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# POLICY MATTERS OHIO

## ANNUAL REPORT

*Creating an economy  
that works  
for all*



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2006

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## OUR COMMITMENT

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

**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

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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# LETTER TO STAKEHOLDERS

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Dear Friends;

When we founded Policy Matters Ohio in January 2000, it filled a clear void in the Ohio policy debate. Our focus on work, wages, economic development, education, energy, incarceration, budgets and taxes shines a light on how policy decisions serve Ohio workers in a way that no other entity in Ohio has done. This innovative approach led to more than 400 news stories last year alone; stories that point toward opportunities for progressive action and better policy.

As Ohio experiences bipartisan leadership for the first time in more than a dozen years, it is a good time to reflect on past accomplishments, consider current challenges, and resolve to make the choices needed to create an economy that works better for everyone in Ohio. Policy Matters is perfectly poised to influence those choices to the benefit of low- and middle-income working families in Ohio.

The shifts also mean changes for our organization. Five founding board members, including our board chair, will move on to new challenges and leave the Policy Matters board. Our staff has grown to seven energetic professionals, plus terrific interns, in Cleveland and Columbus offices. Ohio leaders are eager for fresh thinking and are turning to organizations like Policy Matters to get those ideas.

We believe that Ohio became a great state because its people made smart decisions and sound investments. During times far less prosperous than today, Ohio's citizens considered future needs, invested effort, time and scarce resources, and took a chance on a better tomorrow. Today we are better educated, more prosperous, and more successful because of that earlier leadership. We hope to articulate the ways that Ohio can move forward.

Our research concludes that the state should invest in the future: in education, infrastructure and energy, so that we're prepared to meet tomorrow's needs. We have to create more opportunity in Ohio, by being strategic about economic development, setting high standards, and ensuring that all Ohioans have the chance to contribute to the economy. Ohio has been a place where new generations could join the middle class but our research shows that this has become more difficult. We need to ensure that hard-working people can again move toward prosperity, by making necessities like child care and health care affordable and having a fair, progressive tax system. As a state, we also need to protect the assets that Ohioans have worked so hard to build, by reining in exploitative forms of credit that have grown out of control in Ohio. Finally, research by us and others shows that we need to keep strong public structures in this state to reinforce a more successful Ohio.

Creating a more fair, prosperous and sustainable Ohio requires thinking big. Policy Matters Ohio will continue to be a resource to new and long-time policymakers, by continuing providing research, popular education, media work, and policy organizing to fulfill a vision of an Ohio economy that works better for all. We hope that you will join us for the ride.

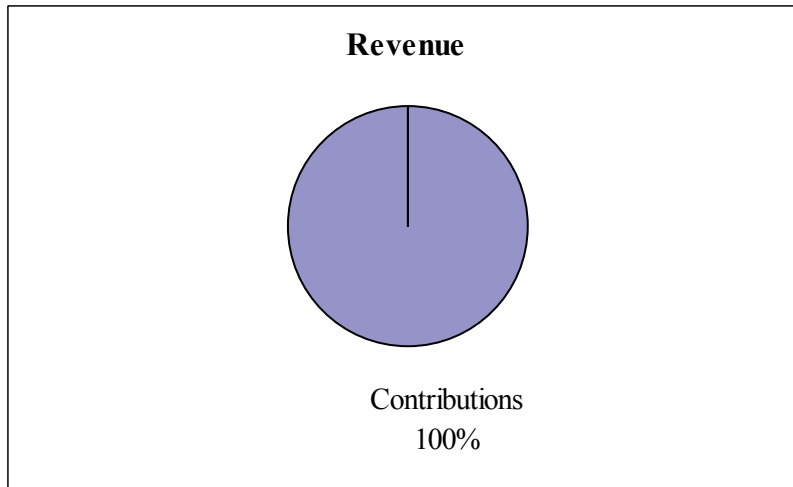
Sincerely,

John W. Ryan  
Board Chair

Amy Hanauer  
Executive Director

# FINANCIAL STATEMENTS

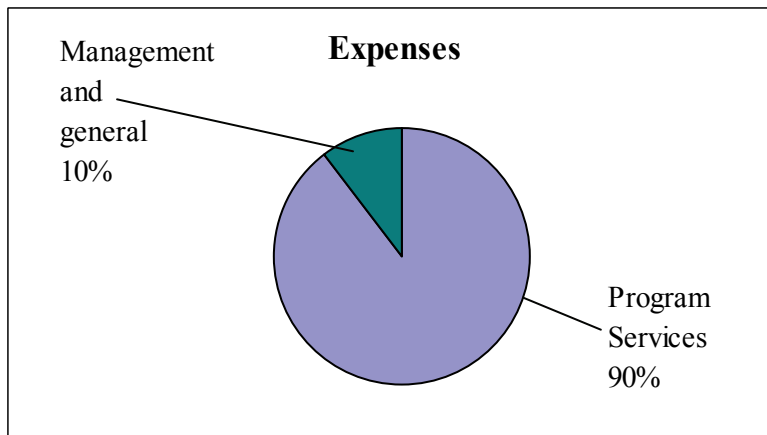
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## Revenue

