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## Work & Wages

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### **A new way forward:**

10 ways to support Ohio's working people,  
2019

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# Introduction

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Ohio's working people are the state's backbone. They make the products we use every day: cars, washing machines and more. They keep our communities safe. They teach our children and care for our ailing loved ones. They are all of us.

Working people deserve peace of mind, free of worry about how to put food on the table, pay for their kids' college or make the rent each month. State and federal policies have slowly chipped away at that sense of security. As a result, job growth has been weak and a vast gulf has opened between the wealth workers create at their jobs and the amount they take home in wages. The share of Ohio's working people who rejoined the workforce after the Great Recession trails the nation. Longstanding structural barriers keep African-Americans and women from earning as much as their white male peers, even as men's wages fall. Deep-rooted racism locks many people of color out of job opportunities. Punitive criminal justice policies dog Ohioans' efforts to get a good job for decades after convictions for even minor offenses, such as marijuana possession -- dragging biased past drug war policies into the present. The state's wealthiest 1 percent earned more than 19 times the average of the bottom 99 percent of earners combined.<sup>1</sup>

Joining a union gives people a direct say in their working conditions and unions can impact public policy, making the economy fairer for everyone. When more people belonged to a union, more people shared in economic growth. Ohio's unionized workers make \$4.75 an hour more than their non-union counterparts, \$9,900 more a year for full-time work.<sup>2</sup> Union workers are more likely to have pensions and paid sick days, and less likely to be treated unfairly at work or experience harassment or workplace injuries. Union workers pay more in taxes and use the social safety net less than other workers.<sup>3</sup> Black workers and white women earn more when they are in a union. Unions help balance the power of employers and make the economy more fair.

State policy can rig the system against workers. The Ohio legislature has barred local governments from improving working conditions, banned local hire ordinances that help set aside work for local residents, and passed tax cuts that favor the wealthiest Ohioans at the expense of our roads, schools and health care. But there are solutions. We can create an economy that works for everyone by helping working people speak up together, raising wages, and investing in communities instead of corporations.

In this, our second policy platform for Ohio's working people, we outline 10 policies to move Ohio forward. Instead of more tired attacks on labor and the working poor, policymakers could enact rules that support a more just and equitable economy. Ohio has a productive economy, but too few are sharing in the wealth they are helping to create. This platform sets out a new course for Ohio policy that will move us closer to an economy that works for all.

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<sup>1</sup> Hanauer, Amy. and Grace Chu (September 2, 2018) The State of Working Ohio 2018, <https://tinyurl.com/y4r8svk>

<sup>2</sup> ibid

<sup>3</sup> Sojourner, Aaron and José Pacas, The Relationship between Union Membership and Net Fiscal Impact, IZA Institute of Labor Economics (Jan 2018), <http://ftp.iza.org/dp11310.pdf>.

# Recommendations

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State and federal policy makers can make sure all Ohio's working people – not just the top 1 percent – can enjoy a decent life free from economic insecurity. Although this is by no means a definitive list,<sup>4</sup> this report offers a new path forward with practical policy solutions that can be implemented today.

1. **Protect working people's right to organize: Oppose so called "right to work" laws both nationally and here in Ohio and support labor neutrality agreements.**
2. **Strengthen the public sector: Roll back the massive state tax cuts that benefitted the wealthy. Instead, invest in public programs that expand opportunity such as workforce training, education, affordable childcare and public transportation.**
3. **Empower local governments to pass their own laws to protect working people in their communities.**
4. **Fix Ohio's broken unemployment compensation system: Our system can cover more low-wage workers and be solvent, if employers pay their fair share.**
5. **Protect workers on the job with strong workers' compensation benefits.**
6. **Restore the minimum wage: Increasing the minimum wage to \$15 by 2023 would give 2 million Ohio workers a much deserved and overdue raise.**
7. **Restore the 40-hour work week: Improvements to scheduling and overtime rules can bring back stability to the work week. Restored overtime protections would cover 351,000 Ohio workers.**
8. **Paid leave should be the norm, not the exception. Twenty-five years after the federal Family Medical Leave Act only 13 percent of private sector workers have any paid family leave. There is no federal law requiring paid sick leave. Ohio should enact legislation to provide workers with the opportunity to earn leave.**
9. **Enforce rules that protect workers from wage theft: Shorting workers on wages is theft and should be enforced as such. Paycheck transparency and funding for wage theft investigation will help.**
10. **Work requirements don't work: Bad jobs keep people in need. Policies to improve job quality and training can help families prosper. Work requirements in public benefit programs like food assistance and Medicaid keep people poor and sick.**

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<sup>4</sup> For a more expansive list of policy reforms, see "Everyone's Economy: 25 Federal Policies to Lift Up Working People," Demos. February 2018 <https://tinycloud.com/v9lbu6ph> and the National Employment Law Project's work, State agenda for America's workers, at <https://www.nelp.org/publication/state-agenda-americas-workers-18-ways-promote-good-jobs-states/>.

