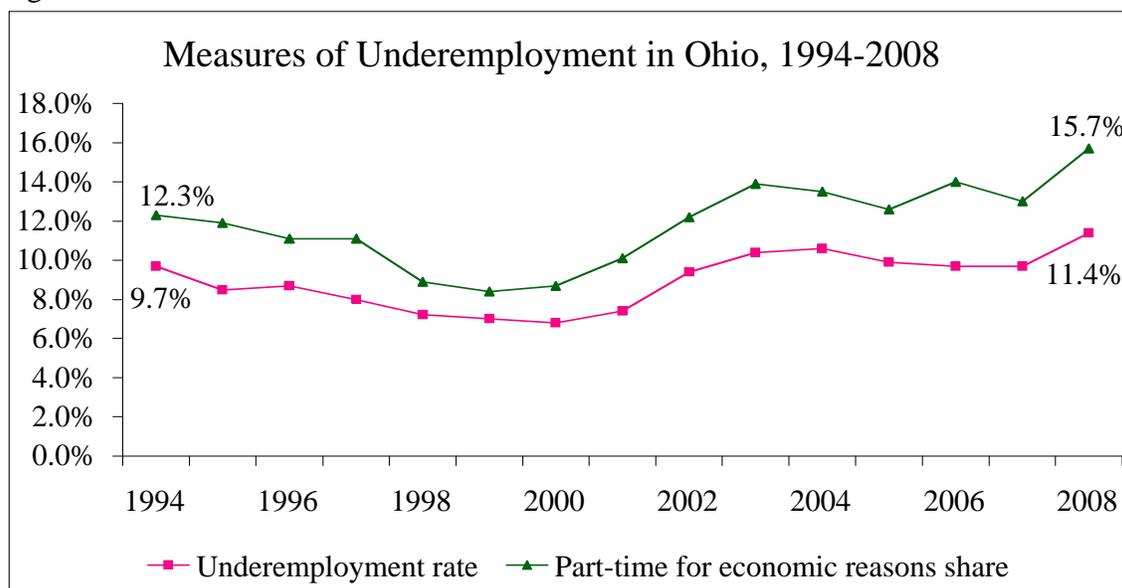
IV. Underemployment: Not technically unemployed, but.....

To be considered unemployed in the United States, workers have to be actively seeking work and unable to find any job. High levels of this kind of unemployment are certain evidence of a labor market that is not working. But many Ohioans who are not quite in that situation are still not having their needs met by our labor market. The federal government began tracking these more subtle problems in the workplace in 1994.

Underemployment became an umbrella term that was used to monitor unemployment (being out of work while actively seeking a job); discouraged workers (those who were out of work but had stopped looking because they felt there were no jobs to be found); and part-time for economic reasons (workers who want a full-time job but can only find part-time work). This does not include other issues – like those who can't find a job that matches their educational background and are doing lower-wage work; those who are working at lower compensation than they used to earn; those who return to school or become full-time parents because they don't think they can find work, or those who can only find work far away from their families, to name a few.

Even by the end of 2008 the share of Ohio's workforce that was part-time for economic reasons reached a new high in Ohio – with nearly one out of six part-time workers saying they would prefer to be full-time, the highest level since the government started tracking this indicator in 1994. Underemployment in general also reached a new high since tracking began in 1994, with 11.4 percent of Ohio's workers qualifying as underemployed, which includes unemployed workers, plus the part-timers who want to be full time and the discouraged workers. Overall unemployment has risen nearly four percentage points since the end of last year and is now even higher than these three categories combined were over the course of last year. Therefore it's safe to assume that underemployment has also risen substantially. Figure 8 shows the percentage of part-time workers who are seeking full-time work, and the overall level of underemployment by the end of 2008.

Figure 8



Source: Economic Policy Institute analysis of Current Population Survey data

Underemployment rose steeply in Ohio for all categories of workers between the year 2000 and 2008, even before the havoc of the 2009 labor market fully took hold. For all workers combined, underemployment rose more than 4 percentage points to more than 11 percent by the end of 2008. For more disadvantaged categories of workers, underemployment had spiked to a much greater degree. For both black workers and workers without a high school diploma, underemployment rose more than 10 percentage points between 2000 and 2008, to over 22 percent and nearly 27 percent respectively. By the end of 2008, more than one in five black workers and more than one in four workers without a high school degree were either looking for work unsuccessfully, convinced that it was no longer worth looking for work, or looking unsuccessfully for full-time work while working part-time. Table 2 provides this information. All of these indicators have worsened substantially over the course of 2009.

	2000	2003	2007	2008	Percentage Point Growth 2000-'08
All Workers	6.80%	10.40%	9.70%	11.40%	4.60%
Male	6.50%	10.70%	9.80%	11.70%	5.20%
Female	7.10%	10.10%	9.70%	11.10%	4.00%
White	6.20%	9.20%	8.40%	9.90%	3.70%
Black	11.90%	19.00%	18.60%	22.40%	10.50%
Less than HS	16.30%	22.60%	22.60%	26.70%	10.40%
High School	7.60%	11.60%	10.90%	13.30%	5.70%
Some College	5.60%	8.70%	8.40%	9.90%	4.30%
BA or Higher	2.50%	5.20%	4.70%	4.80%	2.30%

Source: Economic Policy Institute analysis of Current Population Survey data

V. Who's At Work in Ohio

Ohio's labor force demographics are less similar to those of the country as a whole than they used to be because of the growth of Asian and Latino residents in other states. As in the country as a whole, men make up slightly more of the labor force than women, but in Ohio women play a larger role (48.3 percent). While a stereotype holds that Ohio's workforce is older than that of the rest of the country, that's not true – those under the age of 24 make up 15.4 percent of Ohio's workforce compared to 14.3 percent of the nation's workforce. More than two out of three workers both at the state and national level are between the ages of 25 and 54. And about 18 percent of both the Ohio and U.S. workforce is age 55 or older. Ohio's population is still older than that of the U.S. and some of our workforce participation by those under age 24 may reflect slightly lower college attendance.

Ohio's workforce is less racially diverse than that of the country – 85 percent of the labor force here is white, compared to 68.2 percent nationwide. Levels of African American workers are somewhat similar at 10 or 11 percent of the workforce, but a much greater share of the national workforce is Hispanic or Asian than in Ohio.

In terms of education, as has long been true, more Ohio workers have at least a high school degree than U.S. workers, but fewer have a BA. Some evidence indicates that equal percentages of new high school graduates go on to higher education now in Ohio and the nation, but the adult workforce is less likely to have an advanced degree. Table 3 provides this basic information.

Table 3

Labor Force Demographics, 2008		
Gender	United States	Ohio
Male	53.5%	51.7%
Female	46.5%	48.3%
Age		
16-24 yrs	14.3%	15.4%
25-54 yrs	67.7%	66.4%
55 yrs and older	18.1%	18.2%
Race / ethnicity		
White	68.2%	85.0%
African-American	11.1%	10.0%
Hispanic	14.3%	2.2%
Asian/Pacific islander	4.6%	1.4%
Education		
Less than high school	11.2%	9.5%
High school	29.1%	35.7%
Some college	28.9%	28.4%
Bachelor's or higher	30.8%	26.5%

Source: Economic Policy Institute analysis of Current Population Survey data

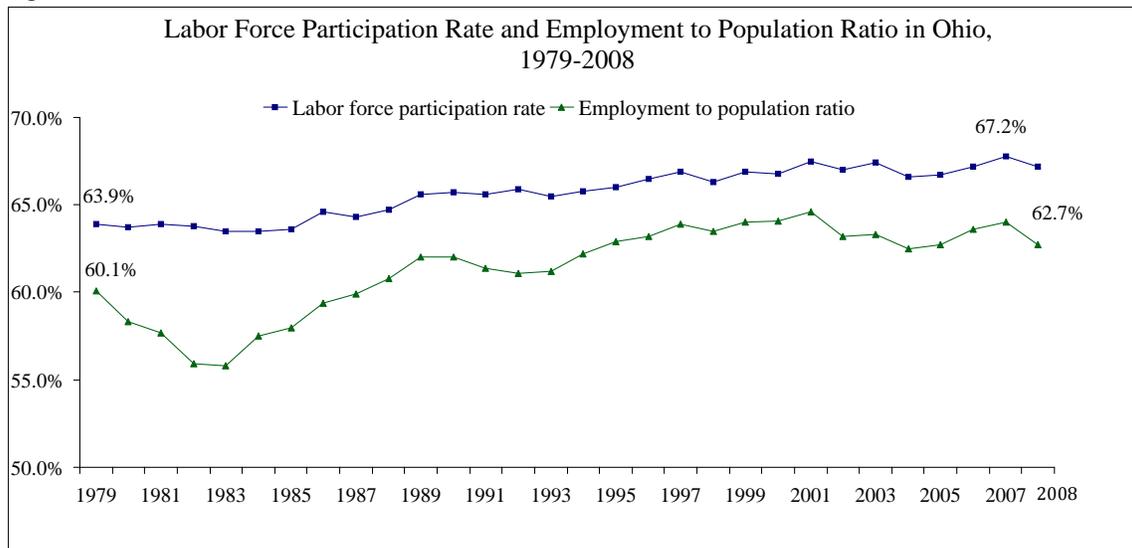
The labor force participation rate tells us what percentage of adults are in the workforce, either employed or unemployed. Retired people, full-time students, stay-at-home parents and others who are not working or seeking work are not considered to be in the workforce. Those who are employed or unemployed but seeking work constitute the workforce. The employment-to-population ratio is the share of the workforce that is actually working. In Ohio, Table 4 shows that the percent of the population that is working varies widely by demographic group, with more men, whites and higher-educated people being employed than women, blacks and less educated Ohioans.

