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Work & Wages

A new way forward:

10 ways to support Ohio's working people

Hannah Halbert
Caitlin Johnson

Introduction

Ohio's working people are the state's backbone. They make the products we use every day: cars, washing machines and more. They keep our communities safe. They teach our children and care for our ailing loved ones. They are all of us. Working people deserve peace of mind, free of worry about how to put food on the table, pay for their kids' college or make the rent each month. For too long, policies at the state and federal level have slowly chipped away at that sense of security. As a result, job growth has been weak and a vast gulf has opened between the wealth workers create at their jobs and the amount they take home in their wages. The share of Ohio's working people who rejoined the workforce after the Great Recession trails the nation. Longstanding structural barriers keep African-Americans and women from earning as much as their white male peers, even as men's wages fall. Deep-rooted racism locks many people of color out of job opportunities. The state's wealthiest 1 percent earned more than 19 times the average of the bottom 99 percent of earners combined.¹

Joining a union gives people a direct say in their working conditions and unions can impact public policy, making the economy fairer for everyone. When higher shares of workers were union members, more people shared in economic growth. Unionized workers in Ohio make \$4.00 an hour more than their non-union counterparts, \$8,000 more a year for full-time work.² Union workers are more likely to have pensions and paid sick days, and less likely to be treated unfairly at work or experience harassment or workplace injuries. Union workers pay more in taxes and use the social safety net less than other workers.³ Black workers and white women earn more when they are in a union. Unions help balance the power of employers and make the economy more fair.

It shouldn't be surprising that employer groups, corporations, and political elites who benefit from rigging the system want to make it more difficult to join a union. Deceptively named Right-to-Work laws have nothing to do with job guarantees or rights at work. Instead these rules aim to reduce unionization and diminish the role unions play in improving policy by stripping the funding unions need to negotiate, implement and enforce collective bargaining agreements. Currently, everyone who benefits from the union contract pays a "fair-share" fee. This amount is calculated to cover just the costs of administering the contract. So-called Right-to-Work laws make this fee optional, so that some workers will benefit from the contract, but not share in the cost of securing it. There are six resolutions pending before the Ohio state legislature that would usher in this and other similar practices.

The courts have been used to curtail workers' power. The *Janus* case is the newest example. In *Janus v. AFSCME*, now before the U.S. Supreme Court, plaintiffs allege that requiring non-members to pay "fair-share" fees violates the First Amendment.⁴ But this claim was put to rest 40 years ago when the Court upheld Fair Share. No one is forced to join a union or support its political activities, and the Court rightly ruled to prevent "free-riding" by non-members who benefit from collective bargaining without sharing in the costs. Arguments in the *Janus* case are set for this month.

¹ Hanauer, A. (2017, September 1) The State of Working Ohio 2017. <https://tinyurl.com/y9hmnwhv>

² *Ibid*

³ Sojourner, Aaron and José Pacas, The Relationship between Union Membership and Net Fiscal Impact, IZA Institute of Labor Economics (Jan 2018), <http://ftp.iza.org/dp11310.pdf>.

⁴ Amy Howe, *For the third time, justices take on union-fee issue: In Plain English*, SCOTUSBLOG (Dec. 18, 2017, 2:34 PM), <https://tinyurl.com/yavexggg>

State policy can also rig the system against workers. The Ohio legislature has barred local governments from improving working conditions, banned local hire ordinances that help set aside work for local residents, and passed tax cuts that favor the wealthiest Ohioans at the expense of our roads, schools and health care. But there are solutions. We can strengthen Ohio's working people and create an economy that works for everyone by helping workers to speak up together, raising wages, and investing in communities instead of corporations.

Recommendations:

State and federal policy makers can make sure all Ohio's working people – not just the top 1 percent – can enjoy a decent life free from economic insecurity. Although this is by no means a definitive list⁵, this report offers a new path forward with practical policy solutions that can be implemented today.

1. **Protect working people's right to organize: Oppose so called "right to work" laws both nationally and here in Ohio.**
2. **Strengthen the public sector: Roll back the massive state tax cuts that benefitted the wealthy. Instead, invest in public programs that expand opportunity such as workforce training, education, affordable childcare and public transportation.**
3. **Empower local governments to pass their own laws to protect working people in their communities.**
4. **Fix Ohio's broken unemployment compensation system: Our system can cover more low-wage workers and be solvent, if employers pay their fair share.**
5. **Protect workers on the job with strong workers' compensation benefits.**
6. **Restore the minimum wage: Increasing the minimum wage to \$15 by 2025 would give 1.8 million Ohio workers a much deserved and overdue raise.**
7. **Restore the 40-hour work week: Improvements to scheduling and overtime rules can bring back stability to the work week. Restored overtime protections would cover 351,000 Ohio workers.**
8. **Paid leave should be the norm, not the exception. Twenty-five years after the Family Medical Leave Act only 13 percent of private sector workers have any paid family leave. There is no federal law requiring paid sick leave. Ohio could enact legislation to provide workers with the opportunity to earn leave.**
9. **Enforce rules that protect workers from wage theft: Shorting workers on wages is theft and should be enforced as such.**
10. **Work requirements don't work: Bad jobs keep people in need. Policies to improve job quality and training can help families prosper. Work requirements in public benefit programs like food assistance and Medicaid keep people poor and sick.**

⁵ For a more expansive list of policy reforms, see "Everyone's Economy: 25 Federal Policies to Lift Up Working People." Demos. February 2018 <https://tinyurl.com/y9lbu6ph>

Protect workers' right to organize

When working people speak up together, they level the playing field with management and company owners. On average a worker covered by a union contract earns 13.2 percent more in wages than a peer with similar education, occupation and experience in a nonunionized workplace, in the same sector.⁶ Union workers in the service industry make 87 percent more in total compensation and 56.1 percent more in wages than their nonunion counterparts.⁷

