

A REPORT FROM

POLICY MATTERS OHIO

THE STATE OF
WORKING OHIO
2001

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Executive Summary

In the years between 1991 and the middle of 2000, Ohio and the nation experienced one of the longest, strongest economic expansions in history. Toward the end of the decade, this recovery finally began to pay off for low and middle-income workers in Ohio, as long-time negative trends were halted or reversed. Yet even in the peak year of 2000, many people lived in poverty, inequality was alarmingly high, and disturbing race and gender wage gaps endured. On almost all indicators in 2000, Ohio still lagged behind its 1979 levels. *The State of Working Ohio 2001* documents how residents of the Buckeye State have won and lost in the last two decades. Some highlights (inflation-adjusted in 2000 dollars) include:

- ◆ American worker productivity and Ohio Gross State Product have grown at a strong and steady pace over the past several decades. But median worker compensation at the national and state level have not kept pace.
- ◆ Median worker compensation in Ohio in 2000, at \$12.61 an hour, was above its 1989 level but below the level from 1979. Median male compensation, at \$14.64 an hour, was also above that of 1989 but below that of 1979. Women still earned substantially less (\$10.80) than men, but earned more than women had in previous years.
- ◆ Ohio's median hourly compensation was higher than, and has risen faster than the national median in recent years.
- ◆ Median household income, at \$39,617 in 1999, was above previous levels, due largely to increased hours worked and increased labor force participation. Between the late 1970s and the late 1990s, Ohio married families increased their work hours by more than 500 hours or more than twelve weeks a year. In Ohio, women increased their workforce participation by more than ten percentage points between 1981 and 1998.
- ◆ Taking the years 1997-99 together, workers were less likely to receive health insurance or pensions from their private sector employers than they had been in the pooled years 1979-81. More than a third of the workforce still does not receive these benefits, and women and minorities are more likely to be among those who don't.
- ◆ Although women's wages have grown, the median female worker (\$10.80) still earns substantially less than the median male worker (\$14.64) in Ohio.
- ◆ The median black worker (\$10.90) earns less than the median white worker (\$13.00) in Ohio, and the gap continues to widen dramatically.
- ◆ More educated workers, who have always earned more than less educated workers, are seeing income gains in Ohio. Less educated workers are losing ground both

relatively and absolutely. By 2000, those without a high school degree earned only \$8.00 an hour in Ohio.

- ◆ Gender and race gaps endure, even when controlling for education. Nonetheless, workers receive a generous boost in earnings for completing high school, college, or graduate school, regardless of race or sex.
- ◆ Unionized workers have higher wages, more equal wages overall, and less variation between men and women, between blacks and whites, and between more- and less-educated workers.
- ◆ Sustained low unemployment and a higher federal minimum wage have finally paid off in modest gains for lower-income workers in Ohio. These workers still earn less than their 1979 counterparts did, but they earn more than such workers had in 1989. Workers across the economic spectrum have seen increases since 1989.
- ◆ Income inequality is extreme in Ohio and the nation. A worker in the 80th percentile earned 9.7 times what a worker at the 20th percentile earned in Ohio in the late 1990s. A worker in the 95th percentile brought home 16.6 times what a worker at the 20th percentile earned.
- ◆ More than one in five Ohio workers earned poverty wages (below \$8.47 an hour) in 2000. Women and blacks were more likely to earn poverty wages than white men.
- ◆ More than 11 percent of Ohio residents live below the federally-defined poverty level.
- ◆ Most metropolitan areas in Ohio mirrored the trends described in the state as a whole. Cincinnati tended to do better on many indicators, while Youngstown and the non-metropolitan areas of Ohio tended to perform less well.

Ohio is not alone in the trends described here. For analysis of many of these issues on an ongoing basis, see the Economic Policy Institute's web page at <http://www.epinet.org>. For a downloadable copy of this report, or other research from Policy Matters Ohio, see <http://www.policymattersohio.org>.