Table 4		
Working in Ohio, 2008		
Gender	Labor force participation rate	Employment to population ratio
Male	72.40%	67.40%
Female	62.40%	58.60%
Race / ethnicity		
White	67.80%	64.10%
African-American	62.10%	52.90%
Hispanic	69.50%	63.70%
Asian/Pacific islander	69.90%	67.80%
Education		
Less than HS	41.90%	34.50%
High school	64.50%	59.90%
Some college	73.70%	69.60%
BA or higher	81.40%	79.40%

Source: Economic Policy Institute analysis of Current Population Survey data, using CPI-U-RS

The employment to population ratio went down pretty steeply between 2007 and 2008, and was significantly below its peak levels before the 2001 recession, as Figure 9 shows. However, it is important to note that overall labor force participation and employment to population ratios are still above what they were in the 1970s and 1980s. This is largely because of increases in female labor force participation, as well as perhaps because of adults working past what might have previously been retirement age.

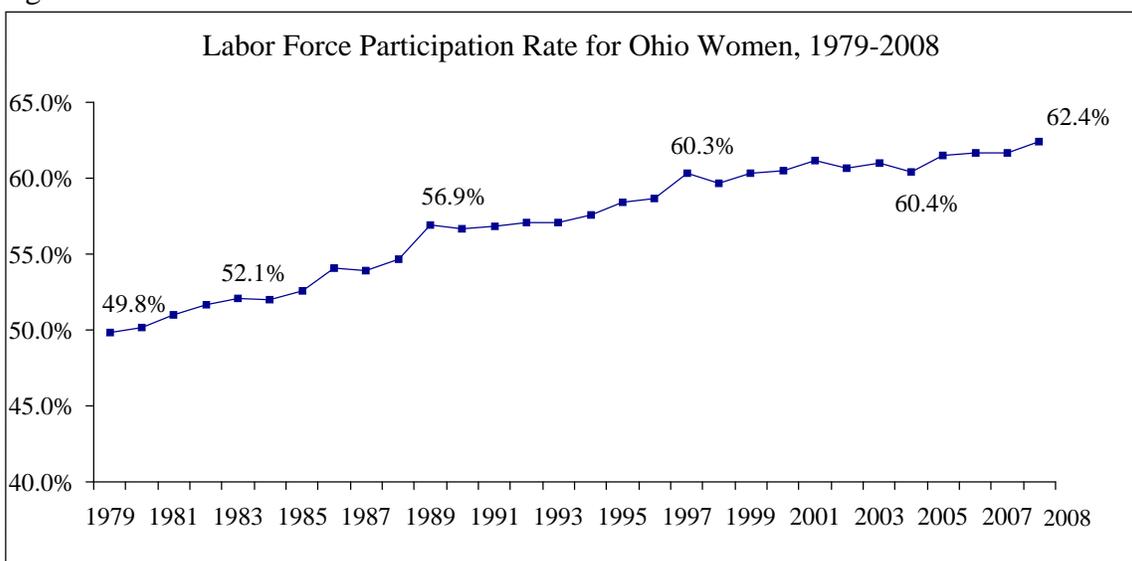
Figure 9



Source: Economic Policy Institute analysis of Current Population Survey data

Despite high levels of job loss and unemployment, women’s labor force participation continued to increase in Ohio in 2008 as Figure 10 shows. This is a surprising and positive finding. In 2008, 62.4 percent of Ohio women were in the labor force, more than in any other year since 1979. This reflects the ongoing family shifts toward women’s employment.

Figure 10

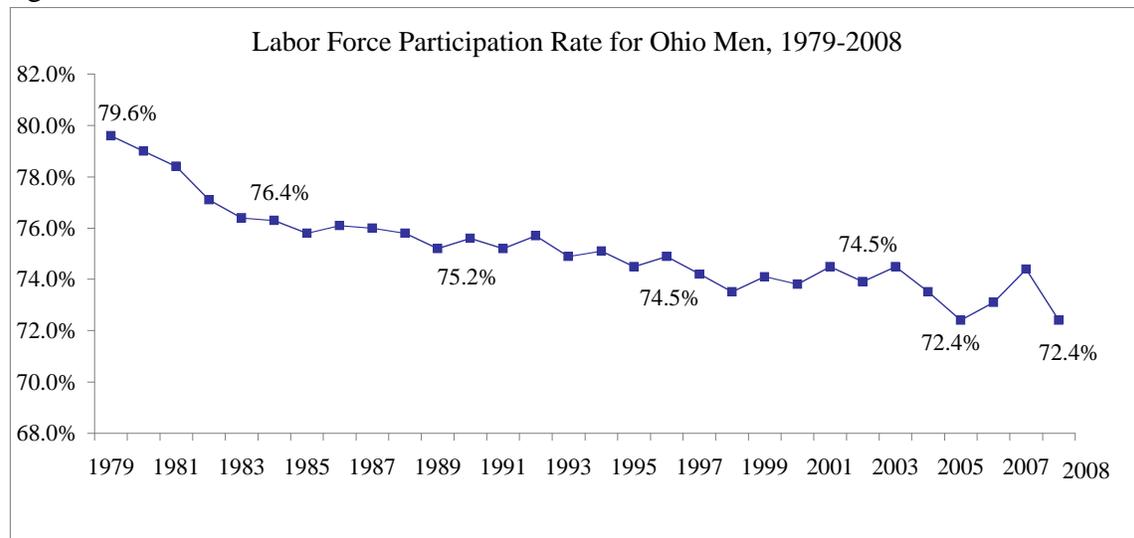


Source: Economic Policy Institute analysis of Current Population Survey, includes all women over age 16

Male labor force participation plunged somewhat sharply in 2008 to 72.4 percent, erasing the gains of the previous few years. This rate of workforce participation for men was as low as has ever been recorded in Ohio, and represents a fairly dramatic decline from the late 1970s when nearly eight out of 10 men were in the labor force, as Figure 11 shows.

There are both positive and negative reasons behind this shift – on the challenging side are ongoing job losses particularly in the male-dominated fields of manufacturing and construction. On the positive side, this can reflect greater levels of educational involvement for young men (men are in school instead of being in the workforce) and longer life spans for older men who are out of the workforce because they are retired. However, the one-year plunge is an unambiguously negative phenomenon, reflecting the job loss of this recession.

Figure 11

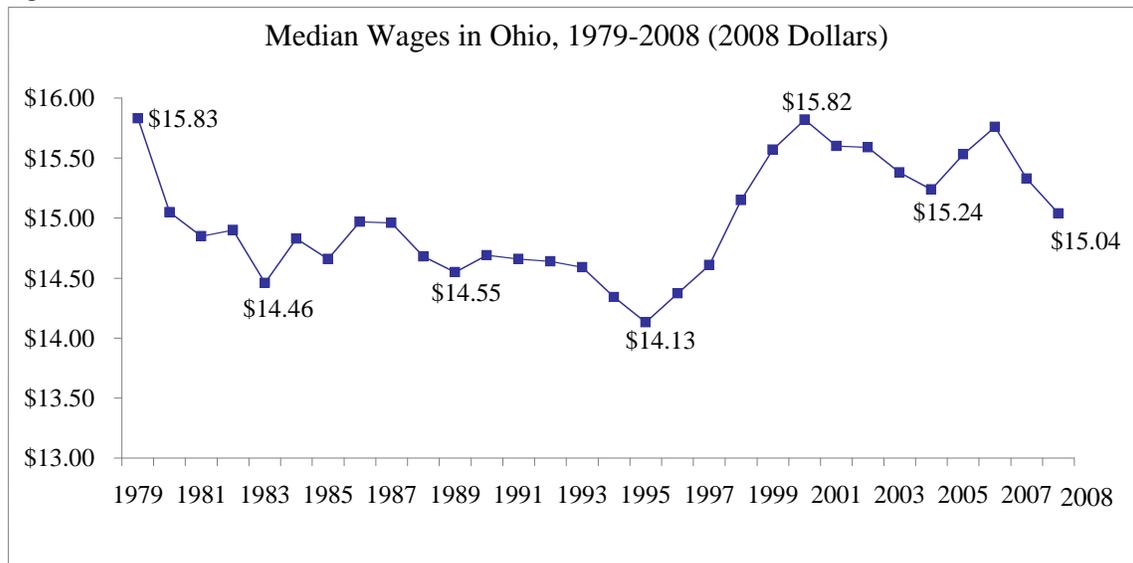


Source: Economic Policy Institute analysis of Current Population Survey, includes all men over age 16