Unionized workers in Ohio make \$4 an hour more than their non-union counterparts, nearly a 25 percent difference. Over a year of full-time, year-round work, that translates to more than \$8,000 more. And of course, unionized workers are more likely to get health insurance, a pension and paid sick days, and less likely to face unfair treatment at work. Union workers are better paid and more likely to have health insurance and pensions. Unions offer workers a way to balance their interests against the rights of the employer. Union members are represented in contract negotiations, and have back up to enforce their rights at work. The gains made by workers enable them to earn a higher share of the wealth they produce. Unions participate in and support coalitions that move policies that help all workers. Unions and allies brought us the weekend, and the 40-hour work week, and Social Security, and child labor laws, and sick days, and unemployment compensation. Those protections limit what unscrupulous employers can do to workers and communities.⁸

Unions help check inequality. When unions are weak, working people get a smaller share of the growth they help produce. When unions are strong, middle incomes increase.⁹ Since 1979, despite tremendous growth in the national economy, 60 percent of Ohio workers have seen their inflation-adjusted wages decline in comparison to workers of the previous generation. Only the richest 30 percent of workers are doing better than comparable workers of 37 years ago. This despite the fact that workers today are more likely to have a high school diploma and college degree. Workers at the 80th percentile (those earning more than eight out of every 10 workers) earn \$2.89 more per hour than comparable workers did in that previous generation, and those at the 90th percentile earn \$7.16 more.¹⁰

Unions are especially important for women and people of color. Black, white, and female workers all earn more when they are in a union, and the gap between races and sexes shrinks when workers can negotiate their wages together.¹¹ In Ohio, between 2014 and 2016, women in unions earned 19.2 percent more than their nonunionized counterparts, white workers earned 7.4 percent more and black workers earned 22.6 percent more. As a whole, men earned about the same. The wage gap between men and women shrank from 29.1 to 7.6 percent when workers were able to bargain collectively. The racial wage gap shrank from 35.8 to 19.0 percent.

⁶ Bivens, Josh, Lora Engdahl, Elise Gould, Teresa Kroeger, Celine McNicholas, Lawrence Mishel, Zane Mokhiber, Heidi Shierholz, Marni von Wilpert, Valerie Wilson, and Ben Zipperer "How today's unions help working people: Giving workers the power to improve their jobs and unrig the economy," August 24, 2017, <https://tinyurl.com/ydyh9h7n>

⁷ *ibid*

⁸ "11 Reasons to be Thankful for Labor Unions," Hiden Rott & Oertle, LLP

⁹ Bivens, et al

¹⁰ Hanauer, A. (2017, September 1)

¹¹ *Ibid*

So-called “right to work” is wrong

Despite all their benefits, between 1983 and 2016, the share of Ohio workers in unions declined from 28 to 12 percent of men and from 18 to 11 percent of women.¹² So-called “right-to-work” laws present further threats. In 1961, Dr. Martin Luther King, Jr. said the purpose of right-to-work is “to destroy labor unions and the freedom of collective bargaining by which unions have improved wages and working conditions of everyone.” So-called “right-to-work” laws attack unions by eroding funding and membership.

Under current law no one can be forced to join a union. Unions are required by federal law (not state law) to represent everyone in the bargaining group, regardless of whether they are union members or not. Non-members get the benefits of increased wages, benefits and safety protections from the bargaining process.

Two Republican state legislators want to join 28 other states and put so-called “right to work” on the Ohio ballot.¹³ Their proposal would require unions to represent workers even when those workers fail to pay their fair share of fees to cover the costs of that representation. These fees are already walled off from costs of organizing or political activities. The Ohio proposals would also prevent employers from collecting dues through paycheck deduction and restrict local governments and agencies from considering union status in contracting, even if union status would mean better jobs and higher pay for local workers.¹⁴

States that have “right-to-work” laws don’t have stronger job growth than other states.¹⁵ Research shows that these laws have no relationship with state unemployment rates, per capita income, or state job growth.¹⁶ So-called “right-to-work” laws promote competition between communities, prioritize interests of out-of-state corporations and drive employment standards down. These laws turn markets on their heads – shifting power to corporations and forcing *communities* to compete for businesses, instead of businesses competing for customers. Proponents claim that eliminating union rights would make some development deals easier, but those deals are based on cutting corporate costs at the expense of our communities and workers. That’s not the kind of development that will build the middle class.

So-called “right-to-work” laws don’t guarantee anyone a job and they don’t increase worker power on the job. They are most effective at driving down the number of workers who belong to unions and limiting worker political power. New research shows that “right-to-work” laws suppress votes for Democratic presidential candidates by 3.5 percentage points. The study, which compared counties along the borders of states without and with these anti-union laws, found similar effects for U.S. Senate, U.S. House, gubernatorial races, and statehouse legislative control. Overall voter turnout was also lower in states after they passed anti-union laws by 2-3 percentage points.¹⁷

Unions build community among working people. Be they women, men, black, or white, workers have more in common with each other than they do with their bosses, the politically connected, or with shareholders profiting from their labor. If Ohio wants an economy that brings communities together instead of one that promotes inequality and division then we

¹² Hanauer, A.

¹³ Bivens, et al.

