

THE STATE OF WORKING OHIO 2011

A REPORT FROM
POLICY MATTERS OHIO

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POLICY MATTERS OHIO, the publisher of this study, is a nonprofit, nonpartisan statewide research institute dedicated to researching an economy that works for all in Ohio. Policy Matters seeks to broaden the debate about economic policy in Ohio, by providing quantitative and qualitative analysis of important issues facing working people in the state. Policy Matters has done research on policies affecting work, wages, economic development, education, taxes, energy and other issues. The organization was named most effective state or regional organization by *The Nation* and was given awards for innovation and excellence by the Mandel Center for Non-Profit Organizations and the Ohio Association of Non-Profit Organizations.

EXECUTIVE SUMMARY

The State of Working Ohio, 2011 uses the best and most recent data available to assess how Ohio workers are faring this Labor Day. It won't come as news to readers that the answer is extremely poorly. Nonetheless, this comprehensive look at the labor market gives confirmation to the sense that many Ohioans have: that wages are shrinking, jobs are elusive, and workers are being left behind. Key findings include:

Unshared prosperity: Between 1940 and 1979, U.S. income grew enough to have every American earn \$28,749 more. The richest 10 percent got 28 percent of that increase and the bottom 90 percent shared the other 72 percent. In contrast, between 1979 and 2008, U.S. income grew enough for a \$10,401 boost to each American, but every penny went to the richest 10 percent. Income for the bottom 90 percent declined over this period.

Employment: Ohio has lost 594,000 jobs since peak employment just over a decade ago.

In 2010, **labor force participation** – the percentage of people employed or looking for work – fell for the fourth straight year to 65.2 percent, the lowest level since the late 1980s. The **employment-to-population ratio** – the number of people employed compared to the number of working-age adults – declined even more sharply, to 58.6 percent, the lowest level since 1985.

Women's labor force participation fell to 60.3, the lowest since 1999. Before this slump, women's labor force participation had not fallen for two years in a row since we started tracking it in 1979. Women's employment levels, which had climbed throughout the 80s and 90s, are now 55.2 percent, more than three percentage points below their peak. Men's labor force participation levels fell for the fourth year in a row to 70.5 percent and male employment levels fell to 62.4 percent – both indicators are at the lowest level in more than 60 years of record-keeping.

African Americans, whose employment levels had risen above 60 percent before the early 2000s recession, are now employed at just barely over fifty percent. In 1999, when labor demand was high, more than 62 percent of black Ohio adults were working.

Fewer than half of all 16-24 year olds in Ohio were employed in 2010 for the first time in the past 20 years, down from 64 percent in 2000.

Unemployment: Workers are considered unemployed only if they're actively seeking work. Those who've stopped looking are not counted in the measure.

Average annual unemployment in Ohio was 10.1 percent in 2010. Monthly rates fell in the early part of 2011 and have since risen slightly - they were at 9.0 percent in July 2011. The 2009 and 2010 annual averages are the highest since 1983 and by far the worst of this decade. Unemployment is worse in this slump than in recessions of the early 2000s or the 1990s but not as bad as 12 percent rates in the early 1980s recession.

Men's unemployment rates of 11.5 percent are worse than in 1990s or 2000s slumps, but not as bad as the 13.2 percent peak in the early 1980s recession. Women's unemployment is 8.5 percent, worse than at any time since the early 1980s.

Unemployment is at crisis levels in the black community. For two years in a row, more than 16 percent of black Ohioans have been actively seeking work and unable to find it.

Young adults are trying to break into the labor market at the most inhospitable time in recent history. A staggering 20.4 percent of 16-24 year olds could not find work in 2010.

Nearly one in four workers (23 percent) with less than a high school education was jobless in 2010, worse than any time in the last two decades. High school graduates faced a 12 percent official unemployment rate. Even those with a BA or more had a 4.5 percent unemployment rate, exceeding any rate tracked in the last 31 years.