VI. Wage Woes

Ohio's inflation-adjusted median wage fell sharply in each of the last two years and by the end of 2008 the median inflation-adjusted wage was lower than it has been at any time in the last ten years. The median wage in 2008 in Ohio was \$15.04, about 80 cents below what it has been in peak years like 2006, 2000 and 1979. Throughout much of the 1980s and early 1990s, Ohio's median wage hovered below about \$14.60 in 2008 dollars. It is a reasonable concern that the 2009 wage could be even lower than this year's levels. Some wage decline may not be so surprising in this difficult recession year. What is jarring, however, is that the strong productivity growth and overall economic growth that we saw in the 1980s, 1990s and early 2000s was not shared with typical Ohio workers. Figure 12 shows the median wage between 1979 and 2008.

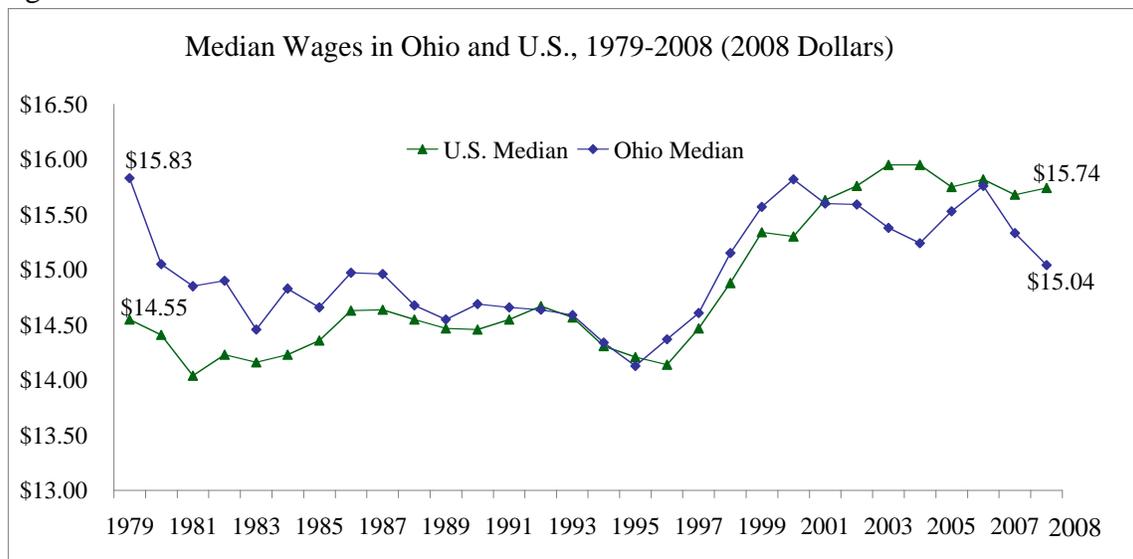
Figure 12



Source: Economic Policy Institute analysis of Current Population Survey data, using CPI-U-RS

Wages remained essentially stagnant at the national level over the past seven or so years, as well as through much of the 1980s and 1990s. The late 1990s did see a strong climb in the inflation-adjusted median wage in both Ohio and the U.S. After once leading the nation in wage levels by more than \$1.25 in inflation-adjusted terms, by 2008 Ohio’s median worker earned about \$.70 less per hour than the typical worker nationally, as Figure 13 shows. This is the largest gap on record and a reversal from an earlier era, when Ohioans earned more at the median than Americans did.

Figure 13



Source: Economic Policy Institute analysis of Current Population Survey data, using CPI-U-RS

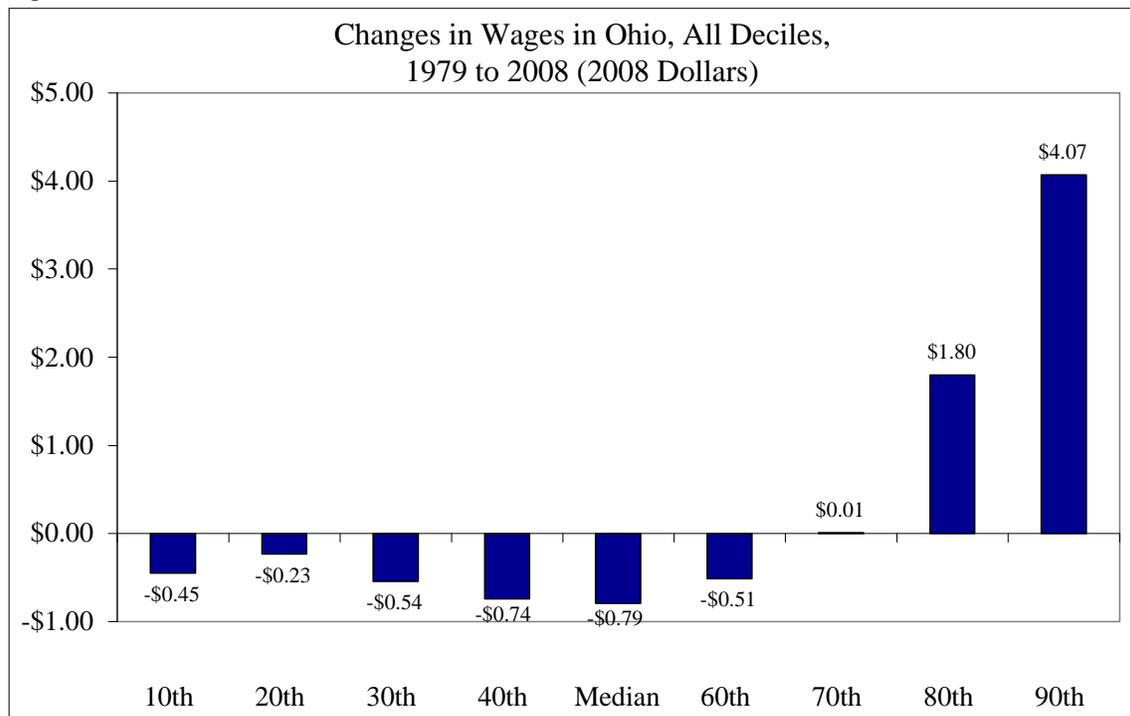
Table 5 and the next several figures divide Ohio workers into ten equal groups, each made up of ten percent of the workforce. This enables us to examine whether every income category has benefitted equally from wage growth. We find that workers at the tenth percentile – those who earn more than what ten percent of workers earn but less than the other 90 percent, actually saw wage declines of more than 5 percent between 1979 and 2008. Similarly, the median worker, who earns at the mid-point, saw a 5.25 percent decline in hourly wages. The 90th percentile worker on the other hand – the one who earns more than 90 percent of other workers, saw nearly a 13 percent increase in hourly wages, when adjusted for inflation, between 1979 and 2008. The 90th percentile worker earned more than four times what the worker at the tenth percentile earned in Ohio last year. Although this level of inequality seems stark, inequality is actually far more intense among the top ten percent, which is itself highly stratified in Ohio and the U.S.

Table 5						
High, Median and Low Wages in Ohio, 1979-2008 in Real 2008 Dollars						
	1979	1989	1995	2000	2008	Percent wage change 1979-2008
10th percentile	\$8.22	\$6.89	\$7.08	\$8.07	\$7.77	-5.79%
Median	\$15.83	\$14.55	\$14.13	\$15.82	\$15.04	-5.25%
90th percentile	\$27.77	\$28.25	\$28.72	\$31.52	\$31.84	12.78%
90th percentile divided by 10th percentile by 10th percentile	3.38	4.10	4.06	3.91	4.10	

Source: Economic Policy Institute analysis of Current Population Survey data, using CPI-U-RS

For low-income, middle-income and even upper middle-income Ohio families, wages are lower than they were 30 years ago. Families through the 60th percentile had wages that were between 23 and 79 cents lower than their counterparts of three decades ago. At the 70th percentile, wages were unchanged from that earlier period. Only the 80th and 90th percentile earners saw wage growth, of \$1.80 and \$4.07 respectively as Figure 14 shows. Of course, as mentioned, among the top ten percent, wage growth was often much stronger, which is not captured by these numbers.

