Four essential policies to sustain Ohio’s working people through the pandemic
Introduction

The COVID-19 outbreak has proven that everyone’s well-being depends on that of the people next to us, and the people next to them. We are all better off when all working people are safe on the job, can afford to stay home if they or a loved-one gets sick, and receive a fair return on the work they put in. People who work, people who pay others for the work they do, and people purchasing goods and services are what makes the economy. Policy choices made by powerful people determine whether the economy works for everyone, or whether it works for the well-connected few. What’s good for working people is good for the economy.

Until recently, our state’s low unemployment rate and a myopic focus on a booming stock market masked the reality that too many Ohioans are working in jobs where they are paid too little. This has been true for a long time – and grown more so over a generation – but the coronavirus creates new kinds of precarity for workers already on the brink. Reporting to work in the midst of a pandemic is a frightening new reality for many workers. Others are out of work following the state’s stay-at-home order, and many still wait for their unemployment compensation to arrive. Some worry how they will cope if they or a family member falls ill; many lost health insurance when they were sent home from work. Ohioans now scramble to meet basic needs. Too many were paid too little to begin with.

After nearly a decade of recovery, a “tightening” labor market pushed state unemployment levels down into the four percent range for much of 2019. Yet many of the jobs that came to dominate Ohio’s labor market paid near-poverty wages. By May 2019, six of Ohio’s 10 most common occupations paid so little that the median or typical worker supporting a family of three could not cover the cost of food without federal food assistance. Half of these jobs pay less than $24,000 at the median, and all but one pay less than $35,000. Workers from these 10 most common jobs numbered 1.18 million people and accounted for more than a fifth of all employed Ohioans last May. These are the most recent data available, but it’s not yet known how many of these workers have been laid off in the midst of the coronavirus and stay-at-home order. Over the five weeks ended April 18, more than 964,000 Ohioans filed new claims for unemployment.

Half a century ago, wages so low would not have been possible. At its highest point in 1968, the federal minimum wage was worth over $12 per hour in today’s dollars: more than the median wage in half of Ohio’s top 10 jobs.

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2 The median worker is the one in the middle: Half of workers in the same occupation earn more, half earn less. Since high earnings for a few workers at the top can distort the average, median wages are more representative of the typical worker. For these jobs, average wages exceed median wages by 8.4%, on average.
3 Workers paid less than 130% of the federal poverty level need and qualify for SNAP food aid. Earnings below $27,729, for a family of three, qualified in 2019.
Low wages had many workers in the state’s largest occupations on a shaky foundation already. Now, many are dealing with new challenges. Many workers are on the front lines of the pandemic response, caring for patients as nurses, nurses’ aides, home health aides, janitors, or orderlies; or holding open the supply lines for food and other necessities as food prep workers, cashiers, stockers, delivery drivers or freight handlers. Under widely varying workplace protections these people continue to work, at their peril, to keep basic needs available to all Ohioans. But Ohio does too little for them in return. The food preparation workers and grocery store cashiers who keep our pantries stocked are paid too little to buy their own families enough to eat. Healthcare workers stand ready to treat us if we fall ill, but with no guarantee that they will get paid leave if they themselves succumb to illness.

Still others are out of work under Gov. DeWine’s stay-at-home order, which is necessary to keep them and others safe. Nearly 1 million Ohioans filed initial jobless claims in the five weeks ended April 18. The week before the stay-at-home order took effect that number stood at 7,042. So many of the state’s most common occupations have been halted that these jobs have likely been unseated from their place among the top 10, at least during the public health crisis.

Many of the workers who made possible the normal lives we miss, with things like eating in a restaurant or hailing a ride on our phone, face unemployment today. Many have already waited over a month for benefits due to an unemployment comp system that excludes them. Ohio law excludes workers paid less than $269 per week on average. This means that an Ohio waitress paid the median $9.59 who works 28 hours per week, or a retail salesperson paid $11.36 for up to 24 hours work would be denied unemployment compensation but for the temporary federal help provided during the pandemic.

Public policies that allow employers to pay low wages have left Ohioans in many of the state’s most common jobs in a state of precarity. Low wages hamper people’s ability to cope with the added challenges of the pandemic, in turn putting all of us at risk.

