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Work and Wages

A New Way Forward

10 ways to support working people and restore prosperity and democracy to Ohio

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Everyone who works deserves the opportunity to thrive, with a job that pays a livable wage and offers the benefits people need to manage work and family. Many Ohio working people have been left out. *A New Way Forward* is the policy prescription to solve some of the biggest challenges facing the state.

Ohio workers at last have a strong job market, with jobs nearly recovered to their pre-COVID level and wage growth for the nation dropping more slowly than inflation in recent months, leaving workers, broadly, slightly ahead.¹ This good news is a long time coming. After nearly a decade of slow recovery from the Great Recession, working people were abruptly struck by the COVID-19 pandemic. It sent hundreds of thousands of workers home — some to wait weeks or months for jobless benefits — while putting others on the frontlines of the public health crisis. Over the longer term, employers have held down Ohioans' wages, while corporations and the wealthiest claimed a growing share of the new wealth workers made possible. There is a long way to go to rebuild an Ohio economy with broadly shared prosperity, and to ensure for the first time that all Ohioans are included, no matter their race, gender or other identities.

Some Ohio policymakers have cynically responded to the tighter labor market with attempts to roll back child labor protections that prohibit young teenagers from working past 7 p.m. on school nights — in violation of federal law — at a time when serious child labor violations including injuries and death are on the rise.² They have attempted to make it more difficult for Ohioans who lose their jobs to access unemployment compensation (UC) benefits, under the cruel logic that people will find jobs again if lawmakers only make joblessness more painful to endure. And they have introduced legislation that would strip public sector workers of the right to strike, a right Columbus teachers exercised at the start of this school year to win better learning conditions for their students.

The solution to Ohio's labor market is not to force more people into work that isn't working for them. It's to improve the quality of the jobs in our state.

To do so, policymakers must:

- Protect workers' right to join or form a union.
- Pass a minimum wage that meets the cost of living and honors the value of work.
- Protect working people from wage theft — and hold employers accountable.
- End misclassification and affirm ride-hail drivers as employees.
- Ensure paid sick leave for all Ohio workers.
- Fund quality child care for families and ensure livable wages for care workers.
- End arbitrary and overbroad collateral sanctions that bar Ohioans with a record from work.
- Strengthen the public sector instead of cutting taxes for the wealthiest.
- Extend unemployment benefits to those blocked due to low pay, make benefits delivery more accessible and strengthen the system with additional funds from workers.
- Protect democracy.

¹ Policy Matters Ohio will report on figures for Ohio in our upcoming State of Working Ohio report this Labor Day.

² Jennifer Sherer and Nina Mast, "Child labor laws are under attack in states across the country," The Economic Policy Institute, March 14, 2023, <https://www.epi.org/publication/child-labor-laws-under-attack/>

Protect workers' right to join or form a union.

The most effective way workers can balance the power of their employers in the workplace is to join or form a labor union.

The typical Ohio worker represented by a union was paid \$24.75 per hour in 2021, a wage premium of \$4.84 per hour when compared with their nonunion counterparts.³ Union representation significantly narrowed the pay gap women face compared with their male counterparts by raising pay \$3.31 per hour for men (15.8%), and \$5.76 for women (32.3%). Being represented by a union improved Black and white workers' pay by a similar 19.8% and 21.8%, but white workers' dollar pay rose \$4.56 per hour, while Black workers' pay rose \$3.18; a discrepancy that likely represents Black workers' concentration in low-paid industries and could reflect new organizing among service sector workers. Black Ohioans have been more likely to belong to a union than their white counterparts since at least 2008; for the three-year window ending in 2022 the share of Black Ohioans represented by a union was 33.0% higher.⁴

The benefits of union representation extend beyond pay. Unions protected workers against job loss in the COVID recession, and those who did experience layoffs were twice as likely to receive pay as those without a union.⁵ Unions not only helped workers keep their jobs through the pandemic, they also helped them survive: Across Northeast and Central Ohio, essential workers reported more COVID safety protocols in their workplaces if they belonged to unions than their counterparts who did not.⁶

Unions don't just help union workers — they help all of us. When a large share of the overall workforce belongs to unions, nonunion workers also benefit from higher wages and better working conditions. Unions help working people set employment terms in their industry, so even nonunion employers must meet similar standards to attract and retain the workers they need.⁷ Workers often use their unions to secure benefits for the communities they live in and the people they serve. Columbus teachers went on strike at the start of this school year and won air conditioning to help students concentrate, appropriate class sizes, and full-time art, music, and P.E. teachers in elementary schools.⁸

There is an inverse relationship between union density and the share of all wage income that goes to the top 10%.⁹ Employers understand this. It is one reason why for decades they have

³ Michael Shields and Annie Volker, "State of Working Ohio 2022," Policy Matters Ohio, September 5, 2022, <https://bit.ly/3Hm4f4v>.

⁴ Data are from Economic Policy Institute analysis of the Current Population Survey. Results are for three years pooled data. Union density is share of workers covered by a union contract, whether or not they themselves are members.

⁵ Eunice Han, "What did labor unions do for their members during the COVID-19 pandemic?" Economic Policy Institute, July 26, 2022, <https://bit.ly/3ndyAeI>. Han controlled for workers' industry in her study.

⁶ Anne Galleta, Ph.D, Paula J. Baughn, Vilmarie Perez, Chloe White, "Heroes work here: The experience of essential workers in Ohio during the pandemic," Essential Ohio, April 29, 2022, https://www.essentialohio.org/files/uqd/8c1f20_213b78ecbedf42c2ace2a68e8b84055f.pdf

⁷ Rosenfeld, Jake, Patrick Denice, and Jennifer Laird. 2016. *Union Decline Lowers Wages of Nonunion Workers: The Overlooked Reason Why Wages Are Stuck and Inequality Is Growing*. Economic Policy Institute, August 30, 2016.

⁸ Daniella Silve, "Teachers at Ohio's biggest school district go on strike two days before the start of the school year," U.S. News, August 22, 2022, <https://www.nbcnews.com/news/us-news/teachers-ohios-largest-school-district-go-strike-2-days-start-new-scho-rcna44239>

⁹ Economic Policy Institute, "Unions help reduce disparities and strengthen our democracy," April 23, 2021, <https://www.epi.org/publication/unions-help-reduce-disparities-and-strengthen-our-democracy/>

aggressively and often illegally resisted worker efforts to form unions. Employers spend more than \$400 million a year on union-busting law firms.¹⁰ That's \$2.50 for every person working in the United States; and it doesn't even include expenses classified as "advice," which are exempted from reporting requirements and may comprise the bulk of such expenditures.¹¹ Employers have been charged with union busting so severe it violated federal law in 41.5% of union organizing campaigns.¹² In just one example, Starbucks racked up 325 charges by the National Labor Relations Board for allegedly firing more than 100 workers for union organizing efforts. Here in Ohio, Amazon fired North Randall warehouse worker Joey Desatnik, allegedly because he gathered signatures of 230 workers interested in forming a union.¹³ Amazon's relentless pace has resulted in a worker injury rate double the warehousing industry norm at 9.6 per 100 workers.¹⁴

Large shares of Americans who lack union representation consistently say they would join a union if they could, and in the latest Gallup survey, 68% of Americans supported unions.¹⁵ Yet corporate resistance pushed the share of Ohioans represented by a union down from 23% in 1990 to just 13% by 2021.¹⁶ Nationally, union membership peaked at 49.1% in 1940.¹⁷ These successful efforts to suppress worker organizing have enabled corporations to capture most of the gains from worker productivity increases over recent decades and helped the wealthiest to attain an extreme concentration of wealth.¹⁸ The problem has become cyclical: As this report discusses below, wealthy individuals have marshaled some of that wealth to influence political outcomes that constrain our democracy and even further enhance their own wealth.

