

## EXECUTIVE SUMMARY

The *State of Working Ohio 2005* uses the most accurate and most recent data available to document trends facing Ohio workers. Our findings, in brief, include the following:

### I. OHIO AND THE U.S.: MORE PRODUCTIVE, MORE EDUCATED, WORKING MORE

◆ Inflation-adjusted value of output per U.S. worker has soared by 78 percent since 1973, while average compensation has grown by only 40 percent. Ohio productivity growth is harder to measure but has also vastly exceeded compensation growth.

◆ Although our higher education levels lag the nation's, Ohio higher education levels still leapt more than 65 percent in the past 25 years. In Ohio in 1979, just 14.7 percent of adults, 7.3 percent of black adults and 11.2 percent of women had completed four years of college. By 2004, 24.6 percent of adults, 16.4 percent of black adults, and 22.7 percent of women had a four-year degree.

◆ Ohio's labor force participation fell slightly in the recession, but over the past twenty-five years it has grown, from 63.9 percent in 1979 to the current 66.6 percent rate which slightly exceeds the national rate (66.0 percent). Of Ohio women, 60.4 percent are in the labor force, a 21 percent burst in female labor force participation over the 25-year period.

◆ Between 1979 and 2002, the most recent year available, American workers increased their annual work hours from 1,703 to 1,851, an 8.7 percent jump. Two-parent families with children boosted work hours dramatically between 1979 and 2000, just before the recession started. The increase included husbands (2.9 percent at the median), wives (54.5 percent at the median), and families as a whole (18.4 percent at the median).

◆ Over just fifteen years, union membership declined from 21 percent of the Ohio labor force and 16.4 percent of the American workforce in 1989 to just 15.2 percent of the Ohio labor force and 12.5 percent of U.S. workers in 2004.

### II. WHAT RECOVERY? ANEMIC JOB GROWTH PUMMELS OHIO

◆ The state lost a total of 218,000 jobs between calendar years 2000 and 2004.

◆ As of July 2005, the number of jobs in Ohio remained 156,900 jobs or 2.8 percent below where it was when the recession began in March 2001. This put Ohio among the worst four states in terms of job growth, and well behind the nation.

◆ By historic standards, this recovery has been particularly anemic. At this point (52 months) after the early 1990s recession started, 237,800 jobs had been created in Ohio, an increase of 4.9 percent in contrast to the current 2.8 percent loss.

◆ Between 2000 and 2004, Ohio lost 19.2 percent of its manufacturing jobs. For much of 2005, Ohio's manufacturing employment levels were at their lowest point in decades.

◆ Ohio and Michigan are distinguished from the nation and from other neighboring states in that they experienced net job losses between 2000 and 2004 in all non-manufacturing industries combined. Most states gained in these other sectors.

### III. FALLING BEHIND: COMPENSATION IN OHIO

- ◆ The typical Ohio wage has been sinking since 2000 – inflation-adjusted wages fell in each of the last four years. Our 2004 median hourly wage was \$13.37, lower than at any point since 1998 and lower than in 1979, but higher than in the 1980s and early 1990s.
- ◆ Women’s wages declined for the second straight year in 2004 and are now lower than in any year since 1999. Women’s wages have grown over the past few decades while men’s wages have fallen over that entire period. However, men (\$15.12) continue to earn significantly (30 percent) more than women (\$11.66) at the median in Ohio.
- ◆ Black Ohio workers have always earned significantly less than white workers, but the chasm has widened. While white workers now earn approximately the same real hourly wage that they earned in 1979, black workers remain about a dollar below their 1979 level. The median white Ohio wage is 19 percent more than the median black wage, nearly double the ten percent gap in 1979.
- ◆ Ohio employers are more likely than national employers to provide health insurance, but rates of insurance provision have dropped over the past 20 years. Ohio rates fell from just over 75 percent in the early 1980s, to just 60 percent in the most recent period. Uncovered employees may buy insurance or get it through a spouse or the government, but the percent of people without any health insurance has risen since the late 1980s, in Ohio and nationally. While 11.4 percent of Ohio residents lack insurance, 15.7 percent of U.S. residents do, according to new 2004 numbers released by the CPS on August 30.
- ◆ Just half of Ohio workers (51.4 percent) have access to any type of employer-provided retirement plan, compared to just 46.2 percent of U.S. workers, down from 58.7 percent (Ohio) and 49.8 percent (U.S.) in 1979. Pensions, 401Ks and other plans are combined in this data, so changes in quality are not reflected in the statistics.
- ◆ Median household income, which has risen over the long term, has recently slumped in Ohio and nationally. In Ohio, 2004 median income was below both the peak level in 2000 and the level of any year since 1997.
- ◆ Median four-person family income in Ohio rose from \$50,667 in 1974 to \$67,842 in 2003 (most recent available, 2004 dollars). However, this income level has remained stagnant for the past three years and remains below the 1998 level.