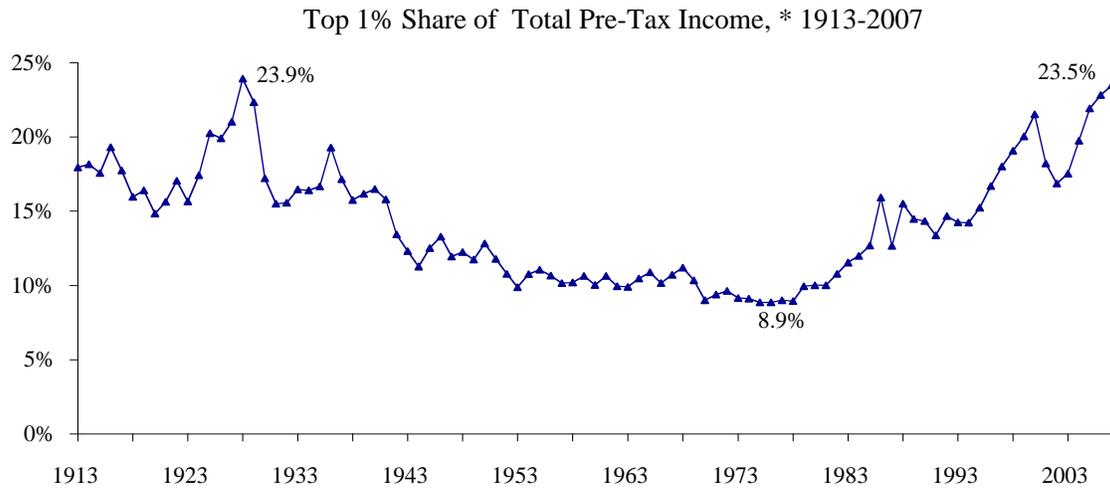
Figure 14



Source: Economic Policy Institute analysis of Current Population Survey data, using CPI-U-RS

The stock market declines of 2008 and early 2009 probably cut severely into the top one percent's share of total pre-tax income. However, our most recent data is from 2007, at which point the share of income going to the top one percent had reached levels comparable to the highest points in history, just before the Great Depression. Nearly a quarter of all income in the United States was going to just one percent of our population, leaving 99 percent of Americans to quarrel over the remaining 76.5 percent. This run-up in wealth and income concentration dwarfed the income inequality of the entire post-war period and in the end proved unsustainable, contributing to the undermining of our economy. Figure 15 shows the extreme growth in income inequality through the end of 2007.

Figure 15



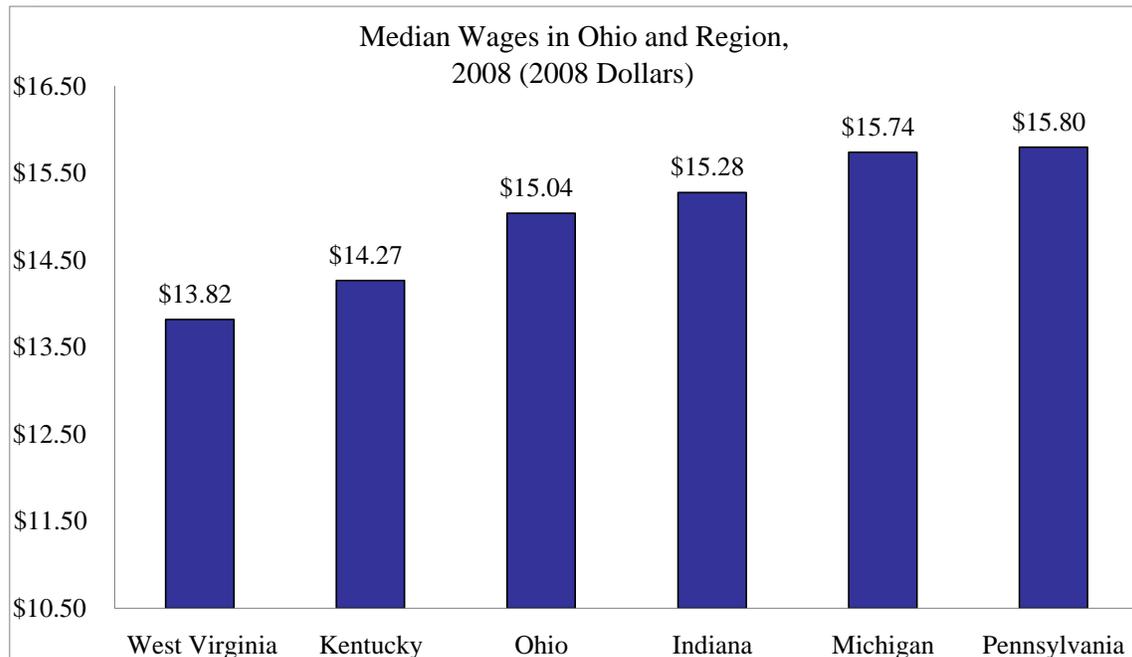
* Income is defined as market income including capital gains

**In 2007, top 1% referred to families with incomes above \$398,900

Source: Thomas Piketty and Emmanuel Saez analysis of tax return data at <http://elsa.berkeley.edu/~saez>

Workers in Ohio now earn less than workers in most neighboring states – Pennsylvania, Michigan and Indiana all now have wage levels that exceed those in Ohio for the median worker, while West Virginia and Kentucky still have wages that are quite a bit lower as Figure 16 shows. Michigan’s job loss situation is worse than Ohio’s, as is its unemployment rate, but Ohio wages are lower.

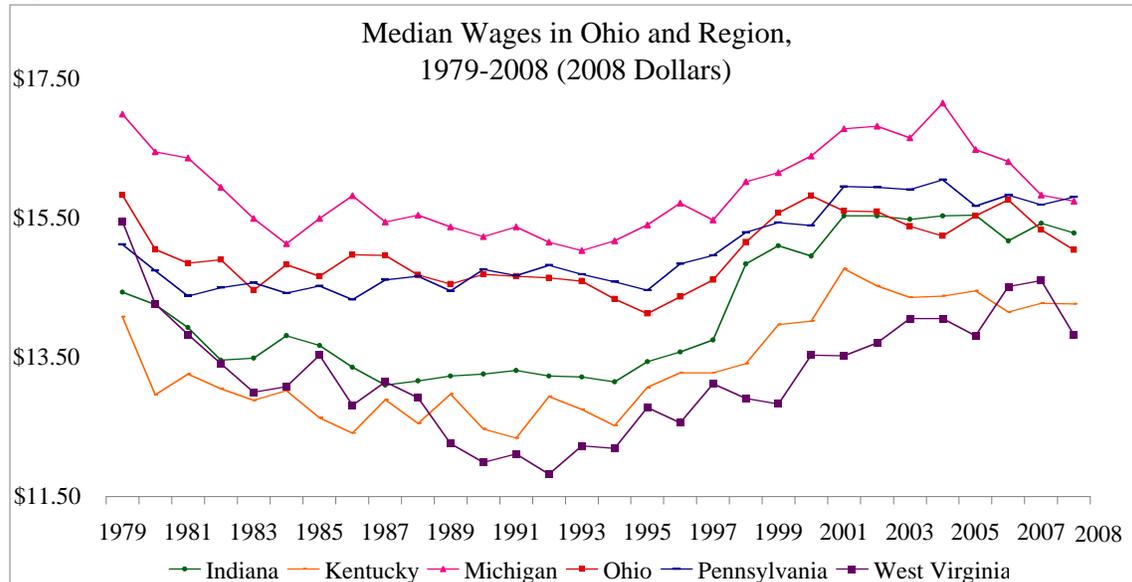
Figure 16



Source: Economic Policy Institute analysis of Current Population Survey data, using CPI-U-RS

The pattern among neighboring states has changed in recent years. As further evidence of the loss of high-paying automobile sector jobs in Michigan, Pennsylvania's median wage crept above that of Michigan last year. As has been the trend for the last several years, Indiana's wages hover a bit above those of Ohio's in recent years, in contrast to the past when Ohio's wages were well above those in Indiana. But all neighboring states have some similarities to the shape of their wage trend over the past thirty years – higher in the late 1970s, dropping throughout the 1980s, finally beginning to climb again in the late 1990s, then dropping to some degree or another since 2000. Figure 17 displays the trends.