Increasing union density changes the balance of power between workers and their employers in ways that can lift all workers, whether they belong to a union or not, and enable working people to claim a fair share of the wealth they create. The concentration of employer power has weakened the link between work and ability to prosper and hollowed out the middle class.¹⁹ Unions are better able to deliver benefits to workers when they are strong. In Ohio, the

¹⁰ Celine McNicholas, Margaret Poydock, Samantha Sanders, and Ben Zipperer, "Employers spend more than \$400 million per year on 'union-avoidance' consultants to bolster their union-busting efforts," the Economic Policy Institute, March 29, 2023, <https://www.epi.org/publication/union-avoidance/>

¹¹ There were 160,315,000 people employed in the U.S. as of February 2023. "Ohio and U.S. Employment Situation," Bureau of Labor Market Information, Ohio Department of Job and Family Services, March 24, 2023, https://ifs.ohio.gov/RELEASES/unemp/202303/Ohio-US_EmploymentSituation.stm

¹² Celine McNicholas, Margaret Poydock, Julia Wolfe, Ben Zipperer, Gordon Lafer, and Lola Loustaunau, "Unlawful U.S. employers are charged with violating federal law in 41.5% of all union election campaigns," the Economic Policy Institute, December 11, 2019, <https://www.epi.org/publication/unlawful-employer-opposition-to-union-election-campaigns/>

¹³ Sean McDonnell, "Fired Cleveland area Amazon worker speaks out, says union effort led to dismissal," Cleveland.com, May 24, 2022, <https://www.cleveland.com/business/2022/05/fired-cleveland-area-amazon-worker-speaks-out-says-union-effort-led-to-dismissal.html>

¹⁴ Will Evans, "Behind the smiles: Amazon's internal injury records expose the true toll of its relentless drive for speed," Reveal News, November 25, 2019, <https://revealnews.org/article/behind-the-smiles/>

¹⁵ Gallup Work and Education poll conducted Aug. 2-17, 2021 <https://news.gallup.com/poll/354455/approval-labor-unions-highest-point-1965.aspx>

¹⁶ Michael Shields and Annie Volker, "State of Working Ohio 2022," Policy Matters Ohio, September 5, 2022, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/state-of-working-ohio/state-of-working-ohio-2022>

¹⁷ Union membership and representation differ slightly, because unions must bargain on behalf of all workers in their unit, regardless of whether the worker chooses to belong to the union. See Economic Policy Institute, "Unions help reduce disparities and strengthen our democracy," April 23, 2021, <https://www.epi.org/publication/unions-help-reduce-disparities-and-strengthen-our-democracy/>

¹⁸ Michael Shields, "CEO Pay Report 2022," Policy Matters Ohio, December 19, 2022, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/ceo-pay-report-2022>

¹⁹ Josh Bivens and Heidi Shierholz, "What labor market changes have generated inequality and wage suppression?" The Economic Policy Institute, December 12, 2018, <https://bit.ly/34RUwU>

union wage premium peaked in 1990 at \$7.82 per hour when 23% of Ohio workers were represented by a union. By 2021, 13% of Ohio workers were represented by a union, and the wage premium stood at \$4.84, up slightly from its lowest level of \$4.20 in 2020.

Policy recommendations

Policymakers concerned with restoring a stable middle class and building an inclusive economy should make it easier for workers to form and join unions. Opportunities exist at the federal, state and local levels.

- State and local governments can use their procurement contracts to insist that employers adopt neutral positions when workers organize; pay prevailing wages; and include other provisions that support worker organizing efforts.
- State lawmakers must protect workers' right to exercise their voice on the job, including by preserving public sector workers' right to strike, now under threat by SB 83. Public school teachers have demonstrated how they can use a strike to win victories not just for themselves, but for the children and families they serve.
- The federal Protecting the Right to Organize (PRO) Act would make it easier to form a union by making common corporate tactics to suppress union drives illegal, and improving enforcement for those that already are.

Pass a minimum wage that meets the cost of living and honors the value of work.

Everyone who works for a living deserves to be paid a wage that recognizes the value of their work and meets the cost of living. One thing that COVID-19 taught us is how much we all rely on the work done by some of Ohio's lowest-paid workers: from the grocery stockers who kept the shelves full; to the healthcare workers who nursed our loved ones back to health, or held their hands when they died without us; to the child care teachers who kept our kids safe so we could return to work.

Yet for more than four decades, while Ohio's working people made this state wealthier than ever before, policymakers have allowed inflation to cut the value of the federal minimum wage in half.²⁰

It's no coincidence that industries where pay is lowest face the greatest challenge to restoring their workforce after the COVID recession. With the entire state of Ohio just 24,100 jobs short of recovering its COVID job losses, the leisure and hospitality industry alone accounts for 20,800 fewer jobs filled than in February 2020.²¹ The industry staffs many low-paid workers, including many tipped workers, and its irregular and unpredictable scheduling makes it difficult to achieve both work-life balance and a predictable budget.

²⁰ Michael Shields and Annie Volker, "State of Working Ohio 2022," Policy Matters Ohio, September 5, 2022, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/state-of-working-ohio/state-of-working-ohio-2022>

²¹ Michael Shields, "Jobwatch: Ohio achieves private sector jobs recovery in March," April 21, 2023, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/job-watch/jobwatch-ohio-achieves-private-sector-jobs-recovery-in-march>



An initiative petition now collecting signatures for inclusion on the 2024 ballot would raise Ohio's minimum wage to \$15 per hour in two steps, starting at \$12.75 in January 2025 and rising to \$15 the following year. After that, the link to inflation that has protected Ohio's lowest-paid workers from loss of buying power since voters passed it in 2006 would resume. The "tip credit" that allows employers to claim a portion of workers' tips as an offset and pay them as little as half the minimum wage would phase out over four years.

Policy Matters Ohio found in 2021 that raising the minimum wage to \$15 and covering all Ohio workers — including those who now rely on tips for part of their pay — would benefit more than 1.5 million Ohioans, who would take home an additional \$3,900 per year on average.²² The policy would also make pay more fair: Six in 10 affected workers are women; and Black workers are nearly twice as likely as white counterparts to be paid wages so low the policy would raise their pay.

Eight states now require employers to pay tipped workers the full minimum wage with tips on top, and campaigns are under way in several others.²³ This is a vital component of the policy. Tipped workers are now among the lowest paid in the state. Reliance on customer tips has long placed workers at the mercy of high levels of workplace sexual harassment, in a field where large shares of women have their first experience with work. As workplaces resumed while COVID-19 still represented a significant danger, it also exposed them to greater health risks and hostility as they were placed in the role of trying to enforce mask or vaccine card mandates on customers who directly controlled their pay.²⁴

According to MIT's cost of living calculator, a single childless adult working full time needs at least \$15.33 per hour on average to afford the necessities in Ohio.²⁵ Two working parents supporting a family of four each need \$24.53. Policy Matters Ohio's latest report on the minimum wage found that 406,000 Ohioans who would benefit from a \$15 minimum wage are parents of children under age 18.²⁶

Pending legislation would make it harder for voters to make policy at the polls by requiring a 60% level of support for passage of any petition that would amend the state Constitution. (Ohio's minimum wage is already in the Constitution.) This measure is antidemocratic because it would allow any number over 40% of voters to block policy change supported by an overwhelming majority who outvoted them by nearly 20 points. The General Assembly should immediately abandon this scheme.

State legislators have previously barred Ohio municipalities from enacting laws that raise the minimum wage in their community above the state minimum. Such "preemption" is designed to take away local control. However, Ohio cities can still pass policies that ensure public workers employed by the city and its contractors are paid a livable wage.