### IV. OUT OF WORK: UNEMPLOYMENT AND UNDEREMPLOYMENT IN OHIO

- ◆ The Ohio unemployment rate exceeded six percent in 2003 for the first time since 1993 and remained that high until the monthly rate for July 2005 (subject to future correction) dipped a bit below six percent. In 2004, the annual unemployment rate was 6.3 percent.
- ◆ Other measures of employment hardship are at elevated points. The share of the unemployed who have been jobless for over six months climbed again in 2004 to 21.4 percent, from a previous 20-year high.
- ◆ The percentage of part-time workers who were part-time for economic reasons peaked in 2003 at 13.9 percent, the highest level since the CPS began tracking it in 1994. In 2004, this measure dipped a bit, while remaining above any previous year except 2003.

- ◆ Unemployment insurance exhaustion rates finally fell slightly between 2003 and 2004, but they remain above the level seen in any year since 1992, with more than a third of workers still failing to find employment before running out of benefits
- ◆ In each of the past four years, fewer Ohio jobless have qualified for unemployment benefits. By 2004, less than one in three (30.7 percent) of those without work were still getting benefits, compared to 36.2 percent of U.S. workers.
- ◆ Race disparities persist with 13.2 percent of black Ohioans being unemployed, compared to 5.4 percent of white Ohioans. The black unemployment rate is now higher than the total unemployment rate was during the deep early 80s recession.

#### V. INEQUALITY GROWS, POVERTY PERSISTS

- ◆ More than 60 percent of Ohio workers earn less per hour than those at a similar point on the earnings spectrum earned in 1979. The 80<sup>th</sup> and 90<sup>th</sup> percentiles (the top 20 percent) are the only categories to have seen solid wage growth over this period.
- ◆ Inequality grew in Ohio and nationally, but at a faster pace and from a higher starting point nationally. The 90<sup>th</sup> percentile Ohio worker earned 3.38 times more hourly than the 10<sup>th</sup> percentile Ohio worker in 1979, but 4.18 times more by 2004, compared to 4.41 times as much nationally. While inequality skyrocketed over the long term, it also grew recently, including between 2003 and 2004.
- ◆ Workers at every income level have increased their wages more in the U.S. as a whole than in Ohio over the past 24 years.
- ◆ One in four Ohio workers earns less than \$9.28 an hour, insufficient to bring a family of four above the official 2004 poverty level of \$19,311 with full-time, year-round work. The rate has climbed from its recent low of 21.9 percent in 2002.
- ◆ The percent of Ohioans living under the official poverty line rose from 9.8 percent to 11.6 percent between 1980 and 2004. Children were more likely to be poor than adults and that indicator rose to 17.1 percent in Ohio in 2004. A four-person family was under the official poverty line in 2004 if income was less than \$19,157.
- ◆ Twice the poverty level is a more meaningful measure of need than the exceedingly low poverty line, and 28.5 percent of all Ohioans and 36.4 percent of Ohio children were under this threshold in 2004 (\$38,314 for a family of four).

In short, despite becoming more educated and more productive, and working much more than a generation ago, Ohio workers are facing job loss, median wage decline, income and benefit erosion, rising inequality and enduring poverty. The *State of Working Ohio 2005* documents these trends and makes recommendations for a stronger Ohio.