It’s not exactly true that each of us is only as safe as the most vulnerable. Those of us fortunate to have some financial reserves or a job we can do from home are also less likely to be exposed to COVID-19. But that safety would not be possible without the risk others take on. Those fortunate enough to shelter safe at home owe their ability to do so to the essential workers who cannot.

Facing a pandemic shows that we are all in this together. It’s time to discard the frontier myth that anyone is “self-sufficient” in our sophisticated modern economy. Only a smart and coordinated policy response by government can prevent lives from being needlessly lost, or mitigate the damage we’ll face from an economic crisis. Too many Ohioans have followed all the rules and still fallen through the cracks. The only way to rebuild is to unrig the labor market and invest in people: not just the wealthy this time, but everyone.

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State and federal policymakers can make sure all Ohio’s working people – not just the top 1 percent – can enjoy a decent life free from economic insecurity. By no means a definitive list, this report offers four practical policy solutions that our leaders can implement today to get Ohioans through this difficult time.

1. **Protect workers on the job with safety protocols and gear, careful reopening of businesses that follows health officials’ guidance, and oversight.**

2. **Restore the minimum wage:** Pass a minimum wage that covers the cost of living.

3. **Quickly deliver unemployment benefits to working people displaced by the pandemic.** Make expanded eligibility for low income workers and excluded ride hail drivers permanent.

4. **Ensure all working Ohioans have access to emergency paid sick leave now, and earned sick leave going forward.**

As the coronavirus pandemic grips Ohio, many are on the front lines, caring for patients as nurses or home health aides, or making sure we can all get food and other necessities as food prep workers, cashiers, stockers, or freight handlers. Even at their peril, these Ohioans continue to work. The work these people do has always been vital, but the pandemic has underscored their value, and the injustice that many of them are paid too little to cover the cost of food for their families. These essential workers deserve more than praise. They deserve to be treated with dignity.

As Ohio leaders reopen shuttered parts of the economy, more workers will join their ranks. Public health experts have warned that opening businesses prematurely would needlessly cost lives. Policymakers must follow health officials’ lead on when and how to reopen shuttered businesses. As they do, they must provide employers with safety protocols, and put in place enforcement so people who feel unsafe at work have recourse to state oversight.

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In 2018, 114,000 Ohioans—about one in 38 working people—were hurt or made sick because of workplace hazards;10 158 were killed on the job. COVID-19 raises new concerns about workplace safety. During a pandemic, simply going to work puts people at risk, only this is a workplace hazard people can bring home to their families too. Despite comprising only about one in eight workers, health care workers accounted for one-fifth of Ohioans who tested positive for coronavirus through April 10th: 1,137 people and counting.11

Employers must take all possible safety precautions to protect workers still on or returning to the job. This includes implementing social distancing, providing workers with personal protective equipment and cleaning supplies, and simply remaining closed if the employer does not provide an essential service.

Ohio must increase enforcement of workplace health and safety measures to ensure Ohioans who return to work are safe. County health departments across Ohio were inundated with complaints of businesses staying open and requiring workers to report in defiance of Gov. DeWine’s stay-at-home order.12 Cuyahoga County received more than 1,500 complaints by March 30.13 Montgomery County had 216 open cases and had already ordered a dozen closures by April 2nd.14 Business owners who flouted the Governor’s order as the pandemic spread through Ohio have shown disregard for their workers’ safety. Ohio must implement adequate enforcement so that workers have recourse if their employer’s actions make them feel unsafe at work.

Pass a living minimum wage

The Fight for Fifteen movement is eight years old.15 It began with 200 fast food workers walking out on strike and has led to the passage of statewide minimum wages of $15 or more in six states plus D.C., pushed other states to pass more modest but still substantial raises, and sparked a $15 federal minimum wage bill which was passed by one house of Congress. The CARES Act provides a federal supplement to state unemployment benefits in the amount of $600 per week: the equivalent of $15 per hour for full-time work. Ironically, this means many Ohioans and Americans are being paid a living wage for the first time in their lives, on the condition that they not work.