²² Michael Shields, "Fairer pay will boost Ohio," Policy Matters Ohio, April 13, 2021, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/minimum-wage/fairer-pay-will-boost-ohio>

²³ One Fair Wage, Michigan, <https://onefairwage.site/michigan>, accessed April 24, 2023

²⁴ Catharine A. Mackinnon, Louise Fitzgerald and Barry Commoner, One Fair Wage and the UC Berkeley Food Labor Research Center, "Take off your mask so I know how much to tip you" December 2020, https://timesupfoundation.org/wp-content/uploads/2020/12/OFW_COVID_WorkerExp.pdf

²⁵ MIT, Living Wage Calculation for Ohio, <https://livingwage.mit.edu/states/39> accessed April 21, 2023

²⁶ Michael Shields, "Fairer pay will boost Ohio," Policy Matters Ohio, April 13, 2021, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/minimum-wage/fairer-pay-will-boost-ohio>

Policy recommendations

- Voters should pass a \$15 minimum wage that covers all workers.
- Local governments should use their procurement and tax incentive policies to ensure that everyone working on a city project or for a company that receives local tax dollars is paid a livable wage.

Protect working people from wage theft and hold employers accountable.

Everyone who works deserves to be paid the wage they agreed to for every hour they work. Yet each year in Ohio, employers steal from some 213,000 Ohio workers by paying them less than the state or federal minimum wage.²⁷ The typical victim loses an estimated \$55 per week, a quarter of their take-home pay. For a worker who keeps their job the full year, that amounts to nearly \$2,900 in annual losses for a worker paid just \$9,011 for the year.

Minimum wage nonpayment is not the only form of wage theft. Employers may deny time-and-a-half to nonexempt employees who work more than 40 hours per week; confiscate workers' tips or fail to make up the difference if workers' pay and tips fall short of the minimum wage; simply not pay for all hours worked, which can include requiring workers to work off the clock; misclassify employees as independent contractors, or hourly workers as salaried and overtime-exempt; make illegal pay deductions or pay workers in "scrip" that can only be spent with the employer, in gift cards, or other substitutes for currency — for example, a North Carolina Chick-fil-A was cited for paying its workers in chicken sandwiches.²⁸

Anyone can be a victim of wage theft, but employers are much more likely to steal from workers who are marginalized in some way. Hispanic²⁹ workers whose main language is Spanish are 74% more likely to face minimum wage nonpayment than their white non-Hispanic counterparts, while Ohioans of other races — a survey category about three quarters of whom are Asian — are 51% more likely. Those born outside the U.S. are 26% more likely to have wages stolen than native citizens. The minority of immigrant workers who lack documentation face even greater risk, as an employer can retaliate against them by reporting them to Immigration and Customs Enforcement (ICE). Workers with a criminal conviction may tolerate abusive working conditions because losing a job that is a condition of parole could cost them their freedom.³⁰ Black and white workers are about equally likely to face wage theft by minimum wage nonpayment, but Black workers work more hours and employers steal a greater amount from them. With the unemployment rate for Black workers

²⁷ Michael Shields, "Honest day's pay," Policy Matters Ohio, May 18, 2022, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/honest-days-pay>

²⁸ David Watsky, "Yes, Chick-fil-A really tried to pay workers in chicken," CNET, July 28, 2022, <https://www.cnet.com/culture/yes-chik-fil-a-really-tried-to-pay-workers-in-chicken/>

²⁹ Throughout this report, the term "Hispanic" is used to maintain consistency with data in or derived from [U.S. Census Bureau surveys](#), which use that term to describe people of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin regardless of race. The "Hispanic" category is an often imperfect way to get at data for individuals holding these identities, but in this case, the fact that these are people whose first language is not English is itself a salient factor that employers use to take advantage of them.

³⁰ Mark R. Grawe, Conditions of supervision, United States Probation, Southern District of Ohio, <https://www.ohsp.uscourts.gov/conditions-supervision> accessed April 24, 2023

consistently double that of their white counterparts, this figure is further evidence that Black workers may have fewer options to leave a job where an employer is stealing pay from them.

About half the minimum wage theft cases occurred in the leisure and hospitality industry, underscoring how the “tip credit” — which allows employers to claim workers’ tips to offset up to half of the minimum wage — leaves workers vulnerable to abuse. As of 2023, employers of tipped workers are only required to pay \$5.05 per hour if their tips generate at least \$5.05 more. If the wage and tips combined fall short of the full \$10.10 minimum wage, employers must make up the difference. When employers ignore this requirement, tipped workers are left to enforce their rights themselves. This requires knowledge of the law and protection from reprisals, both of which are all too rare. Eliminating the sub-minimum wage so tipped workers receive the full value of the minimum wage with tips on top is a key step to eliminating this type of wage theft.

In Ohio, the typical wage theft victim who is paid less than the minimum wage loses \$2,900 if they retain their job for the full year. If the roles were reversed and the employee stole that much money from their boss, they could face a felony charge that carries prison time. Yet even though wage theft violates state and federal law, policymakers have dedicated so few resources to enforcement that not only will most victims never see payment and most perpetrators never face justice, but fearing retaliation from their employer, most victims will never even report. Ohio staffs just five wage and hour officers and a supervisor for an employed workforce of nearly 5.6 million. The contrast between this indifference to wage theft and the heavy-handed punishment many Ohioans face at the hands of our criminal legal system erodes public confidence in equal treatment before the law and must end. Ohio must hold wage thieves accountable, and — as this report covers below — must provide pathways to recovery for those who do not own corporations and who have a conviction in their past.

Where state government has failed, local governments can and have used their powers to make stealing from employees too costly a business practice. Ordinances in Cincinnati, Columbus and Cleveland prohibit contracting with a company that has had a recent finding of wage theft.

Policy recommendations

- Eliminate the sub-minimum wage and pay all working people at least a minimum wage that meets the cost of living, with any tips on top. A pending ballot initiative for Ohio voters would achieve this.
- Allocate state funds to enforcement so wage and hour agents can investigate all wage theft claims, enforce the law, make workers whole and change employer behavior.
- Local governments should use their procurement, taxation and other powers to refuse to contract with or provide tax incentives to wage thieves; and prosecute wage theft that includes payroll tax fraud.

End misclassification and affirm ride-hail drivers as employees.

All working people have the right to basic employment protections including the minimum wage, overtime, a safe workplace, protection from discrimination, and more. Federal and

state employment laws provide for many such rights, but corporations have been attempting to sidestep them.

One way firms resist worker rights is by misclassifying employees as independent contractors. Digital platform companies have made denying workers fundamental workplace protections a business model.³¹ The National Employment Law Project received emails from legislators in Ohio and other states indicating that Uber sent draft legislation that formed the basis of Ohio's law classifying ride-hail drivers as independent contractors.³² The measure lawmakers passed exempts drivers from minimum wage, overtime, whistleblower and other protections.³³ The federal Worker Flexibility and Choice Act, backed by Uber, Lyft and other companies and introduced last July would go further, to exempt virtually any American worker from such wage protections and other basic employee rights.³⁴ The bill would classify any worker who signed a so-called "worker flexibility agreement" as an independent contractor not subject to wage protections under the Fair Labor Standards Act. If the measure were to pass, virtually any employer could require workers to sign such an agreement as a condition of employment.

Ride-share and other companies have attempted to frame a false trade-off between flexible working hours and the protections that come with employee status. But there is no reason a company cannot let employees choose their own schedules.

Digital platforms' success in convincing Ohio's and other states' legislatures to exempt them from labor law protections has given them a set of tools to hold wages down for their workers, often below the minimum wage. A Shift Project survey found that 14% of gig workers surveyed were paid less than the federal minimum wage of \$7.25 and 29% were paid less than the state minimum wage that would apply to them if they were classified as employees. Workers classified as independent contractors also lack protections against discrimination, and health and safety mandates. They do not receive employment-based health insurance or retirement benefits and are not covered by unemployment insurance if they get laid off. They do not get workers' compensation if they get hurt on the job. And they must pay expenses that normally the employer would, including payroll taxes, and for workers driving for ride-hail companies, the cost of fuel and vehicle maintenance.