Persistent unemployment is the worst in recorded history. Those who've been unemployed for more than 26 weeks make up a far larger share of the unemployed than in other slumps. A breathtaking 42.4 percent of the unemployed had been out of work for more than half a year during 2010, the highest level in more than 60 years. More than 29 percent of Ohio's unemployed had been out of work for more than a year. Fully a quarter of black workers, nearly a third of young workers, and more than a third of those with less than a high school degree were defined as underemployed in 2010.

Wages: Ohio was one of only ten states to see inflation-adjusted median wage decline from 2000 to 2010. Our wages declined more than those of any other state, with an 86-cent loss over the decade. Since 2000 men's wages have declined by more than a dollar an hour at the median, while women's have stayed essentially flat.

Men and women have attained higher levels of education, but since 1979 men's median wages have declined by \$2.30 an hour, adjusted for inflation, while women's wages have grown by about \$2.00 an hour. That modest growth took place in the 1980s and 1990s, with no net growth in this decade.

Racial disparities have worsened in Ohio since 1979. At the median, black workers earned just \$12.11 in 2010, a more than \$2.50 hourly wage decline from what African-American workers had earned more than 30 years earlier, adjusted for inflation

Workers without a high school degree have seen sharp wage declines and earned just \$9.56 per hour in 2010. Those with a high school degree or some college have also seen steep declines since 1979 and both categories earned in the \$13.80 per-hour range.

Wage inequality continues to climb. Low- and moderate-wage workers – those at any percentile below the 60th – had lower wages in 2010 than their counterparts did a decade (in 2000) or a generation ago (in 1979). The 90th percentile worker now earns 4.14 times what the 10th percentile worker earned in 2010, up from 3.38 times as much in 1979.

The State of Working Ohio ends with recommendations to create jobs in Ohio and help the state emerge from this severe employment crisis.

THE STATE OF WORKING OHIO, 2011

Introduction

This study examines unemployment, employment, wage growth, productivity growth and other issues facing Ohio's labor market in the midst of the current slump. It won't come as news to most readers on this Labor Day that Ohio's workers are facing a brutal job market. Our labor market had not fully recovered from the recession of the early 2000s when the 2009 recession hit, with more heavy job loss, soaring unemployment, and low job quality. While the recession officially ended, we are undoubtedly still in a very weak economy. Unemployment, down slightly from last year, is otherwise as high as it's been since the recession of the early 1980s. Underemployment is at similar highs. Long-term unemployment is higher than at any time in 60 years of record keeping, with more than 40 percent of the unemployed experiencing more than half a year of joblessness. Men's employment levels and labor market participation levels are at similar 60-year lows. Wages are stagnant or even declining for the typical worker, and a whole generation has gone by with wages not growing at the median – in the past decade Ohio's median wage has declined more than that of any state. Inequality is high and growing with lower, middle, and even upper-middle income workers seeing wage decline. As is unfortunately often the case, each of these indicators is substantially worse for the black community. And our young people in Ohio face enormous barriers – high unemployment, few jobs, low wages. The closed entryway for young workers may permanently damage fledgling careers.

Readers could be forgiven for assuming that nobody is winning in today's economy. But, as has often been the case in this generation, in fact productivity is high and growing, and incomes at the very top are ballooning. The growth is simply not being shared.