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Business lobbyists have resisted federal Pandemic Unemployment Compensation on the grounds that unemployed workers will refuse to return to their meagerly paid jobs. It’s a strawman argument: Unemployment rules dictate that a worker cannot refuse a reasonable job offer and continue to collect compensation. But they’re right about one thing: Ohio workers who now have enough to get by out-of-work should not have to return to jobs where they don’t. The solution isn’t to offer less support to people who are out of work, but to make sure those who are working get a fair return for the work they put in.

Because of the coronavirus, Ohio and the nation are faced with a recession. Raising the minimum wage is a vital step to ensuring that this time, all Ohioans are included in the recovery. The National Employment Law Project found that nationally, workers in the bottom fifth whose states raised their minimum wage saw a modest 4% increase in wages from 2013 to 2018, while those whose states did not raise their wage had no wage growth over the same span, but instead saw a 0.5% decline.16

It’s worth recalling that the nation got its first minimum wage in response to the Great Depression. President Franklin D. Roosevelt said in a 1933 statement on the National Industrial Recovery act that “no business which depends for existence on paying less than living wages to its workers has any right to continue in this country.” The recovery from the last recession failed to reach many Ohioans in part because policymakers allowed wages to stagnate. Ohio voters last raised the wage in 2006. Untouched by policymakers since then, Ohio now ranks 27th among 30 states and D.C. that have an effective minimum wage exceeding the federal wage of $7.25.17

Minimum wage workers in Ohio today enjoy less wage protection than their grandparents did two generations ago in 1968.18 That year, the federal minimum wage was worth over $12 per hour in today’s dollars. For years, policymakers who opposed the minimum wage have leveraged inflation to erode its value through policy negligence. Ohio voters recognized this tactic and put an end to it in 2006 when they voted to raise the minimum wage and tie it to inflation. The inflation index is a vital tool to preserve the value of income policies. It’s used for service members’ pay and retiree Social Security benefits. But the index is an adjustment, not a true raise. It safeguards buying power for Ohio’s lowest paid, but never raises it. Ohio’s current wage of $8.70 is worth the same as the $6.85 raise passed by voters in 2006.

Policy Matters modeled two separate proposals to raise Ohio’s minimum wage over the last two years, and found each would benefit a tremendous number of working people, raising many families out of poverty and improving pay equity. Based on the number of Ohioans then working, a ballot proposal to raise the wage to $13 an hour by 2025 would benefit 1.4 million

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Ohioans, while pending legislation in the Ohio House to raise the wage to $15 by 2023 would benefit 2 million.

It’s not yet clear how those figures will change with so many Ohioans out of work, especially in the retail and restaurant industries that comprised the biggest share of these workers. While putting the economy on hold will cause some lasting disruptions, many who are newly unemployed can reasonably expect to return to their employers once Gov. DeWine lifts public health measures to stop the spread of the coronavirus. The fact that state and federal leaders initiated the economic slowdown may bode better for our ability to quickly reverse it, provided that policymakers support those displaced in the meantime.

Another key policy need is to eliminate the sub-minimum wage employers are allowed to pay workers who receive tips as part of their compensation. In Ohio, employers can claim a credit for workers’ tips to reduce their wages below the regular minimum wage, currently $8.70, by up to half. It’s one reason Ohio’s 88,000 waiters and waitresses are among the state’s lowest paid at just $9.59 for the median worker. It also gives employers cover to commit wage theft, as Ohio employers do to some 217,000 Ohio workers through minimum wage theft alone each year.

In the recovery from the last recession, the occupations that dominated labor market growth tended to pay low wages. That has left many ill-equipped to cope with even short earnings disruptions as the state works to bring the unemployment system up to speed. The ballot initiative Ohio voters were set to weigh this November would phase in over five years, gradually lifting Ohio workers toward a living wage. That measure would give business owners ample time to adjust to the new wage scales, helping jobs return quickly, and job quality to improve over the next few years. In the recovery from the Great Recession, the top 1 percent captured 45% of income growth by 2018. Passing this minimum wage would help ensure that this time, recovery reaches everyone.

In light of the pandemic, Ohioans to Raise the Wage has asked the legislature to extend the deadline to collect signatures to put the minimum wage on this November’s ballot, and to allow online signature gathering. The general assembly should do so.