Gig workers are more likely than others to have their pay stolen by their employers. While misclassification is itself a form of wage theft, even gig workers who are legally classified as contractors may face high rates of wage theft: 62% of survey respondents who used digital platforms to perform gig work were not paid for some hours because of technical problems clocking in and out of the system. Gig workers reported going without food because they

³¹ Ben Zipperer, Celine McNicholas, Margaret Poydock, Daniel Schneider and Kristen Harknett, "National survey of gig workers paints a picture of poor working conditions, low pay," Economic Policy Institute, June 1, 2022, <https://www.epi.org/publication/gig-worker-survey/>

³² Joy Borkholder, Mariah Montgomery, Miya Saika Chen, Rebecca Smith, "Uber State Interference," National Employment Law Project, January 2018 <https://s27147.pcdn.co/wp-content/uploads/Uber-State-Interference-How-Transportation-Network-Companies-Buy-Bully-Bamboozle-Their-Way-to-Deregulation.pdf>, see footnote 86. See also: HB237, Ohio 131st General Assembly, <https://www.legislature.ohio.gov/legislation/131/hb237>

³³ Zach Schiller, "Bill to regulate transportation companies needs work," Policy Matters Ohio, October 20, 2015 <https://www.policymattersohio.org/wp-content/uploads/2015/10/102015-PR-for-HB-237-testimony.pdf>

³⁴ National Employment Law Project, "Uber has shown us the future it wants for employment," August 16, 2022, <https://www.nelp.org/press-clips/uber-has-shown-us-the-future-it-wants-for-employment/>

could not afford it (19%), and more gig workers reported being unable to pay the full amount of their gas, electric or other utility bill than did low-paid service sector workers (31% versus 17%). While gig work employers often tout the arrangement as one that provides greater flexibility and opportunity to be an “entrepreneur,” the Fund for Our Economic Future found that Northeast Ohioans most likely to consider gig work are those already facing the most precarity, including workers under age 25, those with children at home under age five, and critically, those making less than \$25,000 a year.³⁵

While many state legislatures have obediently passed legislation lobbied for or even written by digital platform companies enabling them to skirt worker protections for their constituents, some states have attempted to implement protections. After California lawmakers passed a law in 2019 clarifying that ride-hail drivers were employees, Uber and Lyft spent a record amount of money on a state ballot initiative and misinformation campaign to get voters to overturn it. After a court ruled Proposition 22 unconstitutional, an appeals court this March reversed that lower court’s decision.³⁶ Lawmakers in Massachusetts are considering legislation that would guarantee that drivers at companies including Uber and Lyft are paid a minimum wage, get paid sick leave, and receive other benefits and protections; that the companies pay into the state’s unemployment system; and that drivers can collectively bargain with companies over compensation and benefits.³⁷ The bill intentionally sidesteps the question of whether ride-hail drivers are classified as employees or contractors so that if their employee status were ever overturned, the protections would remain in place.

The ABC test, in use in some states and proposed in federal bills such as the PRO Act, classifies a worker as an employee by default, and allows them to be classified as an independent contractor only if three conditions are met: 1) The worker is free from the employer’s control or direction in performing the work; 2) The work takes place outside the usual course of the business of the company and off the site of the business, and 3) customarily, the worker is engaged in an independent trade, occupation, profession, or business.³⁸ At a time when employers are using schemes to place their workforce outside the scope of employment law protections, using a broad definition of employee will ensure that as many workers as possible are subject to those protections.

Policy recommendations

- Affirm that basic labor protections under the Fair Labor Standards Act apply to all workers.
- Use a broad definition of employee, such as the ABC test.
- Local governments can extend provisions in procurement contracts and tax incentive plans to include subcontractors of the main contracted company.

³⁵ Fund for Our Economic Future, “Where are the Workers,” Accessed August 25, 2022, <https://wherearetheworkers.com/where-are-the-workers/#retired>

³⁶ Adam Beam, “California court rules for Uber, Lyft in ride-hailing case,” AP News, March 13, 2023, <https://apnews.com/article/california-uber-lyft-ride-hailing-employees-independent-contractors-91a763cdad6ac7f57b10bca58293e47c>

³⁷ Chris Lisinski, “Unions back basic benefits bill for Uber, Lyft drivers,” WBUR, January 24, 2023, <https://www.wbur.org/news/2023/01/24/uber-lyft-rideshare-legislation-unions>

³⁸ Cornell Law School “ABC Test,” https://www.law.cornell.edu/wex/abc_test accessed April 23, 2023



Ensure paid sick leave for all Ohio workers.

Everyone deserves the opportunity to rest and recover when sick or caring for a loved one, without fear of losing their job or going without a paycheck that they need.

COVID-19 made it strikingly clear how much all our health depends on that of our neighbors. In response, federal policymakers made paid sick time and time to care for an ill family member or child sent home from school by the public health crisis available to many Ohioans for the first time through the Families First Coronavirus Response Act, and then the CARES Act. Before that, one in four Americans — more than 32 million people — had no paid sick days at all, making the U.S. unique among developed nations that fail to offer paid leave to all workers.³⁹ Even with them, gaps abounded: Many workers were excluded (among them, workers at companies employing more than 500 people, and, ironically, healthcare workers); only COVID-related issues were covered; and the policies have now expired.

The ability for working people to take time off when they need it *with pay* to care for a newborn, aging parents or a loved one experiencing illness — and to recover from an illness themselves — is vital to protect workers' health and ability to work. Paid leave is especially important for women, who are more likely to take on care work responsibilities for their families. It can also make our economy more equitable, as the workers who now lack paid sick time are predominantly the same low-paid workers who cannot afford to forgo a day's pay.

The 1993 Family and Medical Leave Act (FMLA) provides that eligible workers can take up to 12 weeks of FMLA leave to care for a newborn or newly adopted child; to care for a spouse, child, or parent with a serious health condition; to recover from a serious health condition preventing them from working; or to take military family leave, all without fear of losing their job.⁴⁰ However, nearly half of U.S. workers⁴⁰ remain excluded and the FMLA only protects workers' right to take leave *without* pay, making it unusable by many working people as a practical matter.

Eleven states now offer some form of paid family and medical leave.⁴¹ Ohio should follow suit. Ohio lawmakers should mandate that all Ohio workers can earn at least seven days paid sick time annually for regular use. The time could be spent to recover from short-term illnesses; access preventive care; care for a sick family member; or seek assistance related to domestic violence, sexual assault or stalking. During emergencies, employees should be made immediately eligible for at least 14 additional days of paid sick time. Such time should be made available to all employees in the state of Ohio, regardless of employer size, including hourly employees, part-time workers, contract workers and gig workers. Workers should be guaranteed job-protection and anti-retaliation protections when taking paid sick days.

³⁹ Terra Goodnight, "Paid sick leave needed to protect public health" Innovation Ohio, March 11, 2020, <https://innovationohio.org/hhs/paid-sick-leave-needed-to-protect-public-health/>

⁴⁰ Kathleen Romig and Kathleen Bryant, "A National Paid Leave Program Would Help Workers, Families," Center on Budget and Policy Priorities, April 2021, <https://www.cbpp.org/research/economy/a-national-paid-leave-program-would-help-workers-families>

⁴¹ A Better Balance, "Comparative chart of paid family leave laws in the United States," Updated January 1, 2023 <https://www.abetterbalance.org/resources/paid-family-leave-laws-chart/>

American Rescue Plan Act dollars can be used to set up paid-leave plans for local governments.⁴² Cities can pass paid-leave policies for the public sector workers they employ. More than 100 U.S. cities have done so, including Dayton, Cincinnati and Columbus. This April, 40 organizations representing labor, community groups and others sent a letter to Cleveland Mayor Justin Bibb urging him to implement a plan for the more than 7,000 city of Cleveland workers. If enacted, the Cleveland plan will include:

- Comprehensive coverage for new parents, family caregivers, and personal medical leave.
- Adequate leave time that meets actual health and caregiving needs.
- Full wage replacement.
- Job protection and anti-retaliation protections.
- An inclusive definition of family and gender-neutral language.
- Accessible eligibility requirements for all union and non-union city workers.