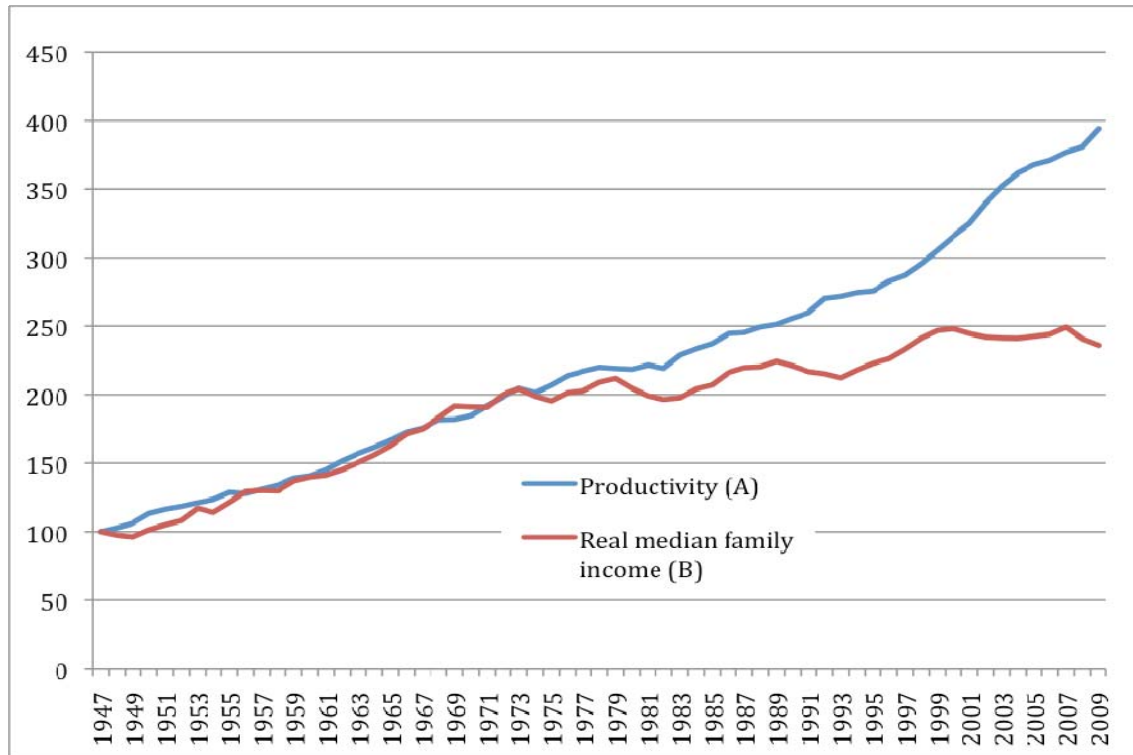
Between 1940 and 1979, U.S. income grew enough to have every American earn \$28,749 more. The richest 10 percent got 28 percent of that increase and the bottom 90 percent shared the other 72 percent. In contrast, between 1979 and 2008, U.S. income grew enough that it could have provided a \$10,401 boost to each American, but every penny went to the richest 10 percent. Income for the bottom 90 percent declined over this period.¹

The table below looks at median family income in the country as a whole. Most of the rest of this document examines employment, unemployment, and hourly wages in Ohio, using the Current Population Survey and the Current Employment Statistics of the U.S. Census Bureau as main sources.

Our economy is still growing. In Figure 1 below, the blue line shows productivity growth, which has gone steadily upward since 1947. The red line shows inflation-adjusted median family income growth, which also grew steadily at the same pace as productivity, from 1947 to the mid 1970s. Both productivity and median family income approximately doubled between 1947 and 1979. Unfortunately, about 35 years ago the two lines began to diverge, with productivity continuing to gain steadily and median family income stagnating. From 1979 to 2009 productivity almost doubled again, growing by 79.9 percent. Family income over this period, however, grew by only 11.4 percent at the median and much of that growth was due to more family members entering the workforce, as opposed to greater compensation for each working family member. The benefits of increased productivity over the last 35 years have not gone to the middle-class families who helped create that productivity growth.

¹ From the Economic Policy Institute's interactive website at <http://www.stateofworkingamerica.org/pages/interactive#/?start=1979&end=2008>.

Figure 1: Productivity and Median Family Income in the U.S., 1947-2009



Source: Economic Policy Institute analysis of U.S. Census Bureau Historical Income Tables and U.S. Bureau of Labor Statistics Major Sector Productivity and Costs data.