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Unemployment benefits

As Gov. DeWine ordered businesses closed and workers home to stop the spread of COVID-19, record numbers of people have lost their jobs. Initial unemployment compensation filings for the week ended March 21 rose 26.6 times as high as the prior week’s filings. Initial claims for the past five weeks exceeded those of the prior two years combined, as nearly 1 million newly unemployed Ohio workers sought unemployment compensation.

Today’s crisis is unique. Usually during a recession, we want people who are unemployed to return to work as soon as possible. But the coronavirus pandemic means we need workers to shelter at home to keep them and others safe. The task for policymakers is to support their spending in the meantime. It’s vital to get unemployment comp out to people who lost their jobs, both to ensure they can afford rent and food, and because sustaining their consumer spending will prevent a deeper recession by sustaining business revenue.

According to the Economic Policy Institute, nationally, fewer than 30% of working people can do their jobs from home. The share is even smaller for workers of color. The imperative to keep Ohioans at home even when they cannot work remotely has spiked jobless claims, but these unemployment numbers are not a crisis. They are a temporary, if painful, break from normal economic activity. Our ability to quickly restore activity and return people to their jobs when it’s safe will depend on how well we sustain them now.

The March unemployment numbers, despite dramatically understating today’s level of joblessness since they were counted so early in the month, already showed a significant increase in the share of unemployed workers on temporary layoff, who expect to be recalled to their same employer. From February to March of this year, the number of newly unemployed people reporting temporary layoffs nationally increased from 801,000 to 1.8 million, while the number who do not expect a call-back from their employer rose from 1.9 million to 2.1 million. The Bureau of Labor Statistics reports that it believes many survey respondents who are temporarily laid off did not indicate this in their response. Separate research found that from 1990-2013, 40% of unemployed people returned to their employer, a number that far exceeded those who indicated being temporarily laid off.

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25 Elise Gould and Heidi Shierholz, “Not everybody can work from home: Black and Hispanic workers are much less likely to be able to telework,” The Economic Policy Institute, March 19, 2020 https://www.epi.org/blog/black-and-hispanic-workers-are-much-less-likely-to-be-able-to-work-from-home/
Of course, ensuring a downturn will be temporary depends on the ability of employers to resume operations when it’s safe to do so. Emergency measures such as the federal Paycheck Protection Program provide firms direct help, through a loan that covers up to eight weeks of payroll and expenses, to be converted into a grant if the employer retains its workforce. Ensuring that consumers have the money to spend, through adequate unemployment comp and other supports, will be key to the rebound by providing business revenue.

Congress has recognized the urgency of directing payments to working people. In the $2 trillion fiscal stimulus CARES Act, it authorized measures to increase the payments workers receive and extend eligibility to more people. Pandemic Unemployment Compensation provides a $600 per week supplement to all unemployed workers on top of their regular state benefit. The flat payment was structured this way for simplicity given the need to act quickly, but it has the advantage of directing the largest share of income replacement to those who need it most. For workers whose jobs paid too little to meet basic needs, PUA exceeds their regular pay. Pandemic Unemployment Assistance will expand eligibility to those excluded under traditional state UC programs, including the self-employed, independent contractors, gig workers, and those who don’t earn enough to qualify under traditional rules. Ohio must move more quickly to push unemployment compensation to those who need it. Ohio has now fallen behind neighboring states in distributing PUA, the portion of federal benefits that go to workers who would have been excluded under Ohio’s system. ODJFS needs to get benefits to these people as quickly as possible.

Policymakers must also revise eligibility rules so more workers will qualify for regular unemployment comp beyond the immediate crisis. Today, Ohio workers are excluded on the basis of low earnings or inappropriate classification as contractors. Working people who are paid less than $269 per week – like many of the waitresses and waiters sent home by Gov. DeWine on March 15 - are ineligible for state UC benefits. These workers have now waited nearly two months for unemployment benefits. Gig workers like those at Uber and Lyft are excluded by Ohio Law. Other workers misclassified by their employers are technically eligible but have to prove their status as employees. Ohio policymakers must change eligibility rules so these workers will be eligible for regular state unemployment insurance compensation going forward.