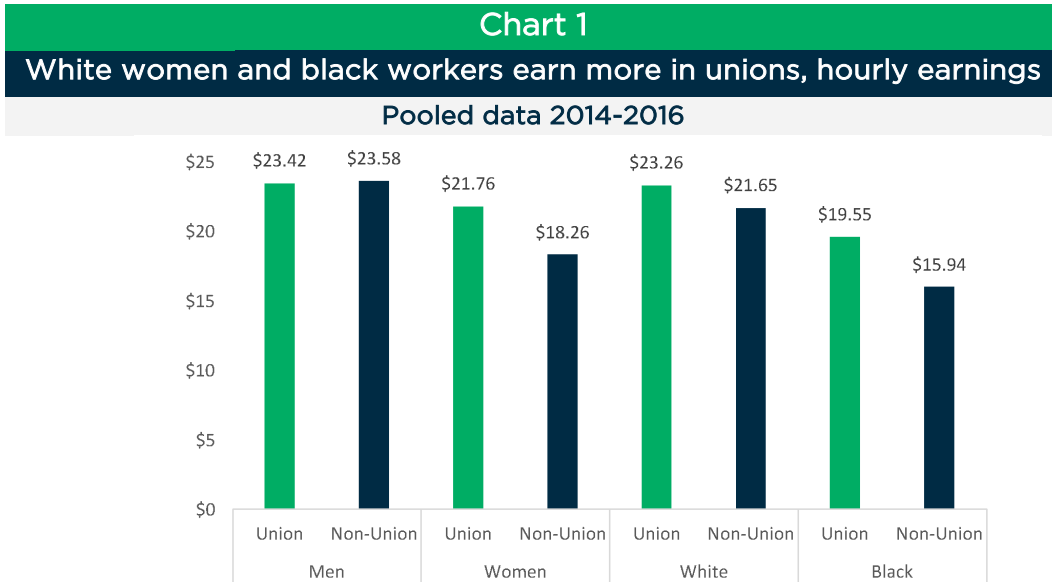
¹⁴ Borchardt, Jackie. “‘Right to work’ could be on the ballot in Ohio with support from lawmakers.” Cleveland.com. January 24, 2018. <https://tinyurl.com/ybhg5uog>.

¹⁵ See for example, Hirsch 1980, Holmes 1998, Farber 2005, Lafer and Allegretto 2011 See Ozkan Eren and Serkan Ozbeklik, “What Do Right-to-Work Laws Do? Evidence from a Synthetic Control Method Analysis” [author-posted version of article published in *Journal of Policy Analysis and Management*, vol. 35, no. 1 (July 15, 2015), 173-194].

¹⁶ Lafer, Gordon. “Right to work: The wrong answer for Michigan’s economy.” Economic Policy Institute <https://tinyurl.com/6e7jfn7>

¹⁷ Feigenbaum, James, Alexander Hertel-Fernandez and Vanessa Williamson. [jamesfeigenbaum.github.io](https://jamesfeigenbaum.github.io/research/rtw-elections/). <https://jamesfeigenbaum.github.io/research/rtw-elections/>

should support unions, not weaken the bonds of collective bargaining. So-called “right-to-work” laws and these broad attacks on working people accelerate the race to the bottom.



Source: Economic Policy Institute Analysis of CPS Data, data pooled to increase sample size

The Janus Case and national “right-to-work”

Unions are also under siege nationally. In February, the U.S. Supreme Court is set to hear arguments in *Janus v. the American Federation of State County and Municipal Employees (AFSCME)*, a case that could essentially establish a national “right to work” law for public-sector employees. An Illinois state employee, Mark Janus, who opted out of membership with AFSCME, must still pay a fee for some union activity that benefits him such as negotiating contracts.¹⁸ Limiting public sector collective bargaining, whether through legislation like Ohio’s highly unpopular Senate Bill 5 in 2011, or the pending *Janus* case, limits the ability of workers like teachers, firefighters, and nurses to bargain for safe and fair workplaces. Eliminating the right to bargain for some encourages a race to the bottom on wages and benefits in the broader economy.

The *Janus* case and the Ohio so-called right to work proposal present existential threats to Ohio’s unions. By allowing workers to speak together for better training, equipment, and workplace safety rules, unions make workplaces safer.¹⁹ Unionized workplaces are also likely to be more transparent in reporting safety issues. More than 4,800 U.S. workers are killed on the job each year. Tens of thousands die because of occupational related diseases, like black lung disease. In 2015 alone, 202 Ohio workers were killed on the job and some 105,000 were hurt or made sick through exposure to workplace hazards.²⁰

¹⁸ Marra, Ashton. “Ohio Teachers Unions Eye Supreme Court Labor Case.” WOSU Radio. January 3, 2018. <https://tinyurl.com/ybp2jkzo>

¹⁹ Bivens, Josh et al.

²⁰ Shields, Michael. “Workers’ compensation budget bill contains provision that endangers workers” Policy Matters Ohio. June 9, 2017 <https://tinyurl.com/y838xnev>.

Strengthen the public sector

Not only do public programs make our communities stronger by educating our children, caring for our sick, keeping our air and water clean and maintaining our transportation system, they also put more than 766,900 Ohioans to work.²¹ Public sector jobs support local businesses and can help stabilize economies, especially in the wake of large private sector layoffs. When Ohio cut public sector jobs after the Great Recession, it slowed down the state's recovery. As of December 2017, a decade after the start of the last recession, public sector jobs in Ohio were down 27,700. That represents fewer families with a paycheck, less spending in our economy, and fewer services in our communities.²²

Ohio's state budget has been extremely tight in recent years, but that's due to tax cuts that favor the wealthy, not public sector jobs. Research consistently shows that public sector compensation, as a share of public budgets, has remained steady.²³ Public sector workers are not compensated more highly than their private sector peers, when education levels, experience and other relevant factors are considered.²⁴ In 2005, Ohio policymakers overhauled the state's tax system, lavishing huge breaks on the wealthiest residents. Those cuts and others since cost Ohio \$3 billion a year in revenue.²⁵ The poorest 20 percent of Ohioans on average pay more than 11 percent of their income out in state and local taxes (11.9 percent). The richest 1 percent pay just 6.1 percent.²⁶

Just one tax loophole costs Ohio more than \$1 billion a year. This tax break permits owners of what are known as "passthrough" businesses, such as partnerships and S Corporations, to avoid paying any income tax at all on the first \$250,000 in profits from those businesses (they're called "passthroughs" because their owners are taxed on the income when it passes through to them as individuals). Any additional profits are taxed at a flat 3 percent rate, well below the nearly 5 percent that would otherwise be paid on income over \$213,350.²⁷

Because of these cuts, Ohio has less money available to make investments in programs, policies, and agencies that help build the middle class. Ohio schools have seen huge declines in the number of librarians, guidance counselors and art, music and gym teachers.²⁸ Because of weak state support, Ohio's public universities and community colleges are in the middle of an affordability crisis. They are shifting costs to families in the form of higher-than-average tuition and underfunded need-based financial aid.²⁹ Fewer working families get help with childcare today than did in 2010.³⁰ Underinvestment in education reduces opportunities for workers to build skills, and closes off pathways to upward mobility.