# Protect workers' right to organize

When working people speak up together, they level the playing field with management and company owners. On average a worker covered by a union contract earns 13.2% more in wages than a peer with similar education, occupation and experience in a nonunionized workplace, in the same sector.<sup>5</sup> Union workers in the service industry make 87% more in total compensation and 56.1 percent more in wages than their nonunion counterparts.<sup>6</sup>

Unionized workers in Ohio make \$4.78 an hour more than their non-union counterparts. Over a year of full-time, year-round work, that translates to nearly \$10,000 more. And of course, unionized workers are more likely to get health insurance, a pension and paid sick days, and less likely to face unfair treatment at work. Unions offer workers a way to balance their interests against the rights of the employer. Union members are represented in contract negotiations, and have back-up to enforce their rights at work. The gains made by workers enable them to earn a higher share of the wealth they produce. Unions participate in and support coalitions that move policies that help all workers. Unions and allies brought us the weekend, the 40-hour work week, Social Security, child labor laws, sick days, and unemployment compensation. Those protections limit what unscrupulous employers can do to workers and communities.<sup>7</sup>

Unions help check inequality. When unions are weak, working people get a smaller share of the growth they help produce. When unions are strong, middle incomes increase.<sup>8</sup> Since 1979, despite tremendous growth in the national economy, 60 percent of Ohio workers have seen their inflation-adjusted wages decline in comparison to workers of the previous generation. Only the richest 30 percent of workers are doing better than comparable workers of 40 years ago. This despite the fact that workers today are more likely to have a high school diploma and college degree. The highest earning 10% of Ohioans earned \$6.91 more per hour in 2017 compared to their counterparts a generation ago. Workers in the middle are earning \$0.43 an hour less.<sup>9</sup>

Unions are especially important for women and people of color. Black, white, and female workers all earn more when they are in a union, and the gap between races and sexes shrinks when workers can negotiate their wages together.<sup>10</sup> In Ohio, over the three-year period between 2015 and 2017, women in unions earned \$4.62 an hour more than their nonunionized counterparts, white workers earned \$4.67 more and black workers earned \$2.57 percent more.

## So-called “right to work” is wrong

Despite all their benefits, between 1983 and 2016, the share of Ohio workers in unions declined from 28 to 12 percent of men and from 18 to 11 percent of women.<sup>11</sup> So-called “right-to-work” laws present further threats. In 1961, Dr. Martin Luther King, Jr. said the purpose of right-to-work is “to destroy labor unions and the freedom of collective bargaining by which unions have improved wages and working conditions of everyone.” So-called “right-to-work” laws attack unions by eroding funding and membership.

<sup>5</sup> Bivens, Josh, Lora Engdahl, Elise Gould, Teresa Kroeger, Celine McNicholas, Lawrence Mishel, Zane Mokhiber, Heidi Shierholz, Marni von Wilpert, Valerie Wilson, and Ben Zipperer “How today’s unions help working people: Giving workers the power to improve their jobs and unrig the economy,” August 24, 2017, <https://tinyurl.com/ydyh9h7n>

<sup>6</sup> *ibid*

<sup>7</sup> “11 Reasons to be Thankful for Labor Unions,” Hiden Rott & Oertle, LLP

<sup>8</sup> Bivens, et al

<sup>9</sup> Hanauer, A. (2018, September 1)

<sup>10</sup> *Ibid*

<sup>11</sup> Hanauer, A.

Under current law no one can be forced to join a union. Unions are required by federal law (not state law) to represent everyone in the bargaining group, regardless of whether they are union members or not. Non-members get the benefits of increased wages, benefits and safety protections from the bargaining process.

States that have “right-to-work” laws don’t have stronger job growth than other states.<sup>12</sup> Research shows that these laws have no relationship with state unemployment rates, per capita income, or state job growth.<sup>13</sup> So-called “right-to-work” laws promote competition between communities, prioritize interests of out-of-state corporations and drive employment standards down. These laws turn markets on their heads – shifting power to corporations and forcing *communities* to compete for businesses, instead of businesses competing for customers. Proponents claim that eliminating union rights would make some development deals easier, but those deals are based on cutting corporate costs at the expense of our communities and workers. That’s not the kind of development that will build the middle class.

So-called “right-to-work” laws don’t guarantee anyone a job and they don’t increase worker power on the job. They are most effective at driving down the number of workers who belong to unions and limiting worker political power. New research shows that “right-to-work” laws suppress votes for Democratic presidential candidates by 3.5 percentage points. The study, which compared counties along the borders of states without and with these anti-union laws, found similar effects for U.S. Senate, U.S. House, gubernatorial races, and statehouse legislative control. Overall voter turnout was also lower in states after they passed anti-union laws by 2-3 percentage points.<sup>14</sup>

Unions build community among working people. Be they women, men, black, or white, workers have more in common with each other than they do with their bosses, the politically connected, or with shareholders profiting from their labor. If Ohio wants an economy that brings communities together instead of one that promotes inequality and division then we should support unions, not weaken the bonds of collective bargaining. So-called “right-to-work” laws and these broad attacks on working people accelerate the race to the bottom.

## Support workers’ right to choose

Policymakers can do more to advance the rights of workers to collectively bargain. In addition to standing against deceptive laws like so-called “right-to-work,” labor neutrality policies should be supported. Columbus is leading the way in Ohio. A deal to support a major hotel expansion that would require Franklin County and the city to back \$92.4 million in bonds also requires employees of the hotel to be paid at least \$15 an hour and a labor neutrality agreement that prevents Hilton, the hotel management company, from interfering in union organizing drives that workers may undertake on the property. Local leaders should demand more when handing out tax incentives to developers. Labor neutrality agreements require management to stay neutral and accept employees’ choice to join a union, if a majority of workers choose to sign-up for membership. Building these agreements into every development package would better ensure that prosperity and growth created within the community are shared with all the stakeholders who make them possible.