Ohio legislators should pass similar protections for all Ohio working people.

Fund quality child care for families and ensure livable wages for care workers.

Every child in Ohio deserves the opportunity to learn, grow and thrive. Every parent who wants or needs to work deserves a trusted person to care for their child while they are away. And the people who do that work cannot be an afterthought: They must be paid a wage that recognizes the value of their work and ensures they have enough to cover the basics.

High-quality early child care enables parents to work today, and helps children achieve developmental milestones that will help them to grow into skilled members of tomorrow's workforce. Yet the high cost of child care is a hardship for many Ohio families, while only those with the lowest incomes qualify for initial access to help from the state.⁴³ In Ohio, infant care costs on average \$9,687 a year — 16.9% of the budget for the median Ohio family, for just a single child.⁴⁴ Child care for a 4-year-old in Ohio averages \$7,895 annually.

The cost of paid child care is so high it can factor into parents' — especially mothers' — decision whether to stay at home with their own child or work in the paid labor market. Either way, families face significant costs, either in child care tuition or a parent's forgone earnings. Usually, the parent faced with the possibility of pausing their career is a woman. The disruption can reduce her earnings for the remainder of her working life.

COVID-19 compounded these challenges by shuttering child (and adult) care programs and heaping new unpaid care work onto women. Its aftermath is still playing out for families

⁴² Dave Kamper, "State and local governments should use ARPA pandemic funds in 2023 to rebuild the public sector and support working families and children," The Economic Policy Institute, January 11, 2023, <https://www.epi.org/blog/state-and-local-governments-should-use-arpa-pandemic-funds-in-2023-to-rebuild-the-public-sector-and-support-working-families-and-children/>

⁴³ Initial eligibility for child care is now available for families earning up to 142% of the Federal Poverty Level. The FPL is \$30,000 in 2023 for a family of four, <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>. Once qualified, families can keep their child care help, though the amounts phase down, until their income reaches 300% of the FPL. However, many pitfalls can disrupt families' continued access to care. For an explanation of ways families can lose coverage, see Wendy Patton, "Ohio childcare's cliffs, canyons and cracks," Policy Matters Ohio, May 2014, <https://www.policymattersohio.org/research-policy/quality-ohio/revenue-budget/budget-policy/ohios-childcare-cliffs-canyons-and-cracks> Some of the eligibility amounts have changed since its release.

⁴⁴ <https://www.epi.org/child-care-costs-in-the-united-states/#/OH>.

across the state. More than 65 million U.S. women provided unpaid child, family or elder care work in 2020.⁴⁵ Three years later, the dearth of available child care options persists, limiting parents' ability to work or take full-time hours. About one in five working-age Americans surveyed told Pew Research Center that they quit a job in 2021. Though low pay was the most common reason cited (63%), for those who had a child under age 18 at home, 48% cited child care access issues as a factor.⁴⁶ The prevalence of child care deserts in Ohio is likely a major factor limiting women's ability to work in paid roles. After climbing for three decades, women's workforce participation peaked at 62.4% in 2007 and has never approached that level again.⁴⁷

Women's greater likelihood than men to pause their careers to take on child caregiving tasks is a contributor to persistent pay shortfalls for women, who are still paid just 81 cents for every dollar paid to a man.⁴⁸ A family dividing up paid and unpaid work responsibilities will often prioritize the career of the higher-paid partner, and with men paid more on average, that often means it's a female partner who disrupts her career. This means families' rational response to these wage gaps can reinforce pay suppression for women caused by other factors.

For families choosing paid child care, the vast majority of the people doing that work are also women. And despite the high skills and high stakes the job entails, they are paid among the lowest wages in the state. Child care workers receive just \$11.17 an hour at the median and preschool teachers are paid just \$13.89.

Early education professionals do highly skilled work caring for and educating Ohio's children. Many earn bachelor's or associate degrees in early childhood education; and child care staff undergo routine training in topics including first aid; recognizing the signs of child abuse and getting children help; and preventing the spread of communicable diseases. The Governor's Office on Workforce Transformation has identified child care as one of eight critical career tracks for the state, qualifying it for workforce development dollars.⁴⁹ Yet their pay does not reflect that value. Such low pay for these highly skilled workers reflects a long legacy of undervaluing the vital work of women, and women of color.⁵⁰

⁴⁵ National Partnership for Women and Families "Women carried the burden of unpaid caregiving in 2020," May 2021, <https://www.nationalpartnership.org/our-work/resources/economic-justice/women-carried-the-burden-of-unpaid-caregiving-in-2020.pdf>

⁴⁶ Kim Parker and Juliana Horowitz, "Majority of workers who quit a job in 2021 cite low pay, no opportunities for advancement, feeling disrespected," Pew Research Center, March 9, 2022, <https://www.pewresearch.org/fact-tank/2022/03/09/majority-of-workers-who-quit-a-job-in-2021-cite-low-pay-no-opportunities-for-advancement-feeling-disrespected/>

⁴⁷ Michael Shields and Annie Volker, "State of Working Ohio 2022," Policy Matters Ohio, September 5, 2022, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/state-of-working-ohio/state-of-working-ohio-2022-Figure-8>

⁴⁸ Michael Shields and Annie Volker, "State of Working Ohio 2022," Policy Matters Ohio, September 5, 2022, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/state-of-working-ohio/state-of-working-ohio-2022>

⁴⁹ Governor's Office of Workforce Transformation, "Ohio's Top Jobs List," https://topiobs.ohio.gov/wps/wcm/connect/gov/1acfd35-e4ea-433e-9055-8d5758cc9326/Top+Jobs+One-Page+2021.pdf?MOD=AJPERES&CONVERT_TO=url&CACHEID=ROOTWORKSPACE.Z18_K9I401SO1H7F40QBNJU3SO1F56-1acfd35-e4ea-433e-9055-8d5758cc9326-nSQ3Yve accessed April 27, 2023

⁵⁰ Nina Banks, "Black women's labor market history reveals deep-seated race and gender discrimination," The Economic Policy Institute, February 19, 2019, <https://www.epi.org/blog/black-womens-labor-market-history-reveals-deep-seated-race-and-gender-discrimination/>

This low pay is one reason early educators are permanently leaving the field for better job opportunities. High turnover is a serious problem, because the most critical component of successful early childhood development is for the child to forge strong bonds with trusted adult caregivers. Because those bonds are so fundamental to young children’s development, providing high levels of one-on-one contact and reducing staff turnover must be core priorities in Ohio’s child care delivery system. Both will require far deeper funding commitments from the state.

Increasing pay works. The Department of Defense provides excellent care for military families. In 1990 the Military Child Care Act substantially increased teacher pay, and staff turnover rates fell from between 65 and 300 percent to 27 percent — and that’s for caregiver staff largely made up of military spouses who are frequently moved to new communities.⁵¹

The pandemic put child care workers on the frontlines of the health emergency, placing themselves and their families at risk. Now the labor market reckoning brought on by COVID-19 has lifted long-suppressed wages in other sectors, enticing child care workers to leave their professions for better pay in sectors including retail and fast food — themselves not known for high pay. Ohio now faces a shortage of thousands of child care workers. Child care is too costly for families, but providers earn so little revenue they struggle to meet overhead, and the people doing the work struggle to meet basic needs. There is only one way to square the circle and secure this critical pillar of Ohio’s economy. Ohio must make deep commitments of state resources to provide quality child care at livable wages to all Ohio families with young children.

Policy recommendations

- Increase initial eligibility for families to receive state dollars for child care to 300% of the Federal Poverty Level.
- Increase reimbursement rates to providers and tie reimbursements to a requirement that providers pay child care staff a wage of at least \$20 per hour.