Policymakers sold Ohioans on tax cuts promising they would create the right business climate to generate robust job growth. That has not happened. In 2017, Ohio added just 38,500 jobs, growing only 0.7 percent. The national average was double that at 1.4 percent. 2017 was the slowest year for job growth in Ohio since the Great Recession ended. Ohio's best post-recession years were in 2011 (1.6 percent), after a large stimulus from the federal government

²¹ U.S. Department of Labor, Current Employment Statistics Survey, Government Jobs in Ohio, December 2017.

²² Hanauer, A.

²³ Allegretto, Sylvia, Ken Jacobs and Laurel Lucia. "The Wrong Target: Public Sector Unions and State Budget Deficits." Institute for Research on Labor and Employment, University of California, Berkeley. October 2011. <https://tinyurl.com/yasthlwe>

²⁴ *ibid*

²⁵ Johnson, Caitlin. "10 Tax Reforms for a Better Ohio." Policy Matters Ohio. April 4, 2017. <https://tinyurl.com/yd6w6nep>

²⁶ Patton, Wendy. "Wealthy not paying fair share of state and local taxes." Policy Matters Ohio. April 16, 2016. <https://tinyurl.com/yctxtpxp>

²⁷ Schiller, Zach. "The \$1 billion tax break burning a hole in Ohio's budget." Policy Matters Ohio. May 22, 2017. <https://tinyurl.com/y8yscrrg>

²⁸ Jackson, Victoria. "Number of Ohio's vital school professionals dwindling." Policy Matters Ohio. December 2016. <https://tinyurl.com/y84j2jv4>

²⁹ Jackson, Victoria. "Post 2018-2019 Budget Bite: Public Higher Education." October 10, 2017. <https://tinyurl.com/yajrrx3y>

³⁰ Patton, Wendy. "Improving how Ohio cares for kids." January 2016. <https://tinyurl.com/ya3n3529>

and supports to the recovering auto-manufacturing sector and in 2014 (1.8 percent).³¹ Since the 2005 tax overhaul, Ohio jobs have grown by just 2.4 percent. The nation grew by a full 10 percent.³² Since 1979, despite tremendous growth in the national economy, 60 percent of Ohio workers have seen their inflation-adjusted wages decline in comparison to workers of the previous generation. This despite the fact that workers today are more likely to have a high school diploma or college degree. Seven of Ohio's 10 most common jobs are in occupations that have an annual median wage less than 130 percent of the poverty level for a family of three. This means a typical worker in that field could work full-time, year-round and still need food assistance to feed a family. This has not always been true in Ohio. In 2000, just four of the 10 most common jobs would have left a working family in this position.³³

| Table 1 | | | |
|--|--|--|--|
| Working for less | | | |
| Most common occupations in Ohio by employment, and median annual wage, 2000 and 2016 | | | |
| Top 10 occupations 2000 | Median annual earnings as a share of poverty | Top 10 occupations 2016 | Median annual earnings as a share of poverty |
| Retail Salespersons* | 114% | Food Prep and Serving Workers, including Fast Food* [^] | 94% |
| Cashiers* | 100% | Retail Salesperson*- | 107% |
| Food Prep and Serving Workers, including Fast Food* | 93% | Registered Nurses [^] | 309% |
| Laborers and Freight, Stock and Material Movers | 142% | Cashiers*- | 96% |
| Registered Nurses | 299% | Laborers and Freight, Stock and Material Movers*- | 127% |
| General and Operations Managers | 407% | Waiters and Waitresses* | 94% |
| Office Clerks | 146% | Office Clerks- | 145% |
| Team Assemblers | 167% | Customer Service Reps- | 154% |
| Janitors and Cleaners, except Maids and Housekeeping* | 124% | Janitors and Cleaners, except Maids and Housekeeping*- | 116% |
| Customer Service Reps | 175% | Stock Clerks and Order Fillers* | 117% |

Source: Bureau of Labor Statistics, Occupational Employment Statistics (OES) Survey, 2000 state estimates and May 2016 estimates, at <https://www.bls.gov/oes/tables.htm>, May 12, 2017. Largest detail occupations in Ohio by employment. Median annual earnings shown as share of the poverty threshold for a family of three in 2000 (\$14,150) and 2016 (\$20,160). Gross monthly income threshold for food assistance is generally 130 percent of poverty. (*) occupations have median annual earnings under 130% of poverty for a family of three. (^) means median annual earnings increased since 2000, (-) means median annual earnings decreased since 2000.

³¹ Halbert, Hannah. "JobWatch: Ohio 2017 job growth slow and sluggish." Policy Matters Ohio. January 19, 2018. <https://tinyurl.com/ycnn3q6q>

³² ibid

³³ Hannah, Halbert. "Ohio blue collar jobs report: May 2017." Policy Matters Ohio. May 17, 2017. <https://tinyurl.com/y9d47llc>

Empower local governments to protect communities

State politicians have not limited their attacks on workers to unions: they've also worked to limit the power of local governments to support working people. Communities across the nation have successfully passed ordinances to help working people who aren't in unions make ends meet. Since 2014, 18 local governments adopted minimum wage increases above that required by their home state.³⁴ San Francisco, Seattle, and Oregon have passed fair scheduling laws so employers have to post schedules in advance or pay workers extra. Chicago and Seattle have sick leave protections.³⁵ Raising the minimum wage in Columbus would give a raise to 88,000 workers and boost consumer spending.³⁶ Instead of supporting communities, Ohio's state legislature pushed through a bill to prevent local communities from securing these same protections.