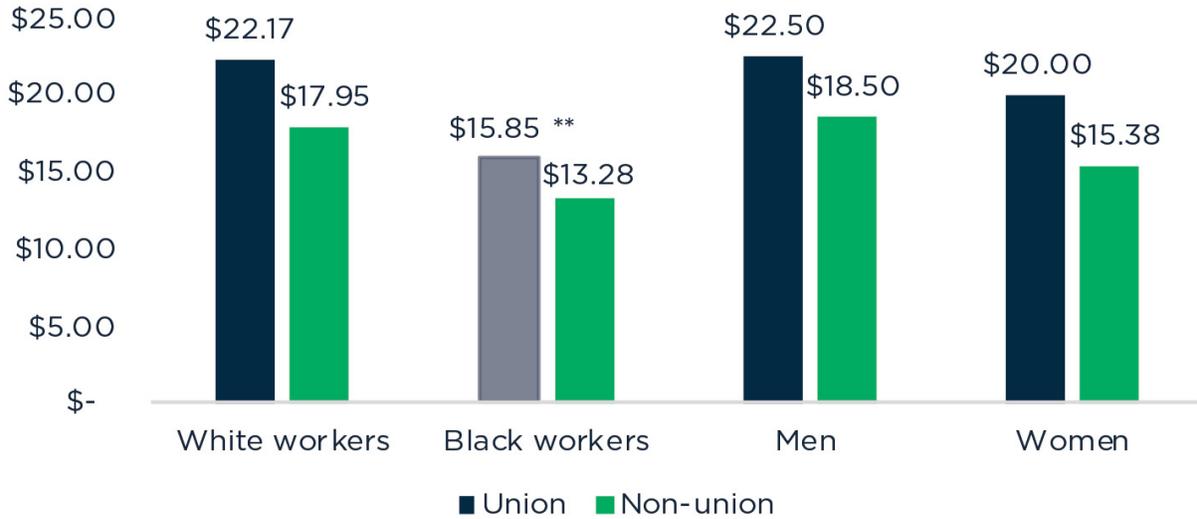
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<sup>12</sup> See for example, Hirsch 1980, Holmes 1998, Farber 2005, Lafer and Allegretto 2011 See Ozkan Eren and Serkan Ozbeklik, “What Do Right-to-Work Laws Do? Evidence from a Synthetic Control Method Analysis” [author-posted version of article published in Journal of Policy Analysis and Management, vol. 35, no. 1 (July 15, 2015), 173-194].

<sup>13</sup> Lafer, Gordon. “Right to work: The wrong answer for Michigan’s economy.” Economic Policy Institute <https://tinyurl.com/6e7jfn7>

<sup>14</sup> Feigenbaum, James, Alexander Hertel-Fernandez and Vanessa Williamson. [jamesfeigenbaum.github.io](https://jamesfeigenbaum.github.io/research/rtw-elections/). <https://jamesfeigenbaum.github.io/research/rtw-elections/>

Chart 1  
**Unions raise wages for white, black, male and female Ohio workers, pooled years 2015-17**



Source: EPI analysis of CPS pooled data, 2015-2017. \*\*NOTE; sample size for non-unionized black men (74) is below the sample we normally require (100). African Americans are more likely to be in a union than white Ohioans but because they are a smaller share of the Ohio population, sample size remained inadequate and this number is somewhat less reliable than other numbers in this figure. Numbers of Hispanic and other ethnicity workers were also insufficient to include. When we pool several years of data, we have to also inflate the older year numbers to current dollars. Since wage growth has been below inflation in some recent years, this can lead to wages that look higher on pooled data. This data is most useful for comparing how different workers do, while larger data sets are better for understanding actual overall median wages.

## Strengthen the public sector

Public programs make our communities stronger by educating our children, caring for our sick, keeping our air and water clean and maintaining our transportation system. They also put more than 778,700 Ohioans to work.<sup>15</sup> Public sector workers are not compensated more highly than their private sector peers, when education levels, experience and other relevant factors are considered.<sup>16</sup> A new study from the Economic Policy Institute shows that Ohio teachers make 16.5% less than other workers with a college degree.<sup>17</sup>

Public sector jobs support local businesses and can help stabilize economies, especially in the wake of large private sector layoffs. When Ohio cut public sector jobs after the Great Recession, it slowed down the state's recovery. That meant fewer families with a paycheck, less spending in our economy, and fewer services in our communities.<sup>18</sup> Public sector jobs are important to our state economy and vital to building livable communities.

<sup>15</sup> U.S. Department of Labor, Current Employment Statistics Survey, Government Jobs in Ohio, March 2019.

<sup>16</sup> *ibid*

<sup>17</sup> Allegretto, Sylvia and Mishel, Lawrence, "Trends in the teacher wage and compensation gaps through 2018, The Economic Policy Institute, April 2019, available at <https://www.epi.org/publication/the-teacher-weekly-wage-penalty-hit-21-4-percent-in-2018-a-record-high-trends-in-the-teacher-wage-and-compensation-penalties-through-2018/>.

<sup>18</sup> Hanauer, A.

Ohio’s state budget has been tight in recent years, but that’s due to tax cuts that favor the wealthy, not public sector jobs. Research consistently shows that public sector compensation, as a share of public budgets, has remained steady.<sup>19</sup> Just one tax loophole costs Ohio more than \$1 billion a year. This tax break permits owners of what are known as “passthrough” businesses, such as partnerships and S Corporations, to avoid paying any income tax at all on the first \$250,000 in profits from those businesses (they’re called “passthroughs” because their owners are taxed on the income when it passes through to them as individuals). Any additional profits are taxed at a flat 3% rate, well below the nearly 5% that would otherwise be paid on that income.<sup>20</sup>

Because of these cuts, Ohio has less money available to make investments in programs, policies, and agencies that help build the middle class. Ohio schools have seen huge declines in the number of librarians, guidance counselors and art, music and gym teachers.<sup>21</sup> Because of weak state support, Ohio’s public universities and community colleges are in the middle of an affordability crisis. They are shifting costs to families in the form of higher-than-average tuition and underfunded need-based financial aid.<sup>22</sup> Fewer working families get help with childcare today than did in 2010.<sup>23</sup> Underinvestment in education reduces opportunities for workers to build skills, and closes off pathways to upward mobility.