(Not) Working in Ohio

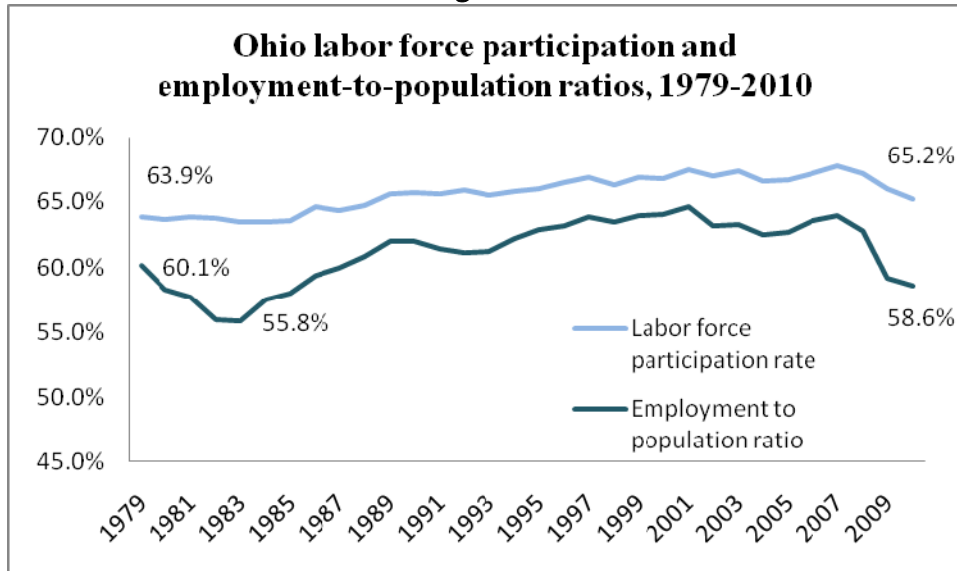
Unemployment is the real story in Ohio and the United States during this slump. We have high unemployment, staggering numbers for certain communities, and all-time record levels of long-term unemployment. As we evaluate unemployment levels, however, it is important to remember some definitions. Workers are officially unemployed only if they are actively seeking work. In a bad economy, many workers drop out of the labor force and are no longer counted among the unemployed. This can include parents who decide to stay home with their children instead of continuing to seek work or students who decide to go back to school while labor demand is weak. But it can also include older workers who decide to “retire” early after losing a job before they intended to stop working, and adults in their prime working years who simply become too discouraged to continue applying and receiving rejections.

In 2010, Ohio labor force participation rate fell for the fourth straight year to 65.2 percent, the lowest level since the late 1980s. People are considered part of the labor force if they are working or actively seeking employment (unemployed). The other 34.8 percent were not in the labor market and therefore not included among unemployment statistics. This is worth keeping in mind as we evaluate the unemployment numbers in the rest of this report. At the same time, the employment-to-population ratio – the actual number of people employed compared to the number of working-age adults – declined even more sharply, to 58.6 percent, the lowest level since 1985.

Unemployed job-seekers, students, early retirees and discouraged workers are part of the population, but not employed, so this ratio captures that weak labor market. The current ratio means that only 58.6 percent of working age adults (age 15-64) are employed. Given the shift in expectations about

women’s employment since the 1980s, this is a deeply problematic level of employment. Figure 2 below shows labor force participation and employment-to- population ratios since 1979.