Ohio lawmakers in 2016 stripped cities and other local governments of the power to adopt similar protections in their own communities. The legislation prohibited communities from raising the minimum wage, protecting the 40-hour work week and sane scheduling, or expanding paid sick leave or family leave. The rules were added to a bill (SB 331) that was primarily about regulating puppy mills. The bill also included rules to regulate wireless technology. These restrictions on home rule and the power of communities to directly improve local working conditions were added at the last minute and are now the subject of multiple lawsuits. In March 2017, more than 70 municipalities sued the state seeking to have portions of the bill declared unconstitutional. Several Ohio courts have rejected the rules as unconstitutional and the rules are stayed pending appeal in some jurisdictions.³⁷

Earlier legislation passed by the state legislature attempted to limit Cleveland and other cities' power to require contractors on large public projects to hire local workers (HB 180). In Cleveland, this law, known as the Fannie Lewis law, guaranteed that 20 percent of work hours would be done by Clevelanders and 4 percent of that would be done by people with low incomes. This attempt to prevent local communities from securing jobs has, so far, been blocked by the courts.³⁸

Strengthen Unemployment Compensation

Without state action, the Ohio unemployment compensation trust fund – the pot of money that pays for benefits – will go broke by 2021, or sooner if the state experiences even a mild recession.³⁹ When the fund runs dry, the state borrows from the federal government. If the state can't repay the loan in two years, federal unemployment taxes on employers increase and penalties are assessed. This is what happened during the last recession. Underfunding of the trust fund cost Ohio employers \$1.4 billion in additional federal unemployment tax between 2012 and 2016.

³⁴ EPI Releases Interactive Minimum Wage Map to Track State and Local Minimum Wage Laws Nationwide." Economic Policy Institute. July 23, 2015. <https://tinyurl.com/yawcoy53>

³⁵ Chandler, Adam. "Predictable Schedules Are the New \$15 Minimum Wage." The Atlantic. September 22, 2016. <https://tinyurl.com/yc822mho>

³⁶ Shields, Michael. "Minimum wage hike would boost Columbus." Policy Matters Ohio. May 5, 2016. <https://tinyurl.com/y9lftzm5>

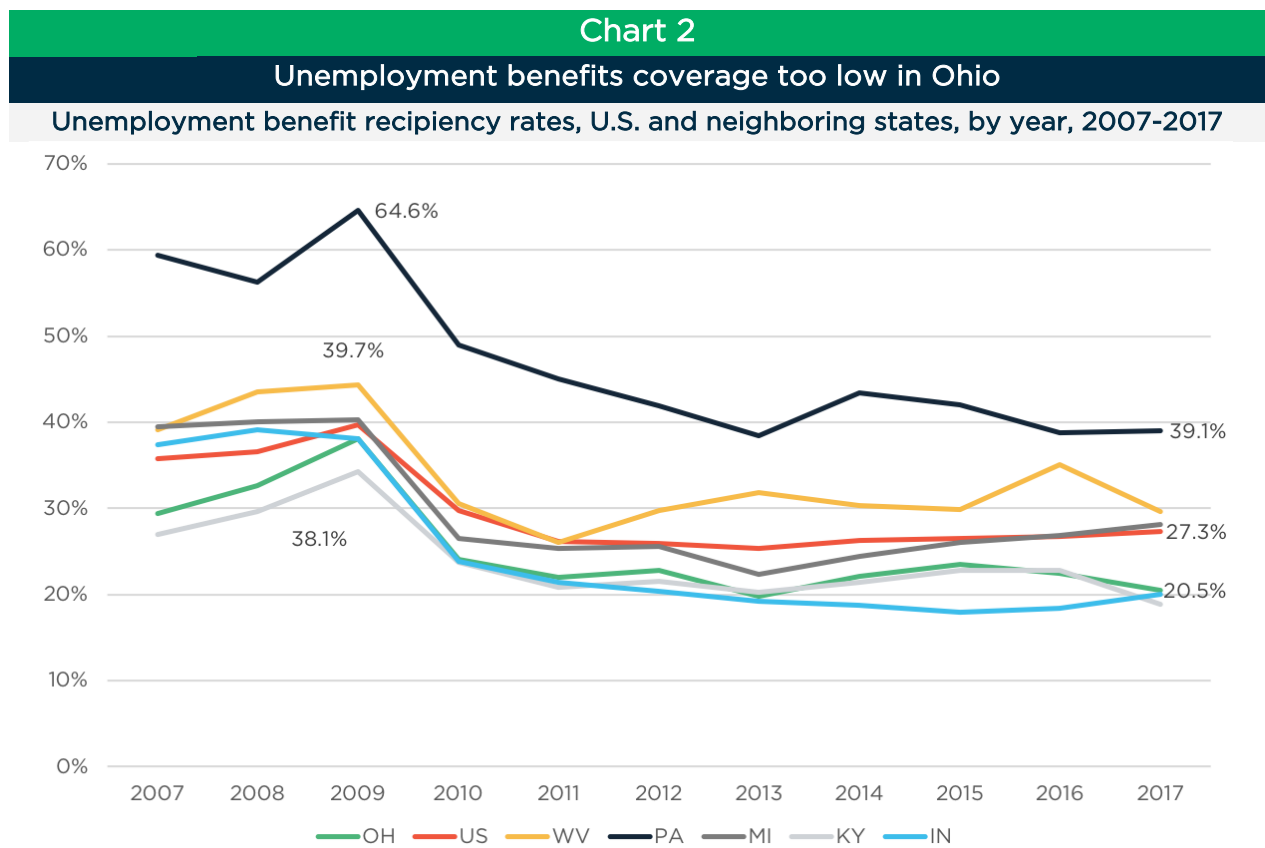
³⁷ Schiller, Zach. "Policy Matters slams slew of dangerous lame duck bills." Policy Matters Ohio. December 7, 2016. <https://tinyurl.com/y8huvzrk>

³⁸ Mayor Frank G. Jackson Issues Statement Regarding Court Ruling Upholding Fannie Lewis Law. City of Cleveland. December 12, 2017. <https://tinyurl.com/y95ekhmX>

³⁹ Halbert, Hannah. Testimony on HB 382 & HJR 4 before the House Government Accountability and Oversight Committee. January 10, 2018. <https://tinyurl.com/yaddhvob>

Underfunding also means the state can't modernize our benefit system. A smaller share of Ohio workers is eligible for unemployment benefits than in many other states because we don't extend coverage to many low-wage and part-time workers. A minimum wage worker must work more than 30 hours a week to be eligible - but businesses hiring workers in this stratum often won't give workers enough hours to qualify. Ohio's reciprocity rate, which measures the number of workers receiving benefits as a percentage of total unemployment, has been significantly below the national average. Last year, just 20.5 percent of unemployed Ohioans were covered by unemployment benefits. In Pennsylvania, a state that used employer and employee taxes to fund the system, much higher shares of workers receive benefits when they need them (39.1 percent in 2017).