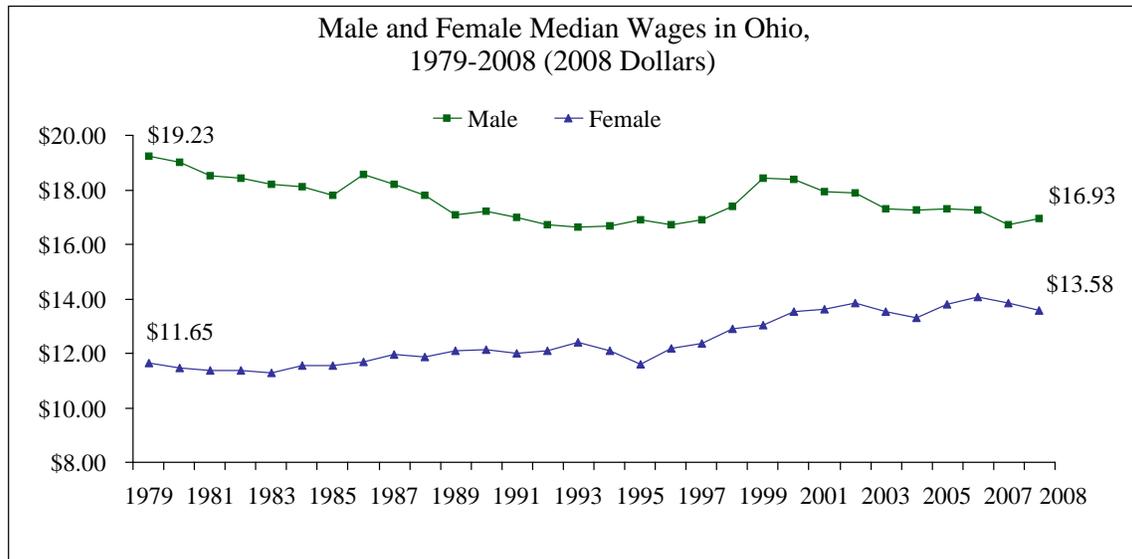
Figure 17



Source: Economic Policy Institute analysis of Current Population Survey data, using CPI-U-RS

Inflation-adjusted men's wages actually rose slightly in 2008 after several years of being stagnant or falling. Women's wages, which have been rising slowly, actually fell slightly in 2008. However, with unemployment having risen in 2008 for both men and women, modest wage changes should be taken with a grain of salt – wage change may have been more a result of demographics of job loss than of actual wage change. We know that black men and men with less education saw bigger increases in unemployment by the end of last year. Thus, it is likely that more of the lowest-paid men lost their jobs entirely in 2008, making the median wage of those still employed a bit higher. The year-end median wage for men was \$16.93, \$3.35 higher than the \$13.58 earned by the median female worker in Ohio. Figure 18 breaks down wage trends for men and women in Ohio.

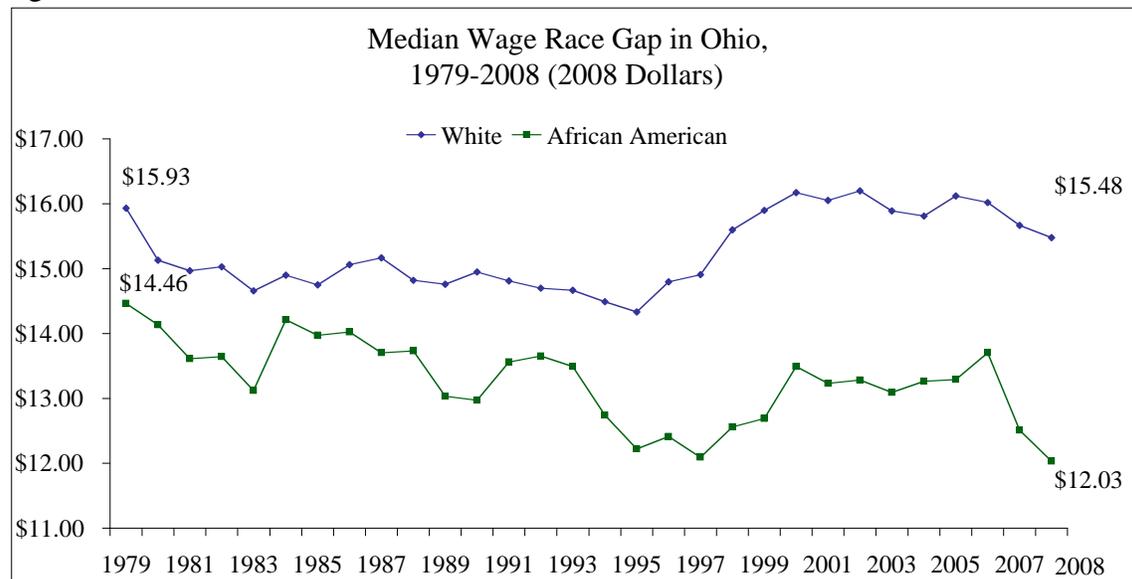
Figure 18



Source: Economic Policy Institute analysis of Current Population Survey data, using CPI-U-RS

The median wage of black and white workers is now sharply different in Ohio, with white workers earning well over \$3.00 more per hour. The inflation-adjusted median wage of white workers fell slightly for each of the last three years in Ohio and was stagnant for much of the previous decade, after about five years of solid growth in the mid-1990s. The median wage of black workers, plunged steeply two years ago and continued its decline last year, after close to two decades of either stagnation or decline. By last year, black workers earned just \$12.03 per hour, less than at any point during the entire three decades of data. White workers earned \$15.48, lower than at any point since 1995, and lower than in 1979, our starting point, as Figure 19 shows.

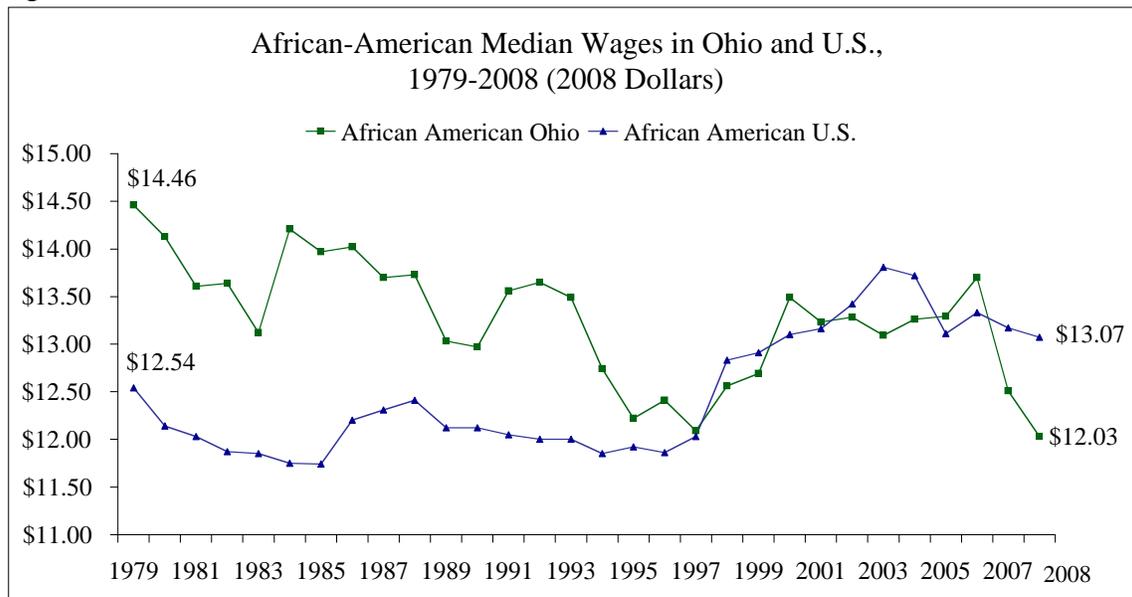
Figure 19



Source: Economic Policy Institute analysis of Current Population Survey data, using CPI-U-RS

Black workers in Ohio have fallen far behind their national counterparts. Although black worker median wages are volatile both nationally in Ohio the general trend nationally over the past three decades has been upward (despite general losses over the past five years), while the general trend in Ohio has been largely downward (despite encouraging climbs in the late 1990s), as Figure 20 shows. Blacks in Ohio now earn more than \$1.00 less per hour than black workers nationally, an unprecedented gap.