Contributions  
\$479,739

Total:  
\$479,739

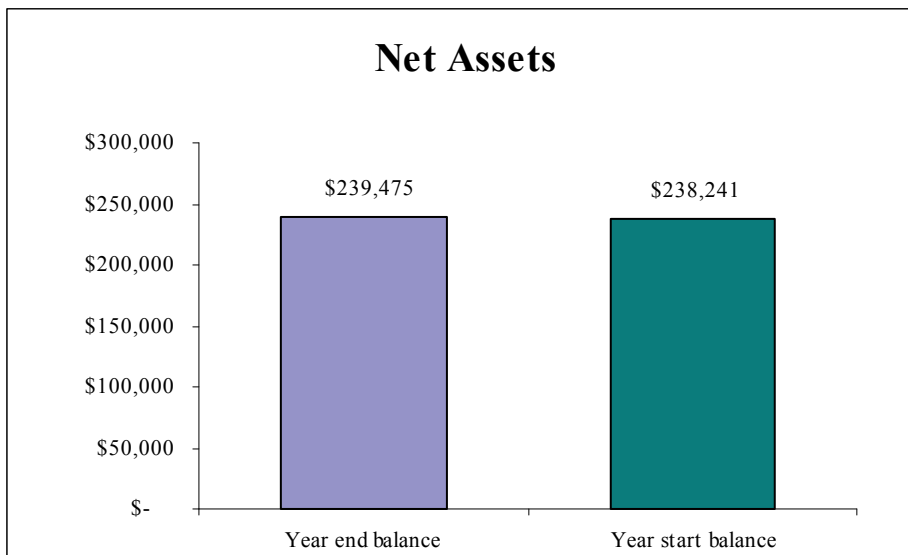


## Expenses

Program Services  
\$431,617

Management and General  
\$49,357

Total:  
\$480,974



## Net Assets

Fund Balance  
Year Start  
\$239,475

Fund Balance  
Year End  
\$238,241

## ...PAYING THE HIGH ROAD

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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, low wages, and 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 ways we get our voices heard:



### RESEARCH:

Easy-to-read, 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. All can be downloaded from our website at [www.policymattersohio.org](http://www.policymattersohio.org)

### ADVOCACY:

In 2006, we testified before the Ohio General Assembly on job retention and tax fairness in energy policy, as well as on the minimum wage. We also served, by invitation, on half a dozen transition teams as new leaders prepared to take office in Ohio. We briefed candidates of both parties who asked to better understand our research. We met with officials from both the outgoing and incoming administrations. And we spoke to members of the U.S. Congress, as well as to entities like the Federal Reserve Bank of Cleveland. By speaking to the people who make the decisions, we are helping to amplify the voices representing the concerns of low and middle income workers in policymaking.

## ...PAVING THE HIGH ROAD

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### MEDIA

Our reports have led to hundreds of print and broadcasts media stories. Policy Matters had more than 400 press citations in 2006, including coverage in every major Ohio daily, on television, radio, the web, and blogs. The news and editorial sections of major Ohio dailies give regular attention to Policy Matters research, and findings with national impact have made the *New York Times* and other national outlets. We are pleased with this increased attention to issues that matter to working and low-income people in Ohio. Visit the media page at [www.policymattersohio.org](http://www.policymattersohio.org) for links to some articles mentioning our work.

### PUBLIC EVENTS

Our researchers take every chance they get to speak to the public. We've held conferences and symposiums and we've spoken at city forums, policy roundtables, union gatherings, church events, TV news shows, talk radio shows, and university classrooms. We are eager to jumpstart debate about critical issues facing Ohioans. We welcome speaking opportunities. Please contact us if you'd like to hear more.



### ORGANIZING

By forging relationships with working people, academics, citizens, researchers and activists, we help support effective coalitions that can support policy change. We are the sponsor of the Progressive Scholars' Network, a coalition of academics in Ohio who communicate by listserv and meet for occasional conferences, designed to bridge gaps between research and policy. Our director serves on the board of directors and the Executive Committee of the national think tank Demos, and on the advisory committee to the national Economic Analysis and Research Network. Our outreach coordinator is on the board of Greater Cleveland Community Shares, and researcher David Rothstein is on the national steering committee of the National Community Tax Coalition. We provide research to answer questions raised by advocates in Ohio, and we bring national experts to contribute insight to Ohio problems.