Our system also fails to extend benefits to relocating military spouses and domestic violence victims, who may need help reestablishing themselves after a crisis. Many states already provide this coverage.⁴⁰



Source: Policy Matters Ohio, based on U.S. Department of Labor Reciprocity Rates, available at <https://oui.doleta.gov/unemploy/chartbook.asp>, accessed February 6, 2018.

Instead of adopting a fair tax structure that fully funds the unemployment trust fund and keeps the system strong by allowing us to update our out-of-date eligibility rules. Ohio policymakers proposed two rounds of legislation that would dismantle unemployment compensation as we know it. The bills would have drastically cut benefits to workers and initially would have limited the maximum number of available weeks to as few as 12.⁴¹ Strong

⁴⁰ Rachel West, Indivar Dutta-Gupta, Kali Grant, Melissa Boteach, Claire McKenna, and Judy Conti. "Where States Are and Where They Should Be On Unemployment Protections." Center for American Progress. July 7, 2017. <https://tinyurl.com/ycu67ujf>

⁴¹ Halbert, Hannah. "Cutting unemployment weeks hurts job seekers, employers and communities." Policy Matters Ohio. September 22, 2016. <https://tinyurl.com/y7evabqk>

opposition killed these proposals. But one that is pending still would cut that maximum number of weeks from 26 to 24 for most workers, while freezing the benefit amounts a worker can receive for a total of 11 years. These cuts are included to reduce costs of the system, because the bill doesn't adequately increase employer taxes. Under the bill, employers will still pay below the national average.

This is the wrong direction for working Ohio. Instead, the state should fix flaws in the financing system and boost employer taxes more significantly. In Ohio, the average tax in 2016 was \$251 per employee. The national average was \$337. Bolstering the employer tax, combined with a small employee contribution, would provide the revenue we need to keep our system strong and solvent.

Protect workers on the job

In 2015, nearly 105,000 Ohio workers were hurt or made sick because of workplace hazards and 202 were killed on the job.⁴² Workers' Compensation is designed to treat injured workers, replace wages and motivate employers to prevent injuries before they happen. The system is funded by employer-paid insurance premiums. In exchange for that protection, workers gave up their right to sue. Politicians in the Ohio Statehouse sought to restrict worker coverage, barring undocumented workers from eligibility. The legislation would mean many workers could be injured at work, receive no assistance with medical treatment or wage replacement, and have no recourse to the courts. The provision has been introduced in several bills, most recently in House Bill 380. This bill was passed by the House of Representatives in December 2017. Restricting coverage in this way puts legitimate businesses at a disadvantage by encouraging their competitors to cut corners on safety.

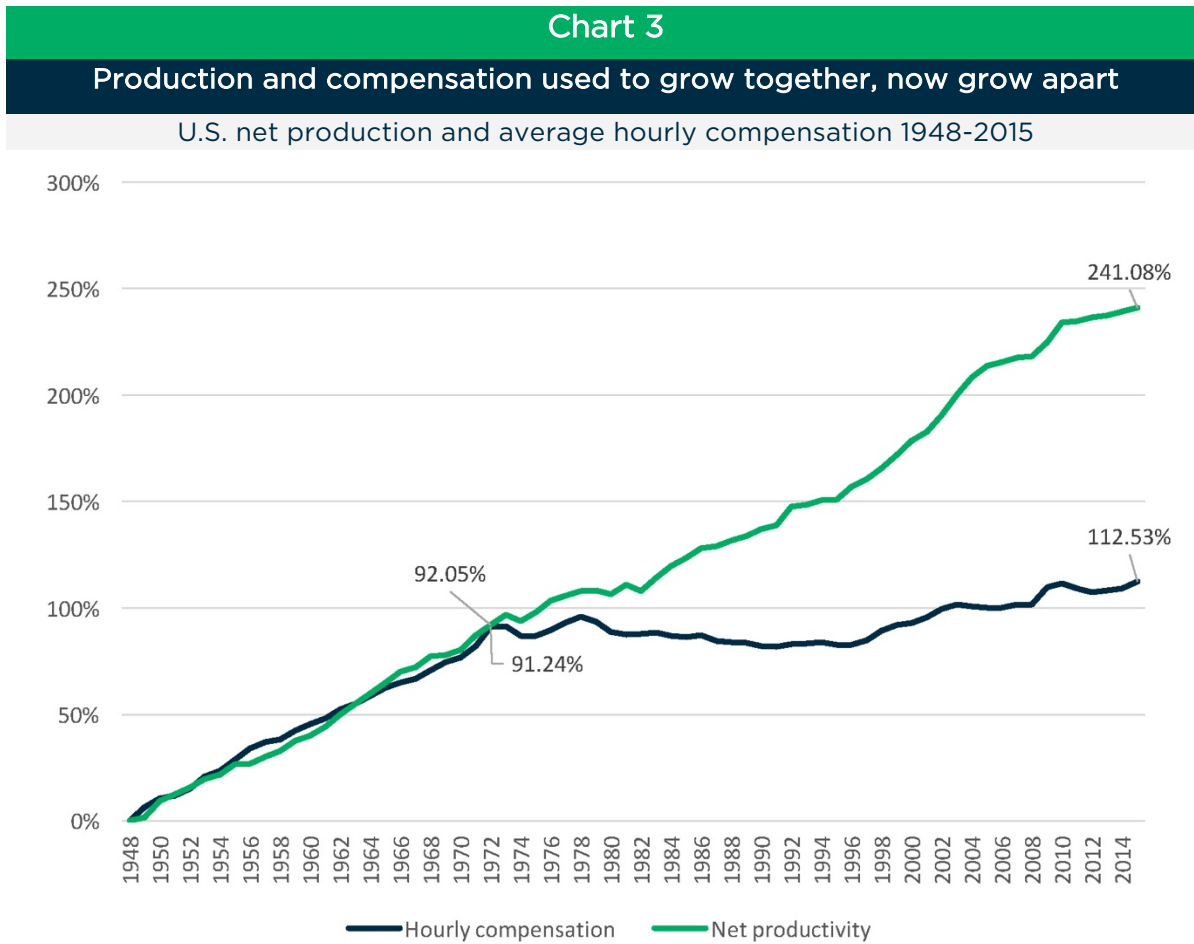
Businesses playing above board should not have to contend with the state giving special treatment to their competitors who break the law. The *New Yorker* documented this kind of abuse in Ohio by Canton-based Case Farms, which hired undocumented workers and then threatened deportation and called Immigration and Customs Enforcement to avoid paying a claim when a worker was hurt.⁴³ Seventeen-year-old Osiel López Pérez lost his leg when he fell into the chicken processing machine he was cleaning. No evidence has been raised to suggest abuse of the Workers' Compensation system by undocumented workers. Yet this measure would create new and costly bureaucratic red tape that could slow the processing of claims and waste taxpayer resources. Continuing to attack workers out of nationalistic animus while putting all workers and above-board employers at a disadvantage is out of line with Ohio values.