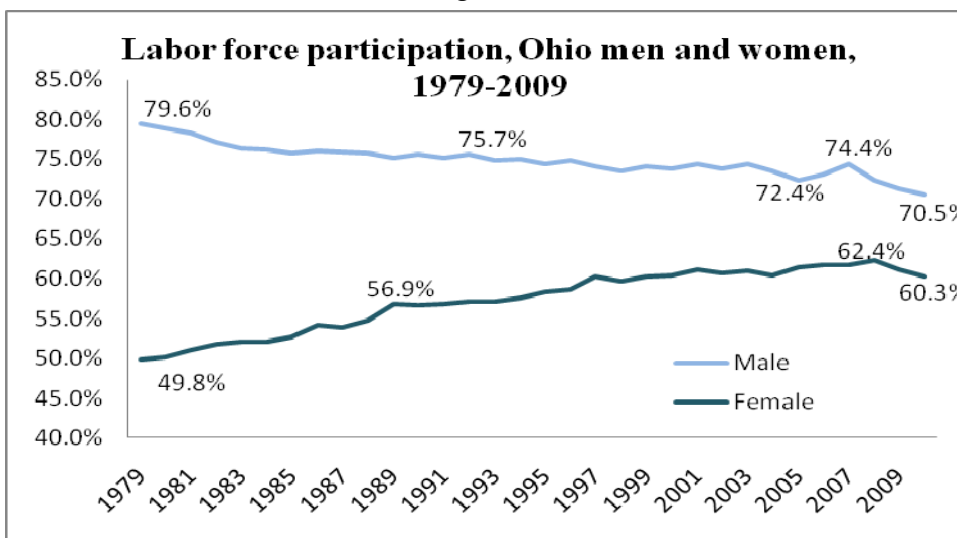
Figure 2



Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) data

Men’s labor force participation has dropped sharply for four years in a row and was at 70.5 percent in 2010, a more than sixty-year low. This indicator dropped from 79.6 percent in 1979 to the 76 percent range in the mid 1980s, to 72.4 percent in the early 2000s, then rose slightly to 74.4 percent in 2007 before dropping to the 2010 low. Male labor force participation remains above that of women in Ohio. Those who are not in the labor force are not considered unemployed so declines in labor force participation can mask what would otherwise be higher unemployment rates. Figure 3 below depicts men’s and women’s labor force participation since 1979.

Figure 3

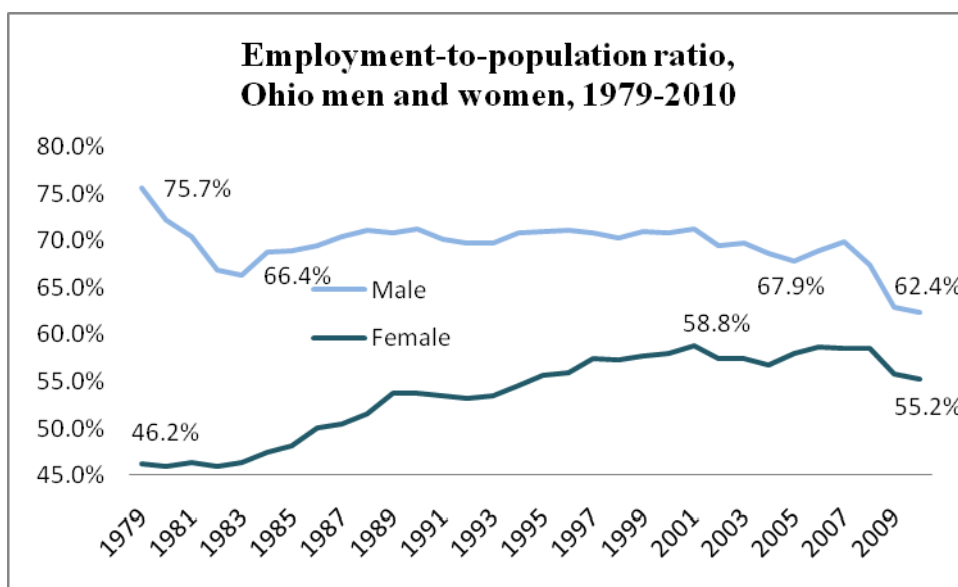


Source: EPI analysis of CPS data

Women’s labor force participation fell to 60.3 percent in 2010, the lowest since 1999. Before this downturn, women’s labor force participation rates had risen steadily for most of the past generation and had not fallen for two years in a row since 1979 (although there were consecutive years with little growth). Women’s labor force participation rose consistently from 49.8 percent in 1979 to over 55 percent in the late 1980s to a high of 62.4 percent in 2008 before the current drop began.

Employment-to-population ratios, shown here going back to 1979, have declined for both men and women in the current recession and weak recovery. Men’s employment levels are at their lowest level in more than sixty years of record-keeping. Women’s levels, which had climbed throughout the 80s and 90s, are now more than three percentage points below their peak. Figure 4 looks at employment-to-population ratios for men and women in Ohio over the past 31 years.

Figure 4



Source: EPI analysis of CPS data

Participation in the labor force, employment and unemployment differ dramatically by gender, race, age and education levels. Middle-aged Ohioans and those with more education generally have higher levels of labor force participation and employment. Among racial and ethnic groups, however, the highest employment and labor force participation is among Hispanic Ohioans, despite other disadvantages that Latinos face in the labor market. Table 1 provides information on labor force participation, employment-to-population ratios, unemployment and long-term unemployment for Ohio workers, based on race, gender, age and education levels, as well as basic information in the final column about what portion of the labor market is comprised of these demographic groups.