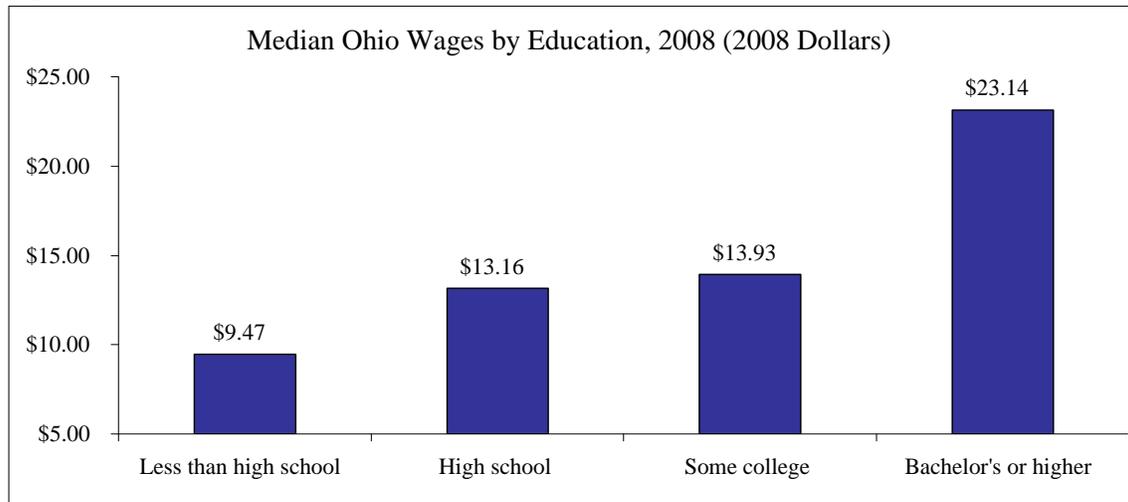
Figure 20



Source: Economic Policy Institute analysis of Current Population Survey data, using CPI-U-RS

Workers with more education generally do much better in Ohio (as elsewhere) with high school graduates earning more than \$3.50 more per hour, at the median than those without a high school degree. Those with a bachelor's degree earned well over twice as much as those without a high school degree and \$10.00 more per hour than those with just a high school degree.

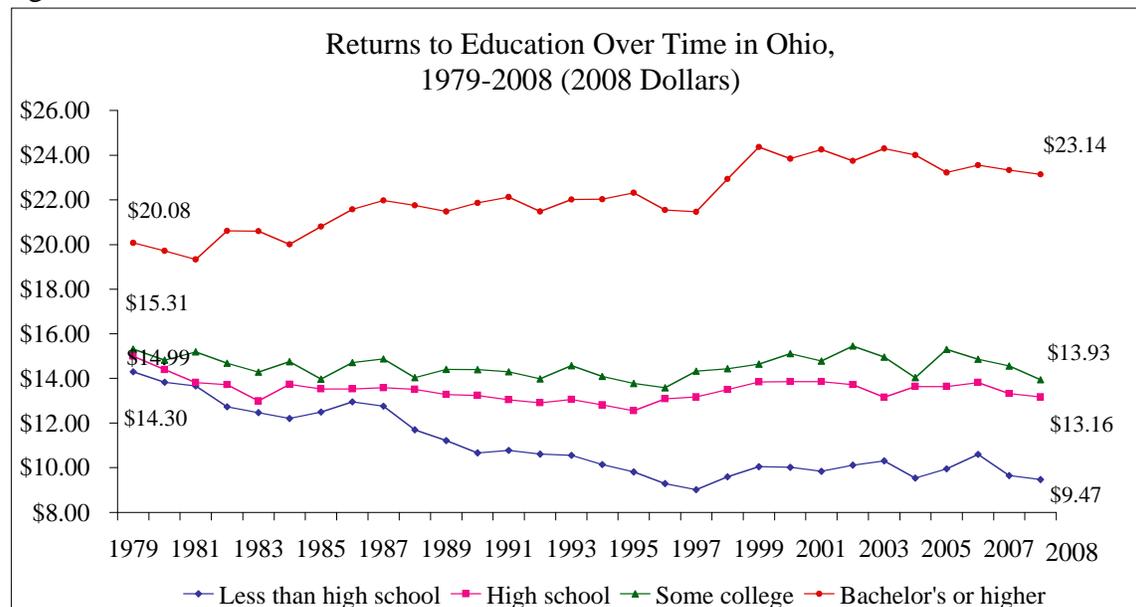
Figure 21



Source: Economic Policy Institute analysis of Current Population Survey data, using CPI-U-RS

At every educational level, from those who didn't complete high school to those who did complete college, wages fell in each of the last two years (see Figure 22). Further, college graduates saw basically stagnant wages for about a decade. For the less educated categories, wages have basically fallen, with a few positive blips, over most of the past three decades. For those without high school degrees the plunge has been by more than thirty percent. Significantly, those without high school degrees, those with just a high school degree and those with some college (either an associate's degree or a few years toward a BA but no degree) all earned less in 2008 than high school dropouts had earned in 1979, controlling for inflation.

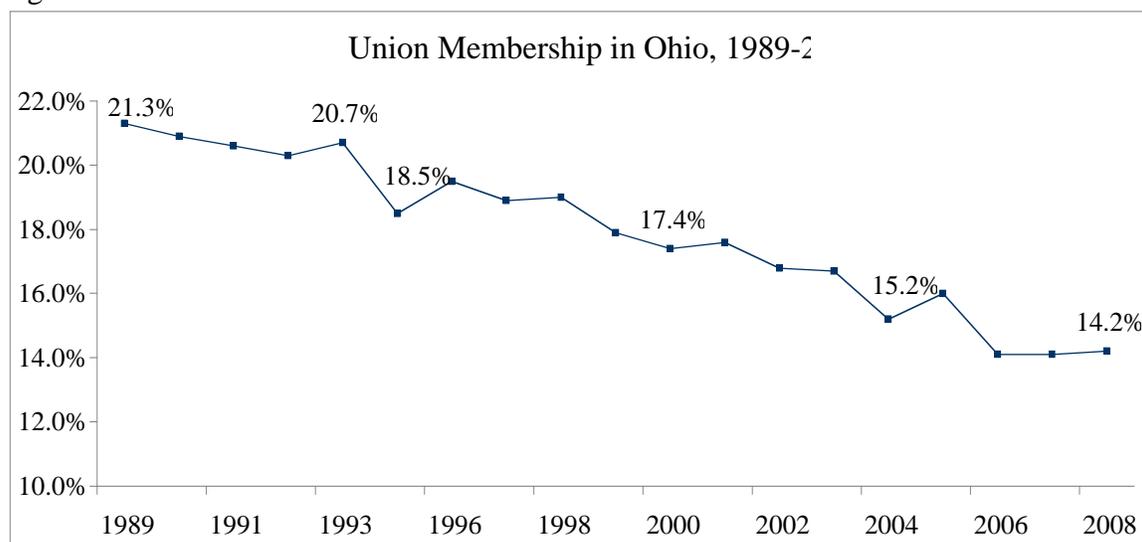
Figure 22



Source: Economic Policy Institute analysis of Current Population Survey data, using CPI-U-RS

One of the roots of all of this wage decline can be seen in Figure 23, which shows union membership in Ohio. Union membership has been in a freefall for the last two decades, plunging from 21.3 percent of the overall workforce in 1989 to 14.2 percent in 2008. Without a union, workers have difficulty bargaining for better work conditions.

Figure 23



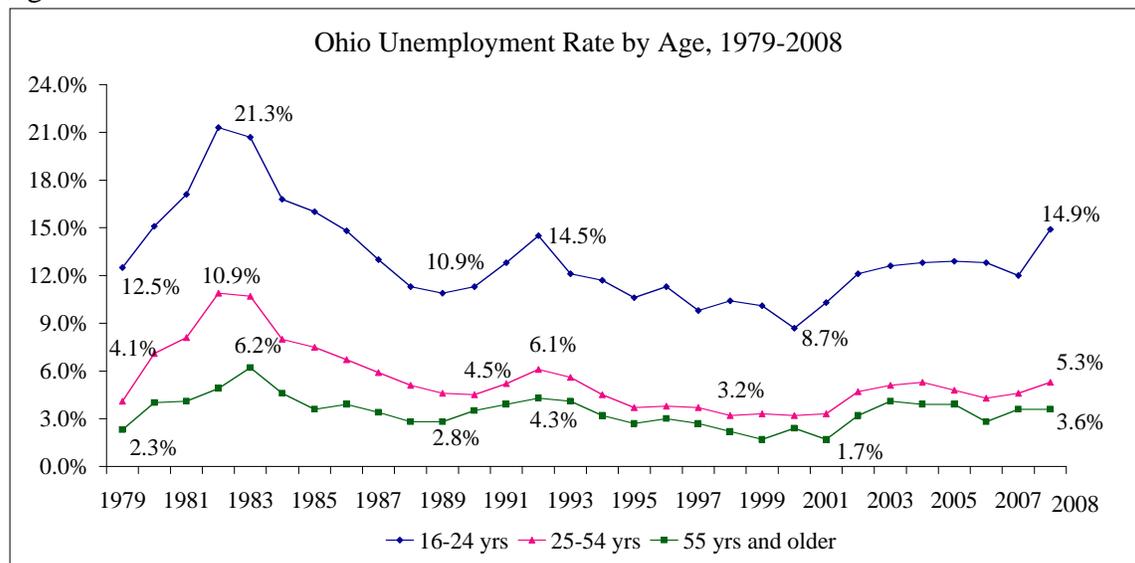
*Data not available for 1994

Source: <http://www.bls.gov/ro5/unionoh.htm>, Chart A, Members of unions as a percent of employed in the United States and Ohio, 1989-2008

VII. Young and Struggling

Younger workers are far more likely to be unemployed in Ohio, and their unemployment rates had begun spiking at the end of 2008, even before the steeper downturn this year. Young workers, because they may be newly entering the workforce during this downturn, often find that there are no jobs to move into. They are also among the first to lose their jobs when layoffs are needed. Even before this year's extensive job loss, workers under the age of 24 had unemployment rates of nearly 15 percent in Ohio in 2008 as Figure 24 shows. These high rates of unemployment for young workers are particularly damaging because these workers often lack the job history that would enable them to qualify for unemployment compensation. It is notable that these figures do not include full-time students who are not seeking work – in order to be considered unemployed, people must be actively seeking a job. Rates of unemployment were significantly higher for young and middle-aged people in Ohio than nationally, but for workers over age 55, unemployment levels were lower in Ohio. This is likely reflective of several things – first, our relatively higher levels of past pension receipt means that when workers over age 55 are laid off in Ohio, they can consider themselves retired more easily than can workers of that age nationally. Second, union and manufacturing seniority traditions mean that older workers in Ohio are better protected than older workers nationally. However, our low levels of new job creation mean that younger workers face greater challenges to starting a career in Ohio than nationally.