⁴² Shields, Michael. "Workers' compensation budget bill contains provision that endangers workers" Policy Matters Ohio. June 9, 2017 <https://tinyurl.com/y838xnev>

⁴³ Grabell, Michael. "Exploitation and Abuse at the Chicken Plant." *The New Yorker*. July 16, 2017. <https://tinyurl.com/y9nhm367>

Restore the minimum wage

Ohio's economy has grown more than 65 percent in a generation. The workers who created this wealth have not shared in the growth. The poorest 30 percent of workers have lost about 40 cents per hour in wages since 1979. This means a family of three with a breadwinner working full-time at minimum wage would earn \$3,500 *below* the poverty line.



Note: Data are for average hourly compensation of production/nonsupervisory workers in the private sector and net productivity of the total economy. "Net productivity" is the growth of output of goods and services minus depreciation per hour worked.

Source: EPI analysis of data from the Bureau of Economic Analysis (BEA) and the Bureau of Labor Statistics (BLS) (see the technical appendix of Bivens and Mishel 2015 for more detailed information)

Raising the state minimum wage to \$15 an hour by 2025 would slowly rebuild its purchasing power, helping working families and supporting local spending. Some 1.8 million Ohio workers, who make the minimum wage or earn close to the minimum, would see gains from raising the wage. More than 700,000 Ohio children have a parent who would get a raise. Forty-one percent of women and 28 percent of men would get a raise. Raising the minimum would shrink the pay gap between black and white workers, which grew from \$1.65 to \$3.30 an hour between 1979 and 2016.⁴⁴

⁴⁴ Shields, Michael. "Minimum wage hike would boost Ohio workers." Policy Matters Ohio. July 20, 2017. <https://tinyurl.com/yd8pe6ba>

Restore the 40-hour work week

Ohio should restore the 40-hour work week by updating our overtime laws. Currently, many categories of salaried workers are automatically eligible for overtime pay only if they earn less than \$23,660 – an amount that would keep a family of four in poverty. This means that many salaried managers at restaurants and retail stores can work well over 40 hours a week, and receive no pay for those extra hours. The overtime threshold is set so low that just 7.8 percent of salaried working Ohioans are covered. In 2016, the Department of Labor revised the salary threshold to reestablish coverage for millions of workers who lost it over decades of inflation, but the Trump administration killed the new threshold in October of last year and may implement a lower standard or none at all. Ohio workers have already lost more than \$10 million in wages, that they would have received had the rule been in effect. Every week that passes without action adds another \$866,234 to that total. An increase in the overtime threshold to \$47,476, an amount still substantially below what the salary threshold would have been had it kept up with inflation, would boost the pay of 351,000 Ohio workers. This change would help modestly-paid and middle-class workers who are salaried, but regularly work overtime.⁴⁵

Ohio policymakers should act. Pennsylvania’s Governor is introducing legislation to lift that state’s threshold. New York and California have raised the state threshold and passed future increases to catch up with inflation. Ohio should do the same.

Make paid leave the rule, not the exception

Working people should not be afraid of losing their job if they get sick or have to take care of a loved one. The federal Family Medical Leave Act is 25 years old, and yet just 13 percent of private sector workers have access to any form of paid leave.⁴⁶ Paid family leave keeps people connected to the workforce, reduces turnover, and helps families. Five states: California, New Jersey, Rhode Island, New York, Washington state, and D.C. have passed legislation to allow workers to earn paid family leave. There is no federal law that requires employers to allow workers to earn paid sick leave. Without paid sick leave, an illness or even the flu could be devastating to a family’s budget. Workers must either lose pay or go to work, delay treatment or recovery, and risk being contagious. Five states and D.C. require employers to allow workers to earn some minimum number of days of paid sick leave (Connecticut, California, Massachusetts, Oregon, and Vermont).⁴⁷ Ohio should do the same.