End arbitrary and overbroad collateral sanctions that bar Ohioans with a record from work.

The consequences of a criminal conviction extend far beyond the sentence imposed in court. More than 1,100 “collateral sanctions” — so-called because they are not the product of a court trial or judgment — restrict where an Ohioan with a criminal record can live, whether they can participate in civic activities such as serving on a jury, and what type of job they can hold. Some 850 collateral sanctions limit access to more than one in four jobs statewide, jobs that pay \$4,700 a year more on average than jobs with no formal restrictions. These rules likely set the tone for employers to filter out applicants with a conviction even when no law says they must.

Licensing reform passed in 2020, the Fresh Start Act discussed below, changes this landscape by reducing some of the convictions that can bar licensure — one of the main

⁵¹ Marcy Whitebook, Deborah Phillips and Carollee Howes, “Worthy work, STILL unlivable wages,” UC Berkeley, 2014, <https://escholarship.org/uc/item/16n6i8zz>

hurdles to work for an Ohioan who has had a conviction. However, overlapping sanctions limit its effectiveness, and there is a need to ensure the Fresh Start Act is fully implemented. The law prohibits occupational license issuers from having policies that bar licensure on an overly broad basis, such as having any conviction or any felony. Instead, if they use a conviction as a basis for denial, they must be able to justify the denial with a rationale that the specific conviction type indicates the person could not safely perform the job. The Civil Consequences of a Criminal Conviction (CIVICC) database used to identify and catalogue Ohio's collateral sanctions is an important oversight tool to make sure agencies adhere to this. It is not currently being updated or made available to the public due to loss of funding; the General Assembly should restore funding to CIVICC in the state budget.

Ohio's criminal legal system treats Black Ohioans more harshly at every level of interaction, from whether police are called and decide to make an arrest, all the way through to the types of charges that are filed and the likelihood of a conviction.⁵² Ohio's prison network has expanded more than three-fold since the 1970's to incarcerate nearly 50,000 people. Nationally, one in three Black men will face time in prison at some time in his life.⁵³ Fewer than 3% of felony defendants in Ohio ever see their day in court; instead, they are far more likely to plead guilty to charges having spent time in jail and under pressure to get back to their job and family, with future job restrictions far from their mind.

The state's web of collateral sanctions imports racism from the criminal legal system into the labor market, pushing Ohioans touched by the carceral state — especially Black men — to the bottom of the labor market or out of it altogether. This and other factors have converged to enable Ohio employers to push down pay for Black men by nearly \$5 an hour since 1979 to a median of just \$17.10 by 2021.⁵⁴

Being blocked from work limits the ways in which affected Ohioans can meaningfully participate in their families. Locking people out of work in the legitimate job market also increases the chances a formerly convicted person will commit another crime, making communities less safe.

The General Assembly has responded to this by passing H.B. 263, the Fresh Start Act, to roll back overly broad restrictions on occupational licensing, one of the primary hurdles to work.⁵⁵ H.B. 263 prohibits license issuers from denying a license to Ohioans based on a criminal conviction unrelated to the applicant's ability to perform the job well and safely. License issuers must stipulate what types of convictions would make an applicant unfit for a licensed occupation, and nonviolent crimes no longer permanently bar participation in the licensed workforce.

⁵² Michael Shields and Pam Thurston, "Wasted assets: The cost of excluding Ohioans with a conviction from work," Policy Matters Ohio, December 2018, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/wasted-assets-the-cost-of-excluding-ohioans-with-a-record-from-work>

⁵³ ACLU <https://www.aclu.org/issues/smart-justice/mass-incarceration/mass-incarceration-animated-series>

⁵⁴ Michael Shields and Annie Volker, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/state-of-working-ohio/state-of-working-ohio-2022>, wages are in 2021 dollars.

⁵⁵ House Bill 263, 135th Ohio General Assembly, effective October 9, 2021, <https://www.legislature.ohio.gov/legislation/133/hb263>

This occupational license reform is a major first step. However, work remains to be done to implement procedural changes among license issuers. Though occupational licensure has been one of the biggest roadblocks to work for Ohioans who have had a conviction, many jobs do not require an occupational license and so are not touched by licensing reform. To create pathways to work in those fields, other formal sanctions must be addressed, such as a prohibition on receiving a Medicaid contract for entities staffing people with felony convictions. Employer education is needed to reassure employers that not only can they hire Ohioans with past convictions, but at a time when the labor pool is tighter than it has been in over a decade, these workers may represent a large talent pool of prospective workers that employers have previously overlooked.

Policy recommendations

- The state legislature should eliminate excessive and arbitrary collateral sanctions against licensing and hiring. House Bill 263 is a good first step that should be expanded with further legislation to reduce overlapping restrictions, and with oversight to ensure license issuers comply.
- The CIVICC database is a vital tool to help researchers, workforce development professionals, judges and impacted individuals navigate the landscape of hurdles to a career path with a criminal conviction. State legislators should restore funding for it as a workforce development line item under the Ohio Department of Job and Family Services budget.
- Local governments should recognize how residents touched by the criminal legal system can leverage that experience to help others, such as through peer-to-peer response. Residents whose record includes a violent offense with demonstrated recovery may be best equipped to counsel those in a similar situation today.
- While a few career paths require an occupational license, even more require access to transportation. Ohio must restore drivers' licenses to Ohioans with a conviction, enabling them to access work.

Strengthen the public sector instead of cutting taxes for the wealthiest.

In March 2023, Ohio recovered all the private sector jobs lost to COVID-19. Yet state and local government jobs remained 27,000 short of their February 2020 level, the only thing standing in the way of a complete recovery from the deepest job losses in the state's history.⁵⁶ The problem is not unique to Ohio: Nationally, there were 376,000 fewer public sector workers as of February 2023 than three years prior.⁵⁷ However, Congress has appropriated American Rescue Plan Act dollars to state and local governments, with part of that appropriation specifically intended to restore these positions. So far Ohio has obligated just 37% of its state allocation and spent only 29%.⁵⁸

⁵⁶ Michael Shields, "Jobwatch: Ohio achieves private sector jobs recovery in March," Policy Matters Ohio, April 2023, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/job-watch/jobwatch-ohio-achieves-private-sector-jobs-recovery-in-march>

⁵⁷ Dave Kamper, "State and local governments have spent less than half of their American Rescue Plan fiscal recovery funds," The Economic Policy Institute, March 21, 2023, <https://www.epi.org/blog/state-and-local-governments-have-spent-less-than-half-of-their-american-rescue-plan-fiscal-recovery-funds-recovery-funds-should-be-used-to-rebuild-the-public-sector/>

⁵⁸ Dave Kamper, "State and local governments have spent less than half of their American Rescue Plan fiscal recovery funds," The Economic Policy Institute, March 21, 2023, <https://www.epi.org/blog/state-and-local-governments-have-spent-less-than-half-of-their-american-rescue-plan-fiscal-recovery-funds-recovery-funds-should-be-used-to-rebuild-the-public-sector/>

Public sector jobs are a vital part of the state’s labor market, and they provide critical services that community members rely on. They are a source of more equitable jobs: As of 2018, the gender pay gap for federal jobs was 12 cents on the dollar, smaller by a third than the 18 cents for the workforce as a whole.⁵⁹ There is a synergy between unions and public sector work in lifting pay for marginalized workers: In states that require collective bargaining for public sector jobs, public sector pay exceeds that of the private sector for Black and Hispanic workers.⁶⁰

Data from the same survey that gives us overall jobs numbers are available at detailed occupational levels but differ slightly because they are not seasonally adjusted. As of February 2023, of a 25,400 jobs shortfall in state and local government jobs, 18,000 (70.9%) were in teaching and other education services.⁶¹