The state budget must reflect Ohio’s values and help support working Ohioans. This includes protecting public sector workers and making sure our tax structure is both adequate to meet our investment needs and fair. Rolling back the massive tax cuts that have overwhelmingly favored the wealthiest Ohioans is essential to creating an economy in which a person’s zip code no longer determines their success for failure, and instead all Ohioans can thrive.

Working for Less				
Most common Ohio occupations by employment, 2018				
Top 10 occupations 2018	Total Employment	Median Hourly Wage	Median Annual Salary	Median annual earnings as a share of poverty
Food Prep & Serving Workers, including Fast Food	160,070	\$9.31	\$19,360	93%
Retail Salesperson	154,490	\$11.06	\$23,010	111%
Registered Nurses	125,380	\$30.87	\$64,200	309%
Cashiers	121,600	\$9.71	\$20,190	97%
Laborers & Freight, Stock & Material Movers	119,220	\$13.67	\$28,440	137%
Office Clerks	109,130	\$15.74	\$32,730	158%
Customer Service Reps	100,500	\$16.18	\$33,650	162%
Waiters & Waitresses	94,720	\$9.37	\$19,490	94%
Janitors & Cleaners, except Maids & Housekeeping	81,910	\$12.03	\$25,030	120%
Stock Clerks & Order Fillers	79,790	\$11.96	\$24,880	120%

Source: Bureau of Labor Statistics (BLS), Occupational Employment Statistics (OES) Survey, May 2018 estimates, available at <https://www.bls.gov/oes/tables.htm>, accessed April 21, 2019. Largest detail occupations in Ohio by employment. Median annual earnings shown as a share of the poverty threshold for a family of three in 2018 (\$20,780). The gross monthly income threshold for food assistance is generally 130 percent of poverty.

<sup>19</sup> Allegretto, Sylvia, Ken Jacobs and Laurel Lucia. “The Wrong Target: Public Sector Unions and State Budget Deficits.” Institute for Research on Labor and Employment, University of California, Berkeley, October 2011. <https://tinyurl.com/vasthlwe>

<sup>20</sup> Schiller, Zach and Wendy Patton, “Overhaul: A plan to rebalance Ohio’s income tax,” Policy Matters Ohio, June 25, 2018. <https://tinyurl.com/y3rvnzbx>

<sup>21</sup> Jackson, Victoria. “Number of Ohio’s vital school professionals dwindling.” Policy Matters Ohio, December 2016. <https://tinyurl.com/y84j2jv4>

<sup>22</sup> Jackson, Victoria. “Post 2018-2019 Budget Bite: Public Higher Education.” October 10, 2017. <https://tinyurl.com/yajrrx3y>

<sup>23</sup> Petrik, Will. “Budget Bite: Public child care and early education,” April 2019 available at <https://www.policymattersohio.org/research-policy/quality-ohio/revenue-budget/budget-policy/budget-bite-public-child-care-and-early-education>.

## Empower local governments

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State politicians have not limited their attacks on workers to unions: they've also worked to limit the power of local governments to support working people. Communities across the nation have successfully passed ordinances to help working people who aren't in unions make ends meet. Since 2014, 41 local governments adopted minimum wage increases above that required by their home state.<sup>24</sup> San Francisco, Seattle, and Oregon have passed fair scheduling laws so employers have to post schedules in advance or pay workers extra. Chicago and Seattle have sick leave protections.<sup>25</sup> Raising the minimum wage in the city of Columbus would give a raise to 88,000 workers and boost consumer spending.<sup>26</sup> Instead of supporting communities, Ohio's state legislature pushed through a bill to prevent local governments from securing these same protections.

Ohio lawmakers in 2016 stripped cities and other local governments of the power to adopt similar protections in their own communities. The legislation prohibited communities from raising the minimum wage, protecting the 40-hour work week and sane scheduling, or expanding paid sick leave or family leave, among other things. The rules were added to a bill (SB 331) that was primarily about regulating puppy mills. These restrictions on home rule and the power of communities to directly improve local working conditions were added at the last minute and are now the subject of multiple lawsuits. At the end of last year its legal effect was still unclear. Four courts have invalidated the law as an unconstitutional overreach because it deals with too many unrelated subjects. Courts in Franklin, Hamilton and Cuyahoga counties struck all provisions related to workers and equipment installation, leaving only the puppy mill rules in those areas. A Lucas County court struck the entire legislation, and a court in Summit County upheld the law in its entirety. So the rules vary based on where you live and work. The Attorney General's office is appealing the four decisions striking all or some of the law. SB 331 demonstrates legislators' willingness to overreach and enact anti-worker laws with little transparency or regard to the constitution.

Earlier legislation passed by the state legislature attempted to limit Cleveland and other cities' power to require contractors on large public projects to hire local workers (HB 180). In Cleveland, this law, known as the Fannie Lewis law, guaranteed that 20% of work hours would be done by Clevelanders and 4% of that would be done by people with low incomes. This attempt to prevent local communities from securing jobs has, so far, been blocked by the courts.<sup>27</sup> Arguments before the Ohio Supreme Court were held in early March, 2019.

