



## Executive Summary

Americans have been given a gift for the last decade – an economic expansion unprecedented in length. We’re reaping an enormous benefit in the form of our very low unemployment rate. But the economy is not as healthy as it should be in this far into a recovery and some indicators are downright bad. A smaller share of Ohioans are working or looking for work than in all but one of the last 40 years, complicating the seemingly low unemployment rate. Wages are lower than they were in 1979 and have not grown much even as the recovery passes the decade mark. And state and national elected officials did not take advantage of the boom years to invest in essentials that would position us well for the long term. Now we are in a tough spot as a new recession may loom.

The *State of Working Ohio, 2019: Realities and Remedies* offers the best and most recent data available to understand our realities and it proposes a sounder approach. This year’s realities, particularly compared to previous peaks, include:

**Increased inequality:** Middle-income workers used to benefit when our economy grew, but productivity grew six times faster than compensation nationally between 1973 and 2016.

**Weak wages:** Median hourly wages have been creeping up since 2011 in Ohio and nationally, but Ohio workers of all races remain behind their national peers (\$1,100 over a year) and behind what they earned at the median in 1979. Of Ohio’s

10 most common jobs, nine pay less than \$36,000 a year, too little for a family of three to afford food without aid. Women still earn nearly \$7,000 less each year than men at the median if both work full-time, year-round. Racial wage gaps have worsened with the loss of unionized manufacturing jobs in Ohio and black Ohioans earn over \$10,000 less each year than white Ohioans if both work full-time, year-round. Black workers earn far less than they did in 1979 – \$4,742 a year adjusted for inflation – and the gap has grown much worse.

**Employment paradox:** Ohio’s unemployment rate – 4.5% for 2018 and 4% in June and July 2019 (July is preliminary), is almost as good as it gets (2001 saw a 4% annual rate). This is important and excellent news for workers of all races and genders, though black unemployment remains higher than that of white workers. But our extremely low rates of labor force participation complicate that news. We have never had such a small share of men either working or looking for work and the share of women working is below previous peaks. For all Ohio workers, labor force participation was lower in only one of the last 39 years.

**Slowing job growth:** Ohio lost 9,000 jobs between January and July 2019 (preliminary numbers). Going back further, Ohio’s annual job gain was a weak 25,200 from July 2018 to July 2019. The state has fewer jobs than it had before the early 2000s recession. Manufacturing, [now considered to be in a recession nationally](#), has had a particularly rough year in Ohio as the General Motors’ Lordstown

assembly plant, which employed 4,500 people when Trump was elected, closed down. Ohio has also lost 5,700 public sector jobs since January 2017.

**Unions help:** Although unsupportive public policy keeps driving their numbers down, it still pays to be a union member in Ohio. The median union member earns over \$10,000 more each year than the median non-union worker. These benefits help workers of all races and genders. While most Ohio union members are white, black workers are more likely to be in a union than white workers are in Ohio.

## REMEDIES

Three major areas provide the key to a better economy for Ohio's working people. Ohio policymakers should:

- 1** Strengthen our labor policies by raising our minimum wage, making it easier to join a union, and better enforcing our labor laws.
- 2** Improve tax policy, reversing cuts that have gone overwhelmingly to the wealthiest and to corporations, and that have robbed the state of \$6 billion annually.
- 3** Use those increased revenues to fund the things our communities need, creating good jobs in the process. That should concentrate on investing in our people and fixing our infrastructure, particularly in ways that mitigate or reduce climate change.

On the human side this includes better funding child care, education, college, and drug treatment. On the infrastructure side, we can encourage wind and solar power and fund transit, conservation and local government.

In many ways Ohio and the nation are doing the opposite of what we suggest. State and federal policymakers have let the minimum wage erode – Congress has never gone longer without boosting it – and have undermined unions and labor law. Ohio legislators just made us the first state to ever go backward by eliminating clean energy standards, instead choosing to bail out inefficient coal and nuclear production. At the federal level, the Trump administration backed out of an international commitment to reduce carbon emissions, is trying – over car company objections – to weaken auto emissions standards, and is backpedaling in other ways on climate. Investments in people are similarly in reverse. And at both the state and federal level lawmakers have made tax policy less fair, delivering enormous windfalls to the wealthiest and corporations, while making low- and middle-income Ohio families pay a larger share of state taxes.

Past errors need not dictate our future. Ohioans can demand a smarter approach. We can choose an economy where everyone benefits from growth and workers of all races and genders can support a family. We can choose to invest in a cleaner lake and less polluting approaches to transportation and energy. Doing so will be a real remedy, one that makes for a better reality.