COVID-19 made teaching extremely difficult, but interest in the profession had already been waning. The Center for American Progress found that the number of students enrolled in teacher preparation programs in Ohio fell nearly 50 percent from 2010 to 2018, a decline of more than 10,000 students.⁶² A national survey found that a majority of students uninterested in teaching reported low pay as a primary reason.⁶³ Gov. DeWine’s executive budget increases funding for teacher training programs, but commitments to improve teacher pay are needed to drive adequate interest to make up the teacher shortage.⁶⁴ House changes to the proposed budget commit to increasing pay from \$30,000 to \$40,000 for 16,800 Ohio teachers.⁶⁵ Teachers in Ohio are paid about 14% less compared with similarly educated workers in other professions.⁶⁶

Ohio’s old school funding scheme has landed it 46th in the nation in equitable funding.⁶⁷ The battle to fairly fund schools has raged in Ohio for decades, since a 1997 court ruling that Ohio’s heavy reliance on local property taxes to fund school districts failed to meet the state’s constitutional obligation to provide a high quality education to every child.⁶⁸ The legislature failed to address the underfunding until advocates at last forced a commitment to equitable funding — the Fair School Funding Plan — in the 2022-23 biennium budget. In the current budget cycle, the House-passed version of the budget bill continues to phase in the funding

⁵⁹ Government Accounting Office, “Gender pay differences,” December 2020, <https://www.gao.gov/assets/gao-21-67.pdf>

⁶⁰ Monique Morrissey, “Unions reduce the public-sector pay gap,” The Economic Policy Institute, June 17, 2021, <https://www.epi.org/publication/unions-public-sector-pay-gap/>

⁶¹ Current Employment Statistics, Ohio Labor Market Information, February 2023, https://ohiolmi.com/Home/CES/DS_Results_CES

⁶² Jessica Poiner, “Some Ohio schools are facing a teacher shortage. What caused it, and how can it be addressed?” Thomas B. Fordham Institute, September 17, 2021, <https://fordhaminstitute.org/ohio/commentary/some-ohio-schools-are-facing-teacher-shortage-what-caused-it-and-how-can-it-be>

⁶³ Michelle Croft, Gretchen Guffy and Dan Vitale, “Encouraging more high school students to consider teaching,” ACT Research and Policy, June 2018, <https://www.act.org/content/dam/act/unsecured/documents/pdfs/Encouraging-More-HS-Students-to-Consider-Teaching.pdf>

⁶⁴ For an explanation, see: Tanisha Pruitt and Annie Volker, “Funding Ohio’s future,” Policy Matters Ohio, April 18, 2023, <https://www.policymattersohio.org/research-policy/quality-ohio/education-training/k-12-education/funding-ohios-future>

⁶⁵ Legislative Services Commission, <https://www.lsc.ohio.gov/assets/legislation/135/hb33/ph/files/hb33-appropriation-spreadsheet-as-passed-by-the-house-135th-general-assembly.pdf>

⁶⁶ Sylvia Allegretto, “The teacher pay penalty has hit a new high,” The Economic Policy Institute, August 16, 2022, <https://www.epi.org/publication/teacher-pay-penalty-2022/>

⁶⁷ EdWeek, State Grades on K-12 Achievement: 2021 Map and Rankings, September 1, 2021, <https://bit.ly/EdFundEquity>

⁶⁸ Tanisha Pruitt and Annie Volker, “<https://www.policymattersohio.org/research-policy/quality-ohio/education-training/k-12-education/funding-ohios-future>

and makes needed improvements in terms of setting the costs of education for each student. However, more public money is allocated to private schools through expanded voucher programs.⁶⁹

Policy recommendations

- Use the state budget process to allocate funds to public needs that will improve outcomes for everyone, especially schools, not tax cuts for the wealthiest.
- Fully fund the Fair School Funding Plan and use funds to attract teachers by boosting teacher pay.
- Use ARPA dollars to restore state and local government jobs.

Extend unemployment benefits to those blocked due to low pay, make benefits delivery more accessible and strengthen the system with additional funds from workers.

All working people deserve the security of knowing that if they lose their job through no fault of their own, they will have the income to cover basic needs long enough to navigate to a new one that taps their skills and pays enough to support their family. Unemployment benefits not only protect individuals and their families from the financial crisis that can accompany job loss, but they also protect against a recession by sustaining affected workers' ability to spend money on basic needs, and they ensure that businesses will have a ready supply of skilled labor to tap when they are able to resume operations as normal.

Yet Ohio makes it harder to qualify for unemployment benefits based on pay than all but three other states. Ohio's pay barrier is one of the highest in the country. Policymakers have set that minimum at 27.5% of the state average weekly wage, averaged over at least 20 weeks of work in a year.⁷⁰ That amounted to \$298 a week for 2022 and rises every year.⁷¹ The result is that some 840,000 Ohioans — about 15% of the employed workforce — are excluded from eligibility for unemployment insurance, mostly due to low pay.⁷² Though Ohio's unemployment rate is routinely higher than the nation's, the U.S. Department of Labor statistics place Ohio's "reciency rate" — the share of all unemployed workers who receive unemployment benefits — below the national average for almost all of the last twenty years. Both the unemployment and reciency rates includes both workers who have lost jobs and are seeking new ones; and workers who are entering the job market to search, such as college grads or working mothers returning after a long break to care for a child.

⁶⁹ State legislators considered replacing Ohio's graduated income tax with a "flat tax" which would have gutted more than \$2 billion from needed state services to send thousands in tax cuts to Ohio's wealthiest — a group who already pays just half as much as the poorest fifth as a share of income. See: Guillermo Bervejillo, "Flat tax proposal cuts resources of the many for the benefit of the very few," Policy Matters Ohio, February 23, 2023, <https://www.policymattersohio.org/press-room/2023/02/23/speakers-1-priority-tax-cut-for-the-rich>

⁷⁰ Michael Shields, "A ray of hope for low-paid workers," Policy Matters Ohio, October 27, 2022, https://www.policymattersohio.org/research-policy/shared-prosperity-thriving-ohioans/basic-needs-unemployment-insurance/unemployment-insurance/a-ray-of-hope-for-low-paid-workers#_ftn12

⁷¹ Michael Shields and Annie Volker, "State of Working Ohio 2022," Policy Matters Ohio, September 5, 2022, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/state-of-working-ohio/state-of-working-ohio-2022>

⁷² Michael Shields, "A ray of hope for low-paid workers," Policy Matters Ohio, October 27, 2022, https://www.policymattersohio.org/research-policy/shared-prosperity-thriving-ohioans/basic-needs-unemployment-insurance/unemployment-insurance/a-ray-of-hope-for-low-paid-workers#_ftn12

Ohio's stringent pay threshold means that many of the Ohioans who need jobless benefits most are barred from them. The workers most often denied benefits are the same workers most likely to face food insecurity, lose their homes, or experience other crises due to the income disruption of losing a job. Failing to provide UC benefits to these workers can suppress their wages, by ensuring that they must scramble to find and accept the first available job offer, regardless of the pay and working conditions. Ohio also excludes gig workers like those at Uber and Lyft. Other workers misclassified by their employers are technically eligible but must prove their status as employees.⁷³ Ohio policymakers should change eligibility rules so these workers will be eligible for regular state unemployment insurance compensation going forward.

COVID-19 destroyed nearly 900,000 Ohio jobs in just weeks. Over the course of the pandemic, 2 million Ohioans would file jobless claims at some point.⁷⁴ Emergency relief legislation passed by Congress protected some of the most vulnerable workers, left out of Ohio's regular benefits system. The federal response to COVID-19 drove rapid recovery from the deepest job losses in Ohio history. As of March 2023, Ohio was missing just 24,100 of the jobs destroyed by COVID-19 and had recovered all private sector jobs.⁷⁵ The near total recovery three years in marks the triumph of a federal response by Congress scaled to the size of the crisis. It stands in stark contrast to the austerity-burdened jobs recovery from the Great Recession, which took between seven and nine years in Ohio depending on where you date the business cycle peak. Ohio never recovered all the jobs lost in the early 2000's recession.