## Strengthen Unemployment Compensation

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Our unemployment compensation system is underfunded, putting the system at risk of insolvency, particularly in the event of another recession. When the unemployment compensation system cannot pay out the benefits Ohioans need, the state must borrow from the federal government. The federal loan must be repaid within two years or federal

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<sup>24</sup> EPI Minimum Wage Tracker, retrieved April 30, 2019, <https://www.epi.org/minimum-wage-tracker/>

<sup>25</sup> Chandler, Adam. "Predictable Schedules Are the New \$15 Minimum Wage." The Atlantic. September 22, 2016. <https://tinyurl.com/yc822mho>

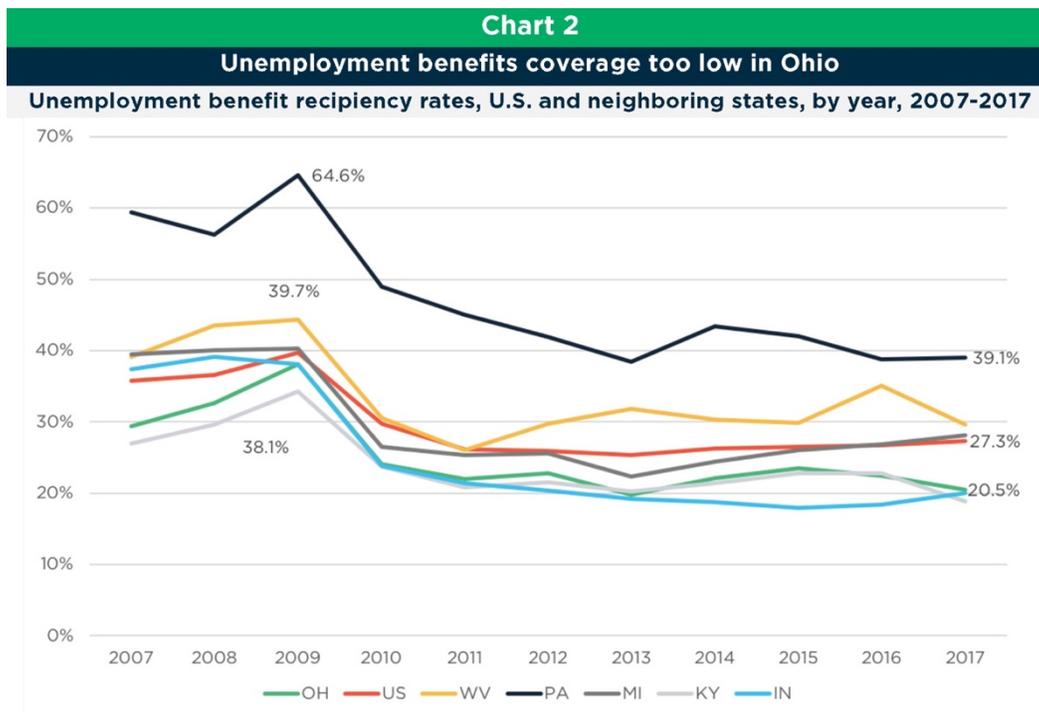
<sup>26</sup> Shields, Michael. "Minimum wage hike would boost Columbus." Policy Matters Ohio. May 5, 2016. <https://tinyurl.com/y9lftzm5>

<sup>27</sup> Mayor Frank G. Jackson Issues Statement Regarding Court Ruling Upholding Fannie Lewis Law. City of Cleveland. December 12, 2017. <https://tinyurl.com/y95ekhmX>

unemployment taxes on employers increase. This happened during the 2007 recession and cost employers \$1.4 billion in additional federal tax between 2012 and 2016. Underfunding also means the state can't modernize our benefit system. A smaller share of Ohio workers is eligible for unemployment benefits than in many other states because we don't extend coverage to many low-wage and part-time workers. A minimum wage worker must work more than 30 hours a week to be eligible – but businesses hiring workers in this stratum often won't give workers enough hours to qualify. At the end of 2018, Ohio's reciprocity rate, which is the insured unemployed as a percent of total unemployment was just 18%, making Ohio the 39<sup>th</sup> worst state in the nation for coverage.<sup>28</sup>

Ohio lawmakers should adopt a fair tax structure that fully funds the unemployment trust fund and keeps the system strong by allowing us to update our antiquated eligibility rules. Instead, they proposed two rounds of legislation that would have dismantled unemployment compensation as we know it. The bills would have drastically cut benefits to workers and initially would have limited the maximum number of available weeks to as few as 12.<sup>29</sup> Strong opposition killed these proposals. A bill pending still would cut that maximum number of weeks from 26 to 24 for most workers, while freezing the benefit amounts a worker can receive for a total of 11 years.

This is the wrong direction for working Ohio. Instead, the state should fix flaws in the financing system and boost employer taxes more significantly. In Ohio, the average tax in 2018 was \$247 per employee. The national average was \$293. Ohio's rate is still 30% below what the federal government considers adequate for financing.<sup>30</sup> Bolstering the employer tax, combined with a small employee contribution, would provide the revenue we need to keep our system strong and solvent.



Source: Policy Matters Ohio, based on U.S. Department of Labor Reciprocity Rates, available at <https://oui.doleta.gov/unemploy/chartbook.asp>, accessed February 6, 2018.

<sup>28</sup> Department of Labor, Unemployment Insurance Data, All Categories, Fourth Quarter 2018.

<sup>29</sup> Halbert, Hannah. "Cutting unemployment weeks hurts job seekers, employers and communities." Policy Matters Ohio. September 22, 2016. <https://tinyurl.com/y7evabqk>

<sup>30</sup> Department of Labor, 2018 Tax Measures report.