## OVERVIEW OF THE RESEARCH

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*We released over 30 reports and briefs in 2006, all focused on issues that matter to Ohio. Some of our areas of research include:*

### WORK AND WAGES

Our annual *State of Working Ohio* has exposed the stagnation of median wage levels, in the face of increased productivity in the state of Ohio, the decline in the job market, the widening gulf between the highest and lowest earners in the state, and the high unemployment rate in Ohio as compared to other states. Our Job Watch releases, conducted in coordination with the Economic Policy Institute, provide monthly updates on job growth in Ohio. We've examined the potential impact of a higher minimum wage in Ohio, Ohio's ability to afford a higher minimum wage, and the effect of a higher minimum wage on small business growth. Policy Matters also brought to the public's attention startling details on Ohio's unemployment compensation, such as the fact that in 2006, Ohio is the only state in the country in which a worker earning the minimum wage all year for 29 hours a week will not qualify. And while that number fell somewhat because of the rise in the minimum wage this year, Ohio still is out of sync with its high eligibility requirements for low wage workers. We propose solutions and recommendations that will help ensure that people who work hard in Ohio will be able to support themselves and their families.

### INEQUALITY

We examined the growing inequality in Ohio and the United States over the past few decades, highlighting the growth of the incomes of the highest-earning families as compared to the more modest increases for middle and lower income families. We looked at the longer-lingering impact of the recession on poor and middle income families in Ohio. We also indicated some of the many factors contributing to income inequality, including unemployment, globalization, declining availability of manufacturing jobs along with a rise in low-wage service jobs, lower real value of the minimum wage, fewer and weaker unions, and government policies. We propose solutions that would mitigate the marked economic inequality in the state, solutions that turn us back toward the more equitable distribution of income that existed for much of the latter part of the 20<sup>th</sup> century.

### ECONOMIC DEVELOPMENT

We examined the U.S. Supreme Court's rejection of the challenge to the Ohio investment tax credit. We spotted potential flaws and loopholes in Ohio House Bill 414, the Job Retention Credit. We proposed ways to strengthen the equity and efficiency of the Corporate Activity Tax, to ensure that companies share in supporting public structures in Ohio. We also worked successfully with others to point out the flaws in cutting Ohio's capital gains tax. Policy Matters' extensive research on foreclosure in Ohio has been cited as one of the many factors in the recent passage of legislation against predatory lending, Senate Bill 185. Our reports outline a new vision for economic development that is focused on a high-wage, low-waste economy.

## OVERVIEW OF THE RESEARCH

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### BASIC NEEDS

We defined a basic family budget in Ohio, the amount that a family would need to live safely and adequately, and contrasted this basic budget with the poverty line. We also succeeded in encouraging the Ohio Department of Jobs and Family Services to reveal how many Ohio employers leave workers and their families partially dependent on public benefits like Medicaid or food stamps. On an ongoing basis, we track Ohio's soaring rates of home foreclosures, sheriff sales and bankruptcies. We encourage alternatives to exploitative payday loans and refund anticipation loans. On many fronts, Policy Matters promotes policies that help families take care of themselves.

### BUDGET POLICY

A strong public sector is consistent with a thriving economy. Our report *State Economic Growth and the Public Sector*, found that states with expanding public sectors experienced more rapid private sector growth than states with stagnant public budgets. This report was based on an analysis that compares trends in inflation-adjusted, per-capita gross state product between 1990 and 2004 for all states. The conclusions illustrated that the public sector spending limitation adopted by the state legislature is unlikely to foster economic growth. Policy Matters promotes policies that maintain strong public structures and lead to thriving, growing private economies.

### TAX POLICY

Policy Matters published extensively on tax policy and its effects on working Ohioans. We provide technical assistance to the Cuyahoga County volunteer income tax assistance (VITA) sites, which returned more than \$4.2 million in total refunds to working families. We tally the number of Ohio families who benefit from the federal Earned Income Tax Credit (EITC), which brought more than \$1.3 billion into Ohio communities. We also proposed an Ohio EITC—if Ohio set a credit at 20 percent of the federal credit, it would provide eligible working Ohio families with \$344 each on average, and would cost only one percent of the state budget. Along with other advocates and researchers, we exposed flaws in the proposed constitutional amendment to choke state spending—these efforts led to the proposal being withdrawn from the ballot.