Table 1

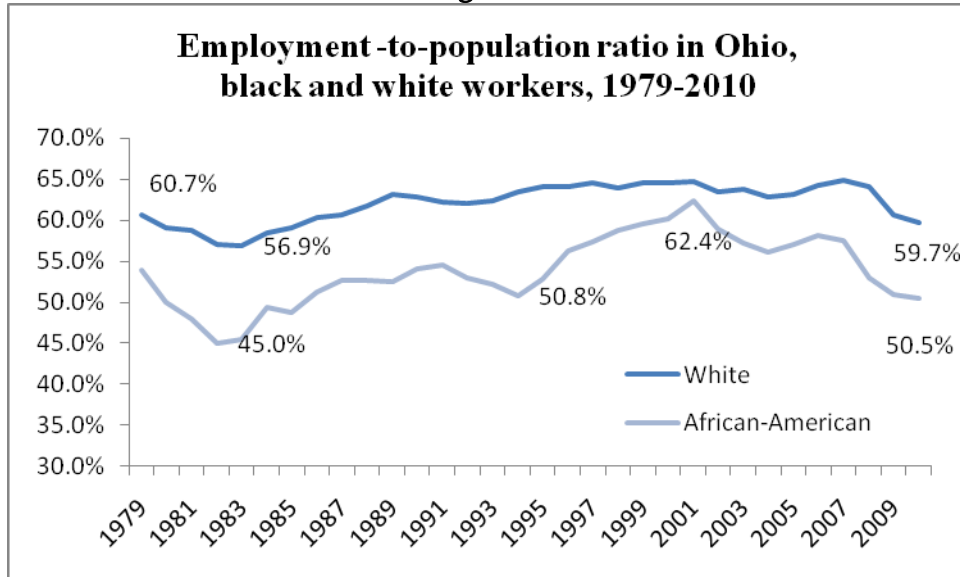
Labor Force Statistics by Demographic, Ohio, 2010					
	Labor force participation rate	Employment to population ratio	Unemployment rate	Long-term unemployment share	Share of labor force
All workers	65.2%	58.6%	10.1%	42.4%	100.0%
Gender					
Male	70.5%	62.4%	11.5%	44.5%	52.0%
Female	60.3%	55.2%	8.5%	39.4%	48.0%
Age					
16-24 yrs	61.3%	48.8%	20.4%	30.8%	14.7%
25-54 yrs	82.0%	74.7%	8.9%	44.8%	65.3%
55 yrs and older	40.3%	37.7%	6.4%	59.0%	20.0%
Race / ethnicity					
White	65.8%	59.7%	9.1%	43.0%	84.8%
African-American	60.6%	50.5%	16.7%	40.1%	10.2%
Hispanic	70.5%	62.3%	11.6%	(a)	2.5%
Asian/Pacific islander	63.5%	56.1%	(a)	(a)	1.3%
Education					
Less than high school	36.4%	28.1%	23.0%	38.0%	8.2%
High school	63.2%	55.6%	12.0%	45.6%	36.5%
Some college	72.9%	66.4%	9.0%	40.9%	29.9%
Bachelor's or higher	79.0%	75.5%	4.5%	41.2%	25.4%

Source: EPI analysis of CPS data. (a) insufficient sample size

Employment participation levels were at twenty-year low points for many demographic groups in Ohio in 2010. African Americans, whose employment levels had risen above 60 percent before the early 2000s recession, are now employed at just barely over a fifty percent level and fewer than half of all 16-24 year olds (any race) in Ohio were employed in 2010 for the first time in the past 20 years, down from 64 percent in 2000.