## Protect workers on the job

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In 2017, nearly 117,000 Ohio workers were hurt or made sick because of workplace hazards and 174 were killed on the job.<sup>31</sup> Workers' Compensation is designed to treat injured workers, replace wages and motivate employers to prevent injuries. The system is funded by employer-paid insurance premiums. In exchange for that protection, workers gave up their right to sue. Politicians in the Ohio Statehouse sought to restrict worker coverage, barring undocumented workers from eligibility. A bill now pending in the state legislature would mean many workers could be injured at work, receive no assistance with medical treatment or wage replacement, and have no recourse to the courts. The provision has been introduced in several bills. When we released the first version of this report, it was standalone legislation, House Bill 380.<sup>32</sup> Today it is tucked into the renewal bill to fund the Bureau of Workers Compensation. Restricting coverage in this way puts legitimate businesses at a disadvantage by encouraging their competitors to cut corners on safety.

Businesses playing above board should not have to contend with the state giving special treatment to their competitors who break the law. The New Yorker documented this kind of abuse in Ohio by Canton-based Case Farms, which hired undocumented workers and then threatened deportation and called Immigration and Customs Enforcement to avoid paying a claim when a worker was hurt.<sup>33</sup> Seventeen-year-old Osiel López Pérez lost his leg when he fell into the chicken processing machine he was cleaning. No evidence has been raised to suggest abuse of the Workers' Compensation system by undocumented workers. Yet this measure would create new and costly bureaucratic red tape that could slow the processing of claims and waste taxpayer resources. Ohio legislators need to drop this dog whistle attack on undocumented workers and support policies that actually benefit Ohio workers.

## Restore the minimum wage

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Except in a recession, workers create record wealth every year. Since 1979 alone, the state has grown wealthier by more than two thirds. Yet the workers who made this wealth possible have not shared in the growth. The median Ohio worker earns 43 cents less per hour today than in 1979.<sup>34</sup> A decade into the recovery, six of Ohio's largest 10 occupations pay so close to poverty that a family of three would depend on food aid. Today, Ohio's minimum wage is worth 28% less than our peak historic minimum wage, worth around \$12 per hour in today's terms.<sup>35</sup> The minimum wage was valued highest in 1968, at a time when strong policies like it ensured equitable growth and wages kept pace with a strengthening economy. Failure to maintain the value of the minimum wage let inflation erode it, so that workers of later generations arbitrarily enjoy fewer protections than their grandparents did two generations ago. Ohio in 2006 took a step to preserve the value of its minimum wage, by indexing it to

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<sup>31</sup> BLS, State Occupational Injuries, Illnesses, Fatalities, 2017. Retrieved April 30, 2019, <https://www.bls.gov/iif/oshstate.htm#OH>

<sup>32</sup> Shields, Michael. "Workers' compensation budget bill contains provision that endangers workers" Policy Matters Ohio. June 9, 2017 <https://tinyurl.com/y838xnev>

<sup>33</sup> Grabell, Michael. "Exploitation and Abuse at the Chicken Plant." The New Yorker. July 16, 2017. <https://tinyurl.com/y9nhm367>

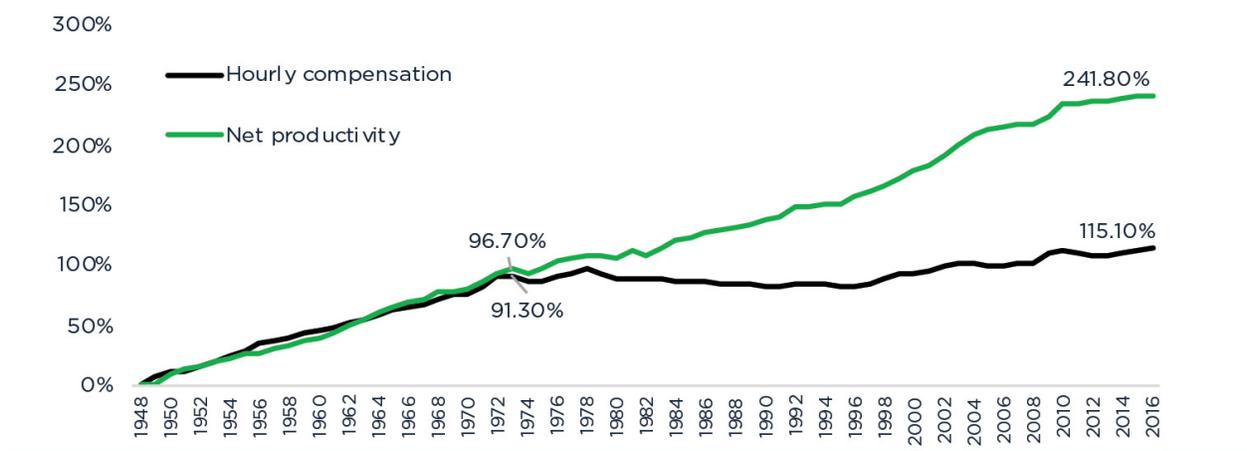
<sup>34</sup> Inflation-adjusted 2017 dollars. Hanauer, Amy. and Grace Chu (September 2, 2018) The State of Working Ohio 2018, <https://tinyurl.com/y4r8srvk>

<sup>35</sup> Shields, Michael. "\$15 minimum wage would improve incomes, increase equity," Policy Matters Ohio, February xx 2019, <https://tinyurl.com/yx986k42>

the Consumer Price Index. The \$6.85 minimum wage passed that year was a step in the right direction, but unfortunately too little to restore all the purchasing power that the state's lowest paid workers had lost.<sup>36</sup>

