

Work & Wages

State of working Ohio, 2018

Inequality amid job growth

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In the ninth year of a national economic recovery, how are Ohio's working people doing? This 2018 edition of the State of Working Ohio uses the best and most recent data available to answer that question. We find:

Inequality has soared

From 1948 through the mid-1970s, worker compensation grew along with productivity: average hourly compensation (wages and benefits) of American production and non-supervisory workers nearly doubled (91.3 percent growth) as did net hourly productivity (96.7 percent growth). Since then, national productivity nearly doubled again, while compensation edged upward only slightly. In Ohio, from 1979 to 2016, productivity grew 66.5 percent cumulatively but compensation crept up by a meager 3.8 percent. Workers are much more productive, companies much more profitable, but inflation-adjusted pay is essentially stagnant.

Income inequality spiked in Ohio since the 1970s. Between 1945 and 1973, the wealthiest 1 percent of Ohio households captured 4 percent of total income growth. Between 1973 and 2015, Ohio's wealthiest seized a whopping 86 percent of pre-tax, pre-transfer income growth.

Wages: Weak, below peak, not equal

Inflation-adjusted median wages rose very slowly between 2016 and 2017 in Ohio and nationally, despite low unemployment. In Ohio, the 2017 median wage was just \$17.79 an hour, nearly 50 cents less than the national median wage of \$18.28 an hour, and more than 40 cents less than Ohio's median wage was in 1979 when we begin this series. Growth was faster in 2015 and 2016. Nationally, wages actually fell in the most recent quarter.

Many Ohio jobs have very low median wages. Of the 10 most common Ohio occupations, three pay less than the official three-person poverty line, nine pay less than twice the three-person poverty line, and just two pay more than \$15 an hour at the median.

Women continue to earn less (\$16.15) than men (\$19.29) in Ohio. This \$3.00+ hourly difference translates to more than a \$6,500 difference with full-time year-round work. This disparity has improved dramatically over the nearly 40 years of this analysis.

Black workers earn much less (\$13.96) than white workers (\$18.57) at the median in Ohio and the gap has grown much worse over time. This gap of more than \$4.60 each hour translates into more than \$9,500 less each year with full-time year-round work. Black workers' median wage actually fell slightly between 2016 and 2017 in Ohio, despite the good economy, perhaps partly as a result of pulling the most disadvantaged workers into jobs.

Jobs: Growing slowly

Between 1979 and 2012, Ohio labor force participation was higher than today, though there's been a slight uptick from a modern low of 62.3 percent in 2015 to 63.0 percent in 2017. Male labor force participation (68.6 percent) is down more than 10 percentage points from its peak of 79.6 percent in 1979. Unemployment is very low, a good thing. But, it is masking the fact that too many Ohioans are still not working.

Ohio finally surpassed the number of jobs at the official start of the recession, but still had fewer jobs in July 2018 than in January 2000, in contrast to the United States, which has added 13.83 percent to its job base since then. By July 2018 there were 5.616 million jobs in Ohio, higher than at the start of either of the last two recessions (March 2001 and December 2007).

Official unemployment was extremely low in Ohio and in the U.S. in calendar year 2017. This should push wages upward—that is not yet happening. Unemployment rates in the black community in Ohio are more than double those facing white workers. African-American unemployment was 9.4 percent in 2017 in Ohio, a level that would be considered recession-territory if it was faced by all workers. While unemployment levels remain inequitable, unemployment for black Ohioans was lower in 2017 than at any time since 2001, clearly a positive development.

Solutions

Inflation-adjusted median wages fell from \$15.64 in 1979 to just \$10.35 an hour in 2017 for those who haven't finished high school and from \$16.00 to \$15.02 for those with just a high school diploma. For those with at least a college degree, median wages rose from \$21.38 to \$26.30, more than 10 dollars more each hour than any other educational category, and more than \$21,000 more each year with full-time work. Ohioans are substantially more educated than they used to be. The share of adults over age 25 with at least a high school degree shot up from just 75.7 percent in 1979 to 89.5 percent by last year. The share with a BA or more jumped 12 percentage points, from 14.7 percent in 1979 to 26.7 percent in 2017. Ohio ranks 25th among states in high school graduation attainment, 37th among states in BA attainment and 30th among states in post-graduate education.

While education raises wages for black, white, male and female workers, black workers and women still face inequitable wages compared to white workers and men, even with the same education levels. White workers with Bachelor's degrees earned more than \$4 more each hour than black workers with a BA and men with a BA earned more than \$4 more each hour than women with a BA at the median in 2017. These differences equate to more than \$9,000 a year with full-time, year-round work.

Union workers continued to out-earn non-union workers at the median in 2017, by more than \$4.75 an hour or more than 28 percent. With full-time work, this equates to more than \$9,900 a year. Unionized workers are also more likely to get retirement benefits, health benefits, and overtime pay. White, black, male and female workers all earn substantially more when they are in a union compared to non-unionized workers of the same race or gender. Black workers are more likely to be unionized in Ohio at 13 percent in 2016, compared to 10.5 percent for white workers, according to the CPS.

In the wake of the Affordable Care Act, Governor Kasich opted to expand Medicaid in Ohio, paid for largely by the federal government. This led to a strong increase in health insurance coverage for Ohioans. While 12.3 percent of Ohioans were uninsured in 2010, prior to enforcement of the ACA, by 2016 just 5.6 percent of Ohioans lacked insurance.

Conclusion and recommendations

The report concludes with 10 recommendations to strengthen our economy and our communities. These are: reverse the tax cuts to the wealthiest, invest in conservation and renewables, protect the right to organize, keep the Affordable Care Act and Medicaid, defend working people's right to organize, restore the minimum wage, retain and strengthen unemployment and workers' compensation, restore the 40-hour work week, expand earned leave, stop incarcerating people for non-violent crimes, and empower local governments to pass their own laws to protect their communities.