Figure 5, below, shows employment-to-population ratios for black and white workers over the past generation. When looking at long-term trends in this indicator, it's important to remember how expectations for women's work have changed – in the early years of this series, women were far less likely to be in the labor force. The year 1999 probably best reflects worker preferences about employment – when labor demand was high, more than 62 percent of working-age African Americans were employed. Now that labor demand has slackened, only half of African-American adults of working-age are employed. The rate has not dipped this low since the early 1990s recession when more income support for non-working adults was available. Now, with the nation's largest poverty relief program (the Earned Income Tax Credit) being tied to employment, it is clear that communities with so few employed adults would have a difficult time meeting basic needs.

Figure 5



Source: EPI analysis of CPS data

Out of Work

Average annual unemployment in Ohio dropped only slightly in 2010, from 10.3 percent to 10.1 percent. Monthly rates fell from this level in the early part of 2011 and have since risen slightly - they were at 9.0 percent in July 2011. The 2009 and 2010 annual averages are the highest annual rates of unemployment since 1983, and are by far the worst of this decade. Unemployment levels are worse in this slump than in the recessions of the early 2000s or of the early 1990s but not as bad as the levels exceeding 12 percent that came with the early 1980s recession. However, we are not yet seeing robust job growth at a time when recovery had taken hold in previous recessions. Figure 6 shows unemployment levels over the past generation, since 1979.

Figure 6



Source: EPI analysis of CPS data

Monthly unemployment levels fluctuate and are often revised, so they are not as accurate a measure of joblessness as annual rates. Seasonally adjusted unemployment levels crept up in July 2011 to 9.0 percent in Ohio after having been between 8.6 and 8.9 percent for much of the spring and summer. Average annual unemployment for 2011 is likely to be a solid percentage point below that of average annual unemployment in 2010. However, employment levels of 9 or even 8 percent are far from acceptable. State and national policy has been excessively focused on tax cuts and insufficiently concerned with the most urgent problem facing our communities – the high and long-term joblessness.

How We Compare

Ohio’s 2010 unemployment rate exceeded that of the nation, but was similar to that in our region – the east north central portion of the Midwest. Our unemployment rate of 10.1 percent was substantially higher than that in Wisconsin (8.7 percent) but lower than the rate in Illinois (10.2 percent), Indiana (10.6 percent), or Michigan (12.2 percent) as Table 2 shows.

Table 2

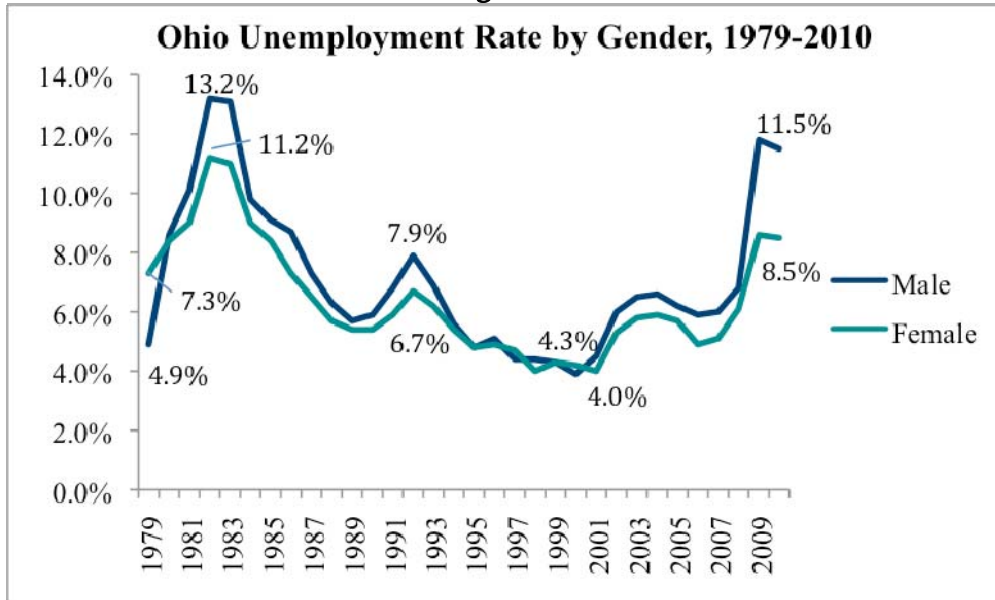
Unemployment Levels, 2008-2010			
U.S., Midwest, and East North Central States			
	2008	2009	2010
United States	5.8%	9.3%	9.6%
Midwest	6.0%	9.5%	9.4%
East North Central	6.6%	10.6%	10.4%
Ohio	6.5%	10.3%	10.1%
Indiana	6.0%	10.0%	10.6%
Illinois	6.6%	10.0%	10.2%
Michigan	8.3%	13.3%	12.2%
Wisconsin	4.7%	8.4%	8.7%