Restoring the value of the minimum wage to its historic peak half a century ago should be uncontroversial. Yet, in a state that has grown 88% wealthier since then, simply restoring the former peak is not enough.<sup>37</sup> Raising the state minimum wage to \$15 an hour by 2023 would slowly rebuild its purchasing power, helping working families and supporting local spending. Some 2 million Ohio workers, who make the minimum wage or earn close to the minimum, would see gains from raising the wage. Forty-two percent of women and 32% of men would get a raise. Raising the minimum would shrink the pay gap between black and white workers, which tripled from \$1.65 to \$4.60 an hour between 1979 and 2017, and help to reverse the trend in black workers' earnings, which have *fallen* by \$3.00 per hour since 1979.<sup>38</sup>

**Chart 3**  
**Growing apart: Productivity growth no longer leads to compensation growth**  
**US productivity vs. compensation growth, 1948-2016**



Source: Economic Policy Institute (EPI) State of Working America Data Library at <https://www.epi.org/data/#?subject=prodpay>. Uses data from Bureau of Labor Statistics (BLS) and Bureau of Economic Analysis (BEA), State/National Income & Product Accounts (NIPA) public data series. Cumulative change in net productivity (growth of output of goods & services less depreciation per hour worked) of total economy. Real average hourly compensation of private sector product/non-supervisory workers, 1948-2017. Latest data available.

## Restore the 40-hour work week

Ohio should restore the 40-hour work week by updating our overtime laws. Currently, many categories of salaried workers are automatically eligible for overtime pay only if they earn less than \$23,660 – an amount that would keep a family of four in poverty. This means that many salaried managers at restaurants and retail stores can work well over 40 hours a week, and receive no pay for those extra hours. The overtime threshold is set so low that just 7.8% of

<sup>36</sup> Federal Reserve Economic Data, State Minimum Wage Rate for Ohio, <https://fred.stlouisfed.org/series/STTMINWGOH>

<sup>37</sup> Shields, Michael. "\$15 minimum wage would improve incomes, increase equity," Policy Matters Ohio, February xx 2019, <https://tinyurl.com/yx986k42>

<sup>38</sup> Inflation-adjusted 2017 dollars. Hanauer, Amy. and Grace Chu (September 2, 2018) The State of Working Ohio 2018, <https://tinyurl.com/y4r8srvk>

salaried working Ohioans are covered. In 2016, the Department of Labor revised the salary threshold to reestablish coverage for millions of workers who lost it over decades of inflation, but the Trump administration killed the new threshold in and may implement a lower standard set at \$35,308 for a full-year worker in 2020. The president's current proposal leaves behind 226,000 Ohio workers who would have been covered under the 2016 rule.<sup>39</sup>

Ohio workers have already lost more than \$67.6 million in wages, that they would have received had the original rule been allowed to take effect in 2017. Every week that passes without action adds another \$866,234 to that total. An increase in the overtime threshold to \$47,476, an amount still substantially below what the salary threshold would have been had it kept up with inflation, would boost the pay of 351,000 Ohio workers. This change would help modestly-paid and middle-class workers who are salaried, but regularly work overtime.<sup>40</sup>

Ohio policymakers should act. Pennsylvania's Governor is using regulatory rules to lift that state's threshold.<sup>41</sup> New York and California have raised the state threshold and passed future increases to catch up with inflation. Ohio should do the same.

## Make paid leave the rule, not the exception

Working people should not be afraid of losing their job if they get sick or have to take care of a loved one. The federal Family Medical Leave Act is 25 years old, and yet just 13% of private sector workers have access to any form of paid leave and only 4% of low-wage workers do.<sup>42</sup> Paid family leave keeps people connected to the workforce, reduces turnover, and helps families. Along with the District of Columbia, five states—California, New Jersey, Rhode Island, New York and Washington state—have passed legislation to allow workers to earn paid family leave. There is no federal law that requires employers to allow workers to earn paid sick leave. Without paid sick leave, an illness or even the flu could be devastating to a family's budget. Workers must either lose pay or go to work, delay treatment or recovery, and risk being contagious. Five states and D.C. require employers to allow workers to earn some minimum number of days of paid sick leave (Connecticut, California, Massachusetts, Oregon, and Vermont).<sup>43</sup> Ohio should do the same.

## Protect workers' wages

Employers are stealing millions of dollars from Ohio workers each year. Among the 10 largest states, Ohio has the second highest share of workers who are eligible for the minimum wage but are being paid less than that (22.7%). Ohio employers steal an estimated \$2,800 annually from each of 217,000 Ohio workers through minimum wage violations alone.<sup>44</sup> Yet Ohio has one of the smallest state wage and hour investigation and enforcement offices in the nation.<sup>45</sup>

<sup>39</sup> Shierholz, Heidi. "More than 8 million workers will be left behind by the Trump Overtime Proposal." April 9, 2019 <https://tinyurl.com/yyxcrmtt>

<sup>40</sup> Shierholz, Heidi. "Millions fewer would get overtime protections if the overtime threshold were only \$31,000." Economic Policy Institute. November 15, 2017. <https://tinyurl.com/ya8elyu3>

<sup>41</sup> Herzenberg, Stephen. "Feds' weak plan reinforces need for Wolf action to help 275k Pennsylvanians get overtime pay | Opinion" Capital Star Reporter, April 9, 2019. <https://tinyurl.com/yy6lq6nu>

<sup>42</sup> Gould, Elise. "Providing unpaid leave was only the first step; 25 years after the Family and Medical Leave Act, more workers need paid leave." February 1, 2018. <https://tinyurl.com/ybzbxxjs>

<sup>43</sup> Gould, Elise and Schieder, Jessica. "Work sick or lose pay?" Economic Policy Institute. June 28, 2017. <https://tinyurl.com/ybvqol33>

<sup>44</sup> Cooper, David and Teresa Kroeger. "Employers steal billions from workers' paychecks each year", Economic Policy Institute, May 10, 2017 <https://tinyurl.com/ycv6eupy>

<sup>45</sup> Cooper, David and Kroeger, Teresa. "Employers steal billions from workers' paychecks each year." Economic Policy Institute. May 10, 2017. <https://tinyurl.com/ycv6eupy>

Employers commit wage theft when they fail to pay workers the full wages they earn under the law. Wage theft includes paying less than the minimum wage or the agreed wage; failing to pay overtime as required; not paying for all hours worked; and misclassifying workers as salaried staff or independent contractors to evade paying overtime or payroll taxes.