ODJFS must quickly distribute both regular and PUA unemployment benefits to displaced Ohio workers. For the long term, policymakers must amend eligibility rules so all Ohio workers working at least 20 hours per week will qualify, and repeal legislation that excludes workers at Uber and Lyft from coverage.

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Paid sick leave

The Families First Coronavirus Response Act, the second of many bills to address the coronavirus pandemic and its economic impact, requires paid sick time and extended family medical leave for certain workers. One provision mandates 80 hours of paid sick time (or two-week’s average hours for part-time workers) over two weeks for people who are diagnosed with COVID-19 or seeking a diagnosis, caring for a sick household or family member, quarantined after contact with an infected person, or caring for their child whose school or daycare is closed due to COVID-19. The worker receives full pay for their own COVID-19 case (up to $511 per day) or two-thirds of their regular pay if caring for a sick family or household member or child out-of-school. A separate provision mandates extended paid leave for an additional eight weeks, which can only be used by a parent or guardian caring for a child out-of-school.

The CARES Act leaves out many people, including those who work for large employers, health care workers and first responders, and some people who work for small employers. Ohio leaders should fill those coverage gaps so all Ohio workers have at least 14 days of emergency paid sick time now, and should implement a permanent system that allows workers to earn at least seven days paid sick time going forward.

Ohio lawmakers can build on federal policy to extend CARES Act coverage to people left out of the federal bill. The single step that would cover most people would be to mandate all large firms with over 500 employees offer the same paid sick time the CARES Act stipulates for other employers. These employers can cover the cost of paid sick leave for their workers. Also vital is that Ohio policymakers require employers of first responders and health care workers to comply. Currently, these employers can choose to exclude their employees under federal law. Not only do health care workers – who have contracted a fifth of all confirmed coronavirus cases in Ohio as of this writing – deserve to be protected, but overbroad definitions of health care staff block people from coverage who are not in health care at all, such as hospital janitors or professors in the English department at a university that also has a medical training program.31

These emergency measures will help Ohioans get through the pandemic. Going forward, Ohio should require employers to allow workers to earn paid sick leave. Nationally, about a quarter of working people lack even a single paid sick day.32

Five states and D.C. require employers to allow employees to earn some minimum number of days of paid sick leave (Connecticut, California, Massachusetts, Oregon, and Vermont).33

31 Patricia Smith, The National Employment Law Project, web-based discussion of Families First Act Paid Sick Leave provisions, April 20, 2020
Since 2011, 13 states and the District of Columbia have passed paid sick days laws. Ohio should do the same.\textsuperscript{34}

Innovation Ohio has identified the following policy solutions to ensure paid sick time for all Ohio working people.\textsuperscript{35}

**The Ohio General Assembly should enact an Emergency Paid Sick Days measure that:**

- Requires all employers in Ohio to allow employees to accrue up to seven paid sick days annually for regular use to address and 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.
- Requires all Ohio employers provide an additional 14 days of paid sick leave, available immediately at the beginning of a public health emergency, including the current coronavirus outbreak.
- Ensures paid sick days measures include coverage when:
  - An employee’s child’s school is closed due to a public health emergency.
  - An employer is closed due to public health emergency.
  - An employee or an employee’s family member is quarantined or isolated due to a public health emergency.
- Covers all employees within the state of Ohio, including hourly employees, part-time workers, small business employees regardless of employer size, and contract workers (also known as workers in the gig economy).
- Guarantees job-protection and anti-retaliation protections for employees who take paid sick days.

**Conclusion**

This report describes four ways Ohio policymakers can ensure working people make it through the coronavirus crisis, and enact policy changes that strengthen workers going forward.

We are faced with a recession of the pandemic’s making. How many are harmed and for how long is up to how policymakers chose to respond. In the last recession, policymakers cut stimulus and turned to austerity far too soon, and they failed to direct fiscal spending to those who needed it most. Tax cuts and special giveaways for the wealthiest left most Americans out of the recovery. Ohio’s leaders have to do better this time. They must take the steps to protect Ohioans from the coronavirus now. As we rebuild in the aftermath, we must build an economy that works for us all.

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