Our recent experience with the COVID recession underscores how policymakers should be making it easier — not more difficult — for Ohioans to receive UC benefits after losing a job. However, some Ohio lawmakers failed to get the message. After forming the Unemployment Modernization and Improvement Council in response to complaints from thousands of constituents who lost their jobs to the pandemic and waited weeks or months before they received any benefits from Ohio's overwhelmed processing system, lawmakers cynically proposed a battery of changes aimed at allegedly combatting fraud — which comprised about the same share of claims during COVID as it had before — while proposing nothing that would make benefits easier to access. Now additional ID requirements are being considered in the state budget, alongside provisions that would reduce benefits payable to Ohioans who receive their accrued vacation, holiday or bonus pay.

Ohio must reduce the pay threshold for UC eligibility so that the Ohioans who have the least financial resources to withstand a period of job loss have the benefits they need if laid off. Proposed legislation (Senate Bill 355) would lower the test for how much pay a worker must take home to qualify for unemployment benefits to \$1,500 in a year with \$1,000 in at least one quarter, plus work in at least 20 weeks during the year. Some 482,000 Ohio workers

⁷³ <https://s27147.pcdn.co/wp-content/uploads/NELP-independent-contractors-cost-2017.pdf>

⁷⁴ Michael Shields and Vivian Jacobs, "State of Working Ohio 2021," Policy Matters Ohio, September 6, 2021, <https://bit.ly/3Dazixe> (See note 16.)

⁷⁵ Michael Shields, "Jobwatch: Ohio achieves private sector jobs recovery in March," Policy Matters Ohio, April 21, 2023, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/job-watch/jobwatch-ohio-achieves-private-sector-jobs-recovery-in-march>

would gain coverage under the policy, each at a fraction of the cost a typical worker costs the UC system, because these workers are paid so little.

Federal UC benefits protected hundreds of thousands of Ohioans from crisis and helped drive the rapid recovery from the COVID recession. However, a standalone bill and a provision in the state budget threaten to eliminate Ohio's mandate that the governor accept federal emergency benefits like the ones so many Ohioans relied on to survive the crisis. The moves would cause delays in distributing federal dollars to Ohioans who need them while the legislature deliberated the matter, and open the possibility that a hostile legislature could block Ohioans from receiving them altogether. That possibility poses a real danger: Six weeks before Congress phased out \$300 supplemental Pandemic Unemployment Assistance benefits, Gov. DeWine cut off Ohioans from receiving them.⁷⁶ Lawmakers should reject all such provisions and guarantee that Ohioans receive all federal benefits made available to them in times of crisis.

Ohio policymakers should take the lessons from the recession we have just survived and use them to strengthen our state's unemployment trust fund so it is ready to survive the next crisis. This can be achieved by matching the small tax employers now pay for UC insurance with one paid by employees.

Policymakers should also update Ohio's UC distribution system to rapidly process claims and deploy payments — a task set back by the discovery that employees of the Sagitec corporation then-contracted for the work had allegedly stolen intellectual property from their former employer. In its re-bid for the contract, Ohio should include provisions overlooked in the first bidding to ensure that all Ohioans affected by job loss are able to navigate the system. That must include making all steps of the process accessible on cell phone apps, the only means some Ohioans have to access online portals.

Efficient UC administration also requires funds. The House budget bill zeroed out \$60 million per year Gov. DeWine sought in general revenue dollars to administer the state's system. The General Assembly should restore those dollars.

Policy recommendations

- Reduce pay eligibility thresholds to \$1,500 in the year and \$1,000 in the highest quarter so that low-paid Ohioans are eligible for UC benefits in case of job loss.
- Affirm that Ohio will accept all emergency federal benefits offered to respond to crises, and that Ohio lawmakers will not block their constituents from receiving the benefits they need.
- Set aside any further roadblocks including more onerous ID requirements and offsets to benefit amounts that would make it more difficult for Ohioans to receive benefits.
- Provide for the long-term solvency of the UC trust by implementing a small employee match to the current tax paid by employers.

⁷⁶ Laura Hancock, "Ohio Supreme Court dismisses appeal of case involving DeWine decision to end \$300 weekly pandemic unemployment aid," Cleveland.com, November 22, 2022, <https://www.cleveland.com/news/2022/11/ohio-supreme-court-dismisses-appeal-of-dewine-decision-to-end-300-weekly-pandemic-unemployment-aid.html>

- Use the bidding process for the new UC benefits processing system to ensure that the updated system meets Ohioans' needs, including by optimizing for smart phone access and including recipients in the planning and testing of the system.
- Allocate \$60 million per year in general revenue funds to efficiently deliver UC benefits to the Ohioans who need them.

Protect democracy.

To ensure an Ohio economy where everyone can thrive, working people must have access to the levers of democracy. This point is fundamental to our core values as Americans, and yet it has been under attack by politicians who see themselves increasingly unable to exercise power with the support of the majority and seek to hold onto power without it. After the state supreme court ruled Ohio's gerrymandered legislative district maps unconstitutional — because they reduce the voting power of some Ohioans while over-counting the votes of others — the Republican supermajority simply refused to make them right.⁷⁷ Now with popular voter initiatives moving forward, including a measure to protect access to abortion care and one to raise Ohio's minimum wage, state legislators have proposed measures that would require a 60% supermajority for voter initiatives to be codified in the state constitution.

Workplace and civil rights go hand in hand. Greater union density helps workers claim power through participatory processes in their workplaces; the skills and power those processes build translate into political power.⁷⁸ This is a major reason that politicians who are hostile to democracy also attack working people's right to form a union.

Policy recommendations

- Ohio lawmakers should enable an independent commission to draft fair voting districts that give all Ohioans an equal voice at the polls.⁷⁹
- Ohio lawmakers should abandon efforts to curtail direct democracy through voter initiative petitions. In particular, the 60% threshold for constitutional changes that would allow a minority of residents to block measures overwhelmingly supported by most Ohioans.

Conclusion

Year after year, Ohio's working people create more wealth for their employers and our state than ever before. But for too long, it hasn't been reflected in their pay.

Working people should be paid a wage that meets the cost of living and recognizes the value of their work. Still more basic: they should be paid for all the hours they work. Parents should have access to safe child care options for their children. Ohioans whose lives have been touched by the criminal legal system should have a second chance; their families are more

⁷⁷ Karen Juanita Carrillo, "Ohio votes under 'extreme' gerrymandering that favors Republicans," The Center for Public Integrity, October 6, 2022, <https://publicintegrity.org/politics/elections/who-counts/ohio-votes-under-extreme-gerrymandering-that-favors-republicans/>

⁷⁸ Economic Policy Institute, "Unions help reduce disparities and strengthen our democracy," April 23, 2021, <https://www.epi.org/publication/unions-help-reduce-disparities-and-strengthen-our-democracy/>

⁷⁹ Cleveland.com editorial board, "With retired Chief Justice Maureen O'Connor's help, Ohio might finally boot politics from redistricting, get fair representation," February 19, 2023, <https://www.cleveland.com/opinion/2023/02/with-retired-chief-justice-maureen-oconnors-help-ohio-might-finally-boot-politics-from-redistricting-get-fair-representation-editorial.html>



secure and our communities safer when they get it. Everyone who works needs an opportunity to take time off to recover from an illness or care for a loved one, with pay. Ohio needs our public sector workers, and the sector provides opportunities for more equitable jobs. All workers should be covered by wage and other basic labor protections in state and federal law that connect with their status as employees. Ohioans laid off through no fault of their own deserve the peace of mind of knowing they can still meet basic needs while they search for a new job. All these rights are easier to secure when working people have strong unions, and we maintain a strong political democracy.