Executive Summary

From March to November 2001, the United States was officially in a recession, with declining economic growth. Since then, the national recession has been declared over, but many economic indicators remain troubling for Ohio and the nation. Some trends, like departing manufacturing jobs, had been taking place even during the boom years. This 2003 edition of *The State of Working Ohio* examines Ohio's economy, with particular attention to effects of the recession. Key findings include:

Employment and Gross State Product

- Payroll employment declined by 3.3 percent in Ohio and by 1.8 percent in the nation between March 2001 and 2003. Twenty-four months after the 1990-91 recession, payroll employment had declined by 0.9 percent in both Ohio and the U.S.

- Ohio's percentage payroll employment declined more than that of all but six states. In absolute numbers, the 185,000 jobs that Ohio lost ranked third behind only California and New York. After the 1990 recession, Ohio ranked twenty-first in percentage of jobs lost and eleventh in number of jobs lost.

- Between 2000 and 2001, Ohio's gross state product declined 0.9 percent, worse than in any year since 1990-91 and worse than in all but six states. The gross state product of the U.S. grew by 0.4 percent during this period. Ohio's recent decline is similar to that of the 1990-91 recession (1.0 percent), but not nearly as bad as during the 1981-1982 recession (5.5 percent).

Job Shifts

- Much of the plunge was in manufacturing. Ohio lost 118,500 manufacturing jobs between March 2001 and March 2003, more than in all other sectors combined and more than all states but California and Texas. Other sectors with big losses were Trade, Transportation and Utilities (53,900) and Professional and Business Services (25,200).

- Every state lost manufacturing jobs in the twenty-four months after March 2001, but most states gained more in other sectors. Only Education and Health Services had a meaningful job gain in Ohio.

- In 1983 more than a quarter (25.1 percent) of Ohio workers and more than one fifth (20.1 percent) of the nation's workers were in unions. In less than twenty years Ohio union density plunged more than eight percentage points to 16.7 percent and the nation's rate dropped 6.9 percentage points to just 13.2 percent of the workforce.

Unemployment

- In 2002, Ohio's unemployment rate reached the highest annual average since 1993, 5.7 percent, up from 4.1 percent in 2000. Some analysts argue that actual unemployment may be higher than this, due to survey issues. Average annual unemployment was worse in years following previous recessions -- 7.2 percent two years after the July 1990 recession began and a now unthinkable 12.5 percent one year after the July 1981 recession began.

- Unemployment rates were worse for certain demographic groups in 2002. Black men (10.6 percent) and workers without a high school degree (13.1 percent) were most affected, but joblessness climbed for every demographic group examined.

- In 2002, 35.1 percent of Ohioans and 42.4 percent of Americans exhausted their state unemployment benefits before finding new jobs, the highest such rate in 19 years in Ohio.

Wages, Income and Poverty

- The economic downturn has not caused dramatic wage decline. For some workers, inflation-adjusted wages rose through the end of 2002. Both low-wage (those earning more than 20 percent of workers) and high-wage (those earning more than 80 percent of workers) had modest wage growth between 2000 and 2002. Workers at the median had stagnant wages between 2000 and 2002. Preliminary results from 2003 indicate that wages have begun to drop in Ohio for all three categories, although the change is not statistically significant.

- Men earn more than women and whites earn more than blacks at every educational level in Ohio. All demographic groups see solid wage increases with additional education.

- Unions have a powerful effect on wages in Ohio, particularly for female and black workers. Workers in a union earn 30.5 percent more ($15.95) an hour than those not in a union ($12.22).

- In 2002, an Ohio worker at the 90th percentile earned $27.12 an hour, more than 3.9 times what a worker at the tenth percentile earned ($6.95). The top twenty percent of U.S. households' income was 14.4 times that of the bottom twenty percent in 2001, up from 10.5 times as much in 1979. The top five percent of households' income was more than 25 times that of the bottom twenty percent, up from 15.6 times as much in 1979.

- More than one in five workers earned less than needed to bring a family of four above the poverty line ($18,244) with full-time, year-round work in 2002. Poverty rates in Ohio were lower in 2001 than in 1999, but higher than in 1980. More than one in ten Ohio residents were poor in 2001, the most recent data year available

- Median four-person family income dropped slightly from $65,298 in 2001 to $64,282 in 2002, in inflation-adjusted 2002 dollars. Four-person family income is generally higher than household income because these families are more likely to have two earners.

The report concludes with suggestions on how to get the economic power back on in Ohio. Recommendations include improving long-term state fiscal policy, stimulating the economy, maintaining government spending, using innovative approaches to shelter families and communities from the recession, and demanding federal fiscal relief.