# OVERVIEW OF THE RESEARCH

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## ENERGY POLICY

Policy Matters is the Ohio Apollo Alliance partner. Apollo is a national campaign promoting energy independence and the creation of jobs through innovation. Policy Matters released several reports on energy policy in Ohio, and how the shift to a more energy efficient approach would positively affect the Ohio economy and job market. We showed how investment in renewable energy could produce 22,000 jobs in Ohio manufacturing. Ohio could make the wind turbines that fuel the nation. Policy Matters is calling for a renewable portfolio standard, which would create demand for renewable energy. We're also encouraging more energy investment, cleaner appliances, more mass transit and smarter land use policy. In short, Policy Matters supports programs that ensure Ohio's status as a leader in energy efficiency and independence, while creating jobs in this increasingly important field.



## PUBLICATIONS

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- Job Watch Reports.* Zach Schiller and the Economic Policy Institute. Monthly throughout 2006.
- Pulling Apart: Inequality Growth in Ohio.* Amy Hanauer of Policy Matters Ohio, and The Center on Budget and Policy Priorities and the Economic Policy Institute. January 2006.
- A Proposal to Protect Jobless Older Ohioans.* Schiller of Policy Matters, and the National Employment Law Project (NELP) – January 2006.
- Testimony on Ohio House Bill 414.* Wendy Patton. February 2006.
- Ohio Excludes Many from Unemployment Compensation.* Schiller of Policy Matters, and NELP – February 2006.
- Credit Where It's Due: The Earned Income Tax Credit in Ohio.* David Rothstein, March 2006.
- Who Needs a Raise? Potential Impact of a Higher Ohio Minimum Wage.* Hanauer. March 2006.
- Public benefits at Ohio Employers: An Initial Analysis.* Schiller. March 2006.
- Good for Business: Small Business Growth and State Minimum Wages.* Hanauer of Policy Matters, John Burton of the Center for American Progress, May 2006.
- U.S. Supreme Court Rejects Challenge to Ohio Tax Break.* May 2006.
- Below The Curve: Higher Education Opportunity in Ohio.* Patton, May 2006.
- Retraining Unemployed Workers in Ohio: Lessons from the JTPA.* Jon Honeck, May 2006.
- Testimony on Ohio Tax Reform.* Schiller, Honeck. May 2006.
- State Spending Limit Proposal is Flawed.* Schiller, Honeck, May 2006.
- Federal Tax Cuts Benefit Richest Ohioans.* Citizens for Tax Justice and Policy Matters, June 2006.
- Making Ends Meet: Basic Family Budgets in Ohio.* Patton. July 2006.
- Foreclosure Growth in Ohio.* Schiller. July 2006
- An Analysis of the Proposed Ohio Capital Gains Tax Cut.* Institute on Taxation and Economic Policy and Policy Matters, July 2006.
- Room to Grow: Ohio Can Afford a Higher Minimum Wage.* Hanauer and Burton. September 2006.
- The State of Working Ohio, 2006.* Hanauer. September 2006.
- Anti-Poaching Agreements: a Backgrounder.* Patton. September 2006.
- Economic Growth at the Public Sector: Evidence from the States.* Honeck, September 2006.
- Who Takes Credit? Earned Income Tax Recipients in Cleveland, 2006.* Rothstein, September 2006.
- Limited Accountability: Financial Reporting at White Hat Charter Schools.* Schiller. October 2006.
- Most Ohio Families Lose Under Flat-Tax Proposal.* Institute of Taxation and Economic Policy and Policy Matters Ohio, October 2006.
- Testimony on Ohio's New Minimum Wage.* Honeck. December 2006.

## BOARD OF DIRECTORS:

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**William Burga**  
President, Ohio AFL-CIO

**Mark Cassell**  
Associate Professor, Kent State University

**Michael Charney**  
Retired Teacher

**John Corlett**  
Senior Fellow & Director of Public Policy, Center for Community Solutions

**Joyce Goldstein**  
Attorney, Goldstein and Associates

**Blaine Griffin**  
Community Relations Director,  
City of Cleveland

**Susan Helper**  
Professor, Case Western Reserve University

**Anne Hill**  
Ohio State Council Director  
Service Employees International Union

**Chris Howell**  
Professor, Oberlin College

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Pastor, Antioch Baptist Church

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Case Western Reserve University

**Warren Wolfson**  
President, e-care.com

**George Zeller**  
Economic Research Analyst  
Center for Community Solutions

## STAFF



2006 staff of Policy Matters Ohio includes:

**Amy Hanauer**, Executive Director  
**Zach Schiller**, Research Director  
**Jon Honeck**, Research Analyst  
**Pam Rosado**, Outreach Coordinator  
**David Rothstein**, Researcher  
**Wendy Patton**, Policy Liaison  
**Jeff Miller**, Staff Assistant

*Pictured to the left are staff and interns from the Cleveland office in the summer of 2006.*