Protect workers’ wages

Employers are stealing millions of dollars from Ohio workers each year. Ohio has the second highest share of workers who are eligible for the minimum wage but are being paid less than that (22.7 percent). Ohio also has one of the smallest state wage and hour investigation and

⁴⁵ Shierholz, Heidi. “Millions fewer would get overtime protections if the overtime threshold were only \$31,000.” Economic Policy Institute. November 15, 2017. <https://tinyurl.com/ya8elyu3>

⁴⁶ Gould, Elise. “Providing unpaid leave was only the first step; 25 years after the Family and Medical Leave Act, more workers need paid leave.” February 1, 2018. <https://tinyurl.com/ybzbxxjs>

⁴⁷ Gould, Elise and Schieder, Jessica. “Work sick or lose pay?” Economic Policy Institute. June 28, 2017. <https://tinyurl.com/ybvqol33>

enforcement offices in the nation.⁴⁸ Employers commit wage theft when they fail to pay workers the full wages they earn under the law. This includes paying workers less than the minimum wage, violating overtime rules, and misclassifying employees as independent contractors to avoid paying the minimum wage and other benefits, and to shift employer tax obligations onto workers.

Ohio's wage and hour enforcement division is understaffed and underfunded. The state has just six investigators, one for every 795,883 private-sector workers.⁴⁹ Nothing has been done to increase funding to the division. State support for it totals just \$2.3 million over the two-year budget for 2018 and 2019.⁵⁰ Legislation attempting to clarify and simplify Ohio's misclassification rules has failed to advance.⁵¹

Work requirements don't work

Instead of adding work requirements and time limits to programs that help people afford food or get medical care, Ohio's policymakers should be investing in programs that help low-wage workers get the skills they need to be competitive. President Trump's budget proposal cuts more than \$1 billion in workforce training and development funds to states.⁵² Students at Ohio's community colleges, which provide vocation and technical training, are not typically eligible for state need-based financial aid. Ohio's community colleges are some of the least affordable in the nation.

Work requirements don't create jobs, boost wages, or help poor workers get training for better jobs. An evaluation of work requirements in Franklin County's Supplemental Food Assistance Program (SNAP), formerly known as food stamps, found that most work placements were at sites that offered little in terms of training or experience that would move participants out of poverty or decrease their need for assistance. Work sites included janitorial work, grounds maintenance, office working or packing—the kinds of low-paying jobs many participants reported already having.⁵³ According to research, most cash assistance recipients subject to work requirements stayed poor, and some became poorer.⁵⁴ This makes sense considering that a typical worker in seven of the 10 largest occupation categories in Ohio would earn so little they would need food assistance for a family of three (see Table 1). Too many jobs in the state pay poverty wages.

Ohio is currently pursuing a waiver from the federal government to impose work requirements on participants in the state's Medicaid expansion. These new barriers will likely drive down enrollment in a program that extended health insurance to 700,000 Ohioans living just above the poverty line, even though recipients reported that having access to health care made it easier for them to hold down a job.⁵⁵ The majority (61 percent) of Ohio's working age Medicaid enrollees are working. Variable hours, inconsistent and instable

⁴⁸ Cooper, David and Kroeger, Teresa. "Employers steal billions from workers' paychecks each year." Economic Policy Institute. May 10, 2017. <https://tinyurl.com/ycv6eupy>

⁴⁹ Policy Matters Ohio, Calculation based on information from the Ohio Department of Commerce and Current Employment Statistics, current as of December 2017.

⁵⁰ See, Shannon Pleiman, *Legislative Service Commission, Greenbook, LSC Analysis of Enacted Budget*, Department of Commerce, August 2017. <http://bit.ly/2EoUYcv>

⁵¹ Schiller, Zach. *Investigating Wage Theft: A Survey of the States*. Policy Matters Ohio. November 11, 2010. <https://tinyurl.com/yada22d5>

⁵² Kabela, Kermit. "Trump FY 2018 Budget Slashes Funding for Key Workforce, Education, Human Services Programs." National Skills Coalition. May 23, 2017. <https://tinyurl.com/y82bxfns>

⁵³ Halbert, Hannah. "SNAP to Skills." Policy Matters Ohio. March 22, 2017. <https://tinyurl.com/y7to77sh>

⁵⁴ Pavetta, LaDonna. "Work Requirements Don't Work." Center on Budget and Policy Priorities. January 10, 2018 <https://tinyurl.com/yagn4dd8>

⁵⁵ Ohio Department of Medicaid: Group VIII Assessment: A Report to the General Assembly at <http://medicaid.ohio.gov/portals/O/resources/reports/annual/group-viii-assessment.pdf>

schedules, and lack of leave will cause many of these workers to lose their health coverage because their jobs cannot meet ridged work requirements.⁵⁶ To reduce the need for assistance, Ohio must address job quality and recognize more supports, not fewer, are needed to help families succeed.

Successful workforce training programs are voluntary and focus on education and skills, rather than work search or job placement.⁵⁷ The voluntary SNAP Employment and Training program in Washington state serves 28,000 individuals a year, connecting people to community college and technical school training, as well as basic adult education and English as a second language courses. Ohio's mandatory program SNAP program anticipates serving only 16,400 in education and training programs.⁵⁸ Instead of work requirements, the state should fund voluntary programs that connect the poor and working poor to training and education. The state should start the SNAP E+T planning process and fund the emerging model. The workforce development system should prioritize services for low-income people and others with barriers to employment, like formerly incarcerated people.

Conclusion

This report describes 10 ways Ohio policymakers can advance the interests of working people. The economy can work for all, not just the top 1 percent, but policies must change. Rewarding the rich and corporations and their shareholders has deepened inequality and eroded the policies that help build the middle class. Protecting and expanding collective bargaining rights, the primary way workers can have a voice on the job and in policy, is necessary to bring balance to state and national policy. Rolling back years of tax cuts for the wealthy would allow the state to invest in programs that help all of us succeed, like affordable childcare and education. Wages, work rules and policies that help keep working families stay afloat during economic downturns are critical to financial security of families. Restoring local governments' power to improve working conditions and expanding workplace protections should be a top priority of state politicians.

Inequality is not the natural order of our economy, but the product of policy choices. There is a way forward. We can build an economy that works for all.

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⁵⁶ Patton, Wendy. "Medicaid works, work requirements don't." February, 2018. <https://tinyurl.com/yc5aw4pv>

⁵⁷ Pavetti, LaDonna.

⁵⁸ Halbert, Hannah.