Figure 24

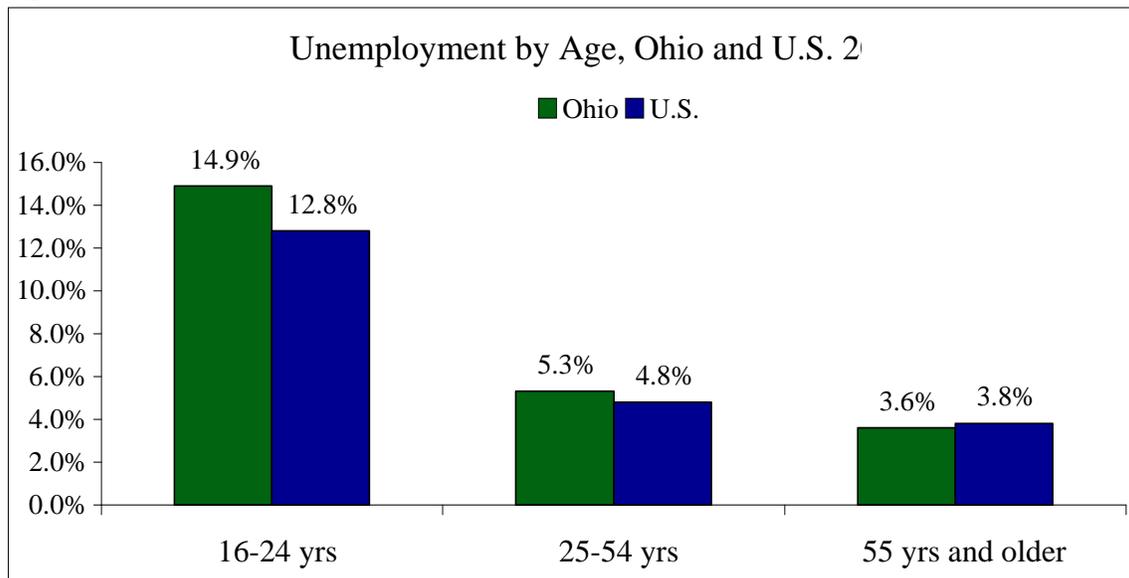


Source: Economic Policy Institute analysis of Current Population Survey data

Unemployment rates are always higher for young people and lowest for those over 55 both because those over 55 are less likely to be laid off and because if they are, they are more likely to consider themselves retired and leave the labor force. However, by the end of 2008, unemployment rates had reached nearly 15 percent for 16-24 year olds and had reached 5.3 percent for 25-54 year olds. For the middle-aged group this was a 16-year high. For younger workers, this level of unemployment was the highest annual rate since 1985. This grim statistic captures the enormous challenges that young people in Ohio and the nation face in establishing careers and entering employment.

The situation facing Ohio’s young and middle-aged workers was worse than that facing workers from these age categories nationwide. For older workers, unemployment was slightly lower in Ohio than in the nation as a whole. For the young, 14.9 percent of Ohio workers were unemployed, compared to 12.8 percent nationally

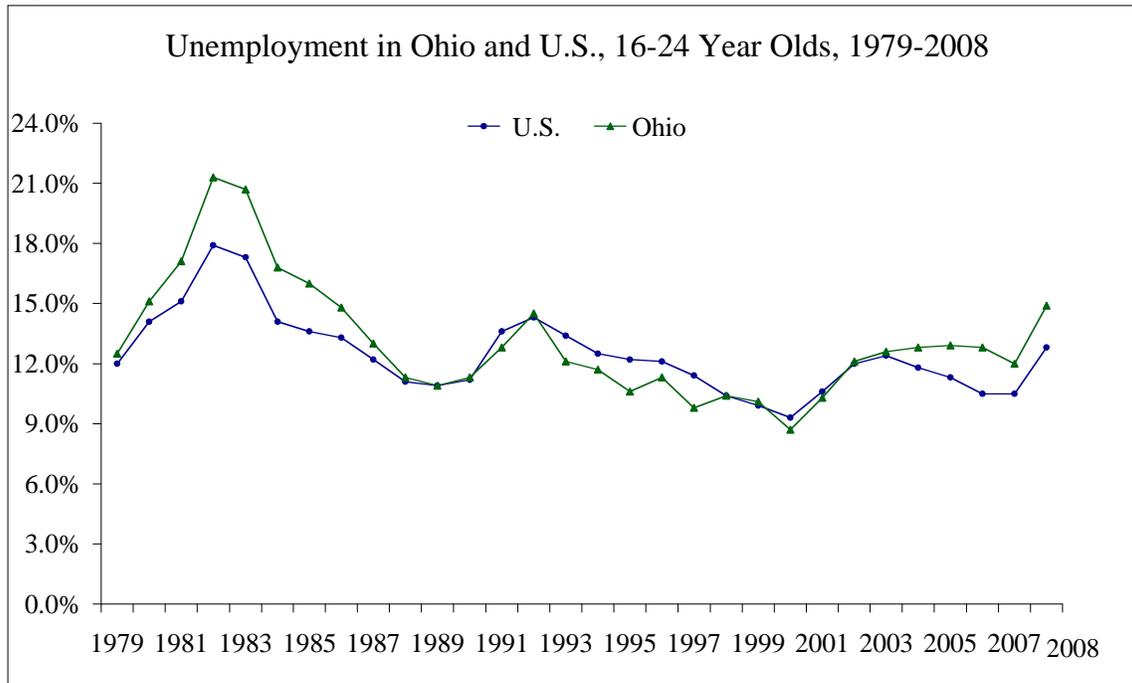
Figure 25



Source: Economic Policy Institute analysis of Current Population Survey data

For the past seven years, young people aged 16-24 have faced higher unemployment in Ohio than nationally, as they still do (see Figure 26). But the more interesting story is how consistent high unemployment has been for young people both nationally and in the state. Particularly concerning is the fact that many of these young people may not have worked long enough and consistently enough to have acquired eligibility for unemployment compensation in our strict eligibility system. This speaks to the need to improve our system for assisting young people in entering the labor force, during good times and bad.

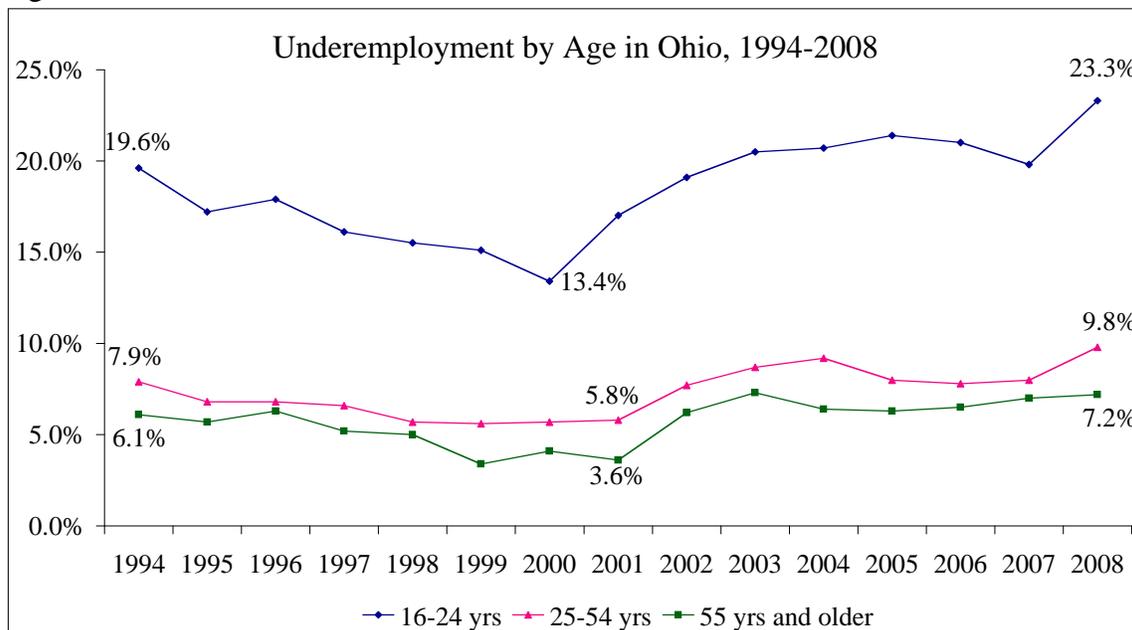
Figure 26



Source: Economic Policy Institute analysis of Current Population Survey data

Underemployment is also extremely high for young workers in this recession. Nearly one in four workers between ages 16 and 24 were underemployed in 2008, a rate that, like that of other demographics, has spiked in 2009. For all age groups, this indicator was higher at the end of 2008 than at any time since the government began keeping track of underemployment, as Figure 27 shows.