Ohio's wage and hour enforcement division is understaffed and underfunded, with just five investigators and a supervisor covering the entire state. That's one for every investigator for every 932,367 workers.<sup>46</sup> And matters are getting worse: funding for the Bureau of Wage and Hour is down more than 24% on an inflation adjusted basis since 2010 and under the current budget proposal it will fall further. This has consequences. The Bureau only responds to complaints. There are simply not enough staff to engage in sector-based strategic enforcement or to develop a more proactive policy of engagement.

Wage theft is a quiet crisis in Ohio. Wage theft victims are often afraid to come forward to assert their rights. Many workers fear employer retaliation or are especially vulnerable because they are not citizens. A complaint-driven process makes it less likely that an employer will get caught, creating a disincentive to invest in getting the payroll right. The state budget, which has failed to maintain funding for Ohio's Wage and Hour bureau against inflation, squeezes the bureau even further this biennium with a proposed \$100,000 cut.<sup>47</sup>

To protect Ohio workers, Ohio should implement a strategic enforcement model that includes cultivating partnerships with community members and talking with workers offsite to build trust, acting on tips as well as formal complaints, and focusing on key industries known to harbor substantial wage theft. To implement this model, Ohio needs an additional \$1 million in spending this biennium. The state should also enforce its existing treble damages law as a deterrent. Wage theft is also difficult to document. This challenge is complicated by the fact that Ohio employers are not currently required to give workers a paystub. House Bill 137 would change that. The legislature should pass it.

**Chart 4**  
**State funding for wage and hour enforcement**



Source: Policy Matters based on LSC Greenbook allocations, FY2011 based on actual spending. Agency was merged into Industrial Compliance in 2011 and budget made no allocation for the Bureau. This was backfilled through JCARR action. FY 2020 and 2021 based on LSC Redbook for budget as introduced, all adjusted for inflation.

<sup>46</sup> Feb. 2019 Shields, Michael, "Wage theft: A quiet crisis in Ohio," Policy Matters Ohio, April 10, 2019, <https://tinyurl.com/y5axbr3p>

<sup>47</sup> Halbert, Hannah. "Budget Bite: Wage theft ignored in proposed budget," Policy Matters Ohio, April 10 2019, <https://tinyurl.com/y3rkvkqz>

# Work requirements don't work

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Instead of adding work requirements and time limits to programs that help people afford food or get medical care, Ohio's policymakers should be investing in programs that help low-wage workers get the skills they need to be competitive.

Work requirements don't create jobs, boost wages, or help poor workers get training for better jobs. An evaluation of work requirements in Franklin County's Supplemental Food Assistance Program (SNAP), formerly known as food stamps, found that most work placements were at sites that offered little in terms of training or experience that would move participants out of poverty or decrease their need for assistance. Work sites included janitorial work, grounds maintenance, office working or packing—the kinds of low-paying jobs many participants reported already having.<sup>48</sup> According to research, most cash assistance recipients subject to work requirements stayed poor, and some became poorer.<sup>49</sup> This makes sense considering that a typical worker in six of the 10 largest occupation categories in Ohio would earn so little they would need food assistance for a family of three. Too many jobs in the state pay poverty wages.

Successful workforce training programs are voluntary and focus on education and skills, rather than work search or job placement.<sup>50</sup> The voluntary SNAP Employment and Training program in Washington state serves 28,000 people a year, connecting them to community college and technical school training, as well as basic adult education and English as a second language courses. Instead of work requirements, the state should fund voluntary programs that connect the poor and working poor to training and education. The state should start the SNAP E+T planning process and fund the emerging model.<sup>51</sup> The workforce development system should prioritize services for low-income people and others with barriers to employment, like formerly incarcerated people.

## Conclusion

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This report describes 10 ways Ohio policymakers can advance the interests of working people. The economy can work for all, not just the top 1%, but policies must change. Rewarding the rich and corporations and their shareholders has deepened inequality and eroded the policies that help build the middle class. Protecting and expanding collective bargaining rights, the primary way workers can have a voice on the job and in policy, is necessary to bring balance to state and national policy. Rolling back years of tax cuts for the wealthy would allow the state to invest in programs that help all of us succeed, like affordable child care and education. Wages, work rules and policies that help keep working families stay afloat during economic downturns are critical to financial security of families. Restoring local governments' power to improve working conditions and expanding workplace protections should be a top priority of state politicians.

Inequality is not the natural order of our economy, but the product of policy choices. There is a way forward. We can build an economy that works for all.

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<sup>48</sup> Halbert, Hannah. "SNAP to Skills." Policy Matters Ohio, March 22, 2017. <https://tinyurl.com/y7to77sh>

<sup>49</sup> Pavetti, LaDonna. "Work Requirements Don't Work." Center on Budget and Policy Priorities, January 10, 2018 <https://tinyurl.com/yagn4dd8>

<sup>50</sup> Pavetti, LaDonna.

<sup>51</sup> Halbert, Hannah, "Budget Bite: SNAP, employment and training," Policy Matters Ohio, April 2019, available at <https://www.policymattersohio.org/research-policy/quality-ohio/revenue-budget/budget-policy/budget-bite-snap-employment-and-training>.

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