Figure 27

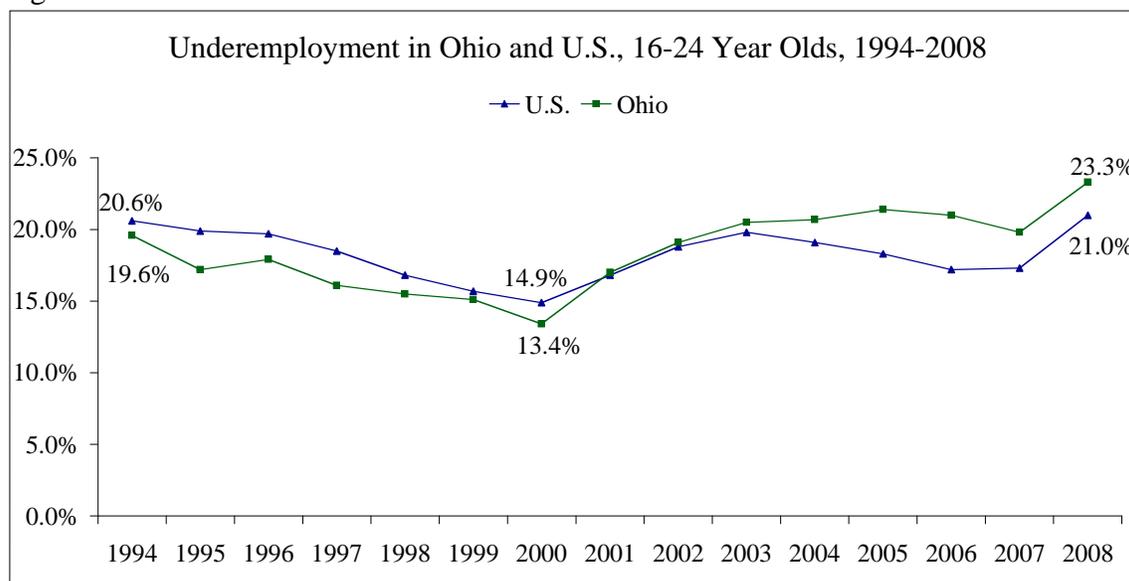


Source: Economic Policy Institute analysis of Current Population Survey data

Underemployment levels for all age groups were higher at the end of 2008 than at any point since the government began tracking this measure in 1994. Even older workers, whose unemployment rates have stayed low because layoffs may lead to them leaving the labor market, have experienced high rates of being shifted unwillingly to part-time work. For young people in 2008, nearly one in four were either unemployed, had dropped out of the labor force because they couldn't find work even though they still wanted work, or were working part-time despite wanting full-time work. As with all unemployment and underemployment statistics, 2009 has been substantially worse than even that 15-year high.

The line chart of underemployment for 16-24 year olds reveals that both nationally and in Ohio, more than one in five young workers is unemployed, has dropped out of the workforce due to discouragement, or is working part-time but wants to be full-time.

Figure 28



Source: Economic Policy Institute analysis of Current Population Survey data

Young Ohioans are completing college at higher rates today than in the past as Table 6 shows. It is essential that this continue, since today's high school graduates and even associate degree completers often earn less than high school dropouts earned in previous generations. Among Ohioans currently over the age of 65, just 14.5 percent received a BA. Among upper middle-aged adults, between 45 and 64, 23.9 percent have a BA. But among younger adults, between ages 25 and 34, 27.4 percent have gotten a BA. This reflects an increasing emphasis on higher education. Many of those under age 24 are still completing high school and college, and have lower attainment rates.

Age	High School Graduation Rate	Bachelor's Degree Attainment Rate
18 to 24 years	83.60%	8.70%
25 to 34 years	89.30%	27.40%
35 to 44 years	90.80%	26.80%
45 to 64 years	89.00%	23.90%
65 years and over	73.40%	14.50%

*Includes equivalency

Source: American Community Survey, 2007 and Policy Matters

Despite a deeply problematic state budget, the governor and lawmakers prioritized reining in tuition increases. Tuition at two-year colleges in Ohio is second highest among neighboring states, while tuition at four-year colleges in Ohio is now third highest among neighboring states. However, Ohio was alone among neighbors in essentially having no tuition increase at two or four-year schools between 2007-08 and 2008-09. Other states had increases ranging from five to ten percent at the four-year schools and from 4.6 to 6.6 percent at the two-year schools as Table 7 shows. This commitment to keeping tuition increases down will assist in raising Ohio's college completion rates, particularly for more working class students.

State	Public 4 Year 2008-2009	Public 4 Year 2007-2008	% Change	Public 2 Year 2008-2009	Public 2 Year 2007-2008	% Change
Illinois	\$10,014	\$9,099	10.1%	\$2,601	\$2,440	6.6%
Michigan	\$9,079	\$8,499	6.8%	\$2,453	\$2,329	5.3%
Ohio	\$8,482	\$8,462	0.2%	\$3,516	\$3,515	0.0%
Indiana	\$7,223	\$6,875	5.1%	\$3,164	\$3,003	5.4%
Kentucky	\$6,799	\$6,279	8.3%	\$3,630	\$3,450	5.2%
West Virginia	\$4,705	\$4,406	6.8%	\$2,452	\$2,345	4.6%

*Tuition figures are enrollment weighted

Source: http://www.collegeboard.com/html/costs/pricing/2_4_tuition_fees_by_state.html, The College Board, Trends in College Pricing Online, 2008, Table 6c

According to the College Board's Trend in College Pricing, in holding tuition down, Ohio is bucking a national trend, as well as a trend among neighbors. Nationwide, between 2007-08 and 2008-09, average published tuition and fees for in-state students rose 6.4 percent to \$6,585 at public four-year colleges and universities, and 4.7 percent to \$2,402 at public two-year colleges. At public four-year institutions over the past decade, published tuition and fees have risen at an average rate of 4.2% per year after inflation, compared to 4.1% in the preceding decade and 2.4% from 1978-79 to 1988-89. At two-

year public colleges over the past decade, published tuition and fees have risen at an average rate of 1.4% per year after inflation, compared to 3.5% in the preceding decade and 3.1% from 1978-79 to 1988-89.

VIII. Conclusion and Recommendations

We are in a deep recession, brought on by excesses in the financial and housing sectors. Because of this recession, unemployment and underemployment are at generational highs in Ohio. Wages are stagnant. The price has been particularly high for young Ohioans, struggling to establish careers in a depressed labor market. Federal intervention averted the worst, but further intervention is needed to stimulate the economy, relieve need, and prevent a deeper downward spiral. Five simple changes, three federal and two at the state level, would put in place a better structure for supporting workers in Ohio and America.

1. Pass a second federal stimulus bill that provides additional aid to states to meet their obligations, additional federal extensions of unemployment compensation, and additional investments in energy and infrastructure, to bolster employment, stimulate the economy, and make Ohio and America more energy-efficient and economical in the future.
2. Pass health insurance reform to give American workers more security so that they can seize new opportunities. Our current system costs far more per capita than that in any other country, and delivers worse health outcomes than most of the industrialized world.
3. Pass the Employee Free Choice Act to increase unionization rates, which will give American workers more leverage, improve conditions and compensation, and make workers more productive.
4. Raise revenues in Ohio by restoring the top rate on the personal income tax and ensuring that new forms of corporate tax raise at least as much as the previous tax structure would have raised in this economy.
5. Modernize the unemployment compensation system in Ohio so that it better meets the needs of today's workforce, covers more people, and can do more to relieve need and stimulate the economy.

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