Source: EPI analysis of CPS data

Regardless of whether the situation is as bad as in all neighboring states, Ohio unemployment levels are high and not dropping quickly. They are also substantially higher than in the early 2000s recession or the 1990s recession. Unemployment in this recession did not, however, reach the height that it reached in the early 1980s recession, when it peaked at 12.4 percent and stayed in that range for two years.

Both men and women are struggling with high unemployment, but the situation is considerably worse for male workers, of whom about one out of nine is out of work. Male unemployment of 11.5 percent is worse than in the recession of the 1990s or the early 2000s, but not quite as bad as the 13.2 percent peak that was reached in the early 1980s recession. Female unemployment is at 8.5 percent, also worse than at any time since the early 1980s. We can only calculate unemployment by gender for the full year, but like overall unemployment, it is likely that male and female unemployment have each fallen slightly over the course of this year. More than one out of nine men and more than one out of twelve women actively seeking work and unable to find any employment. Figure 7 portrays unemployment for men and women over the past three decades.

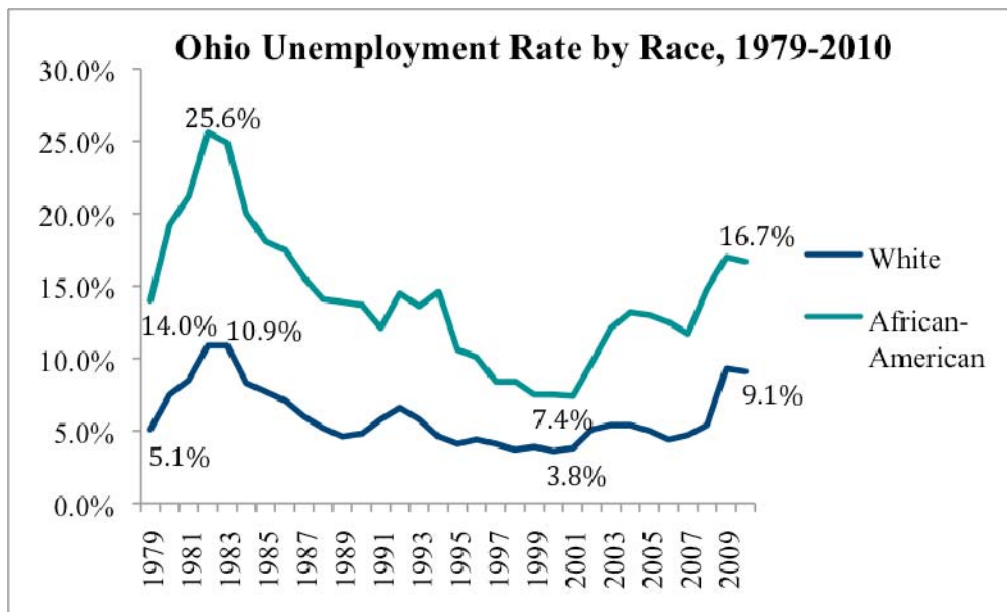
Figure 7



Source: EPI analysis of CPS data

Unemployment is at crisis levels in the black community in Ohio. For two years in a row now, more than 16 percent of African Americans in Ohio have been actively seeking work and unable to find it. More than one out of six black workers was unable to find work in Ohio in 2010. For white workers, rates were also high, at 9.1 percent official unemployment, as Figure 8 shows. As with other demographic groups, the current high levels, for both racial categories, is far worse than anything seen in the last two decades, but is not as bad as the peaks reached in the early 80s recession, when black unemployment reached a staggering 25.6 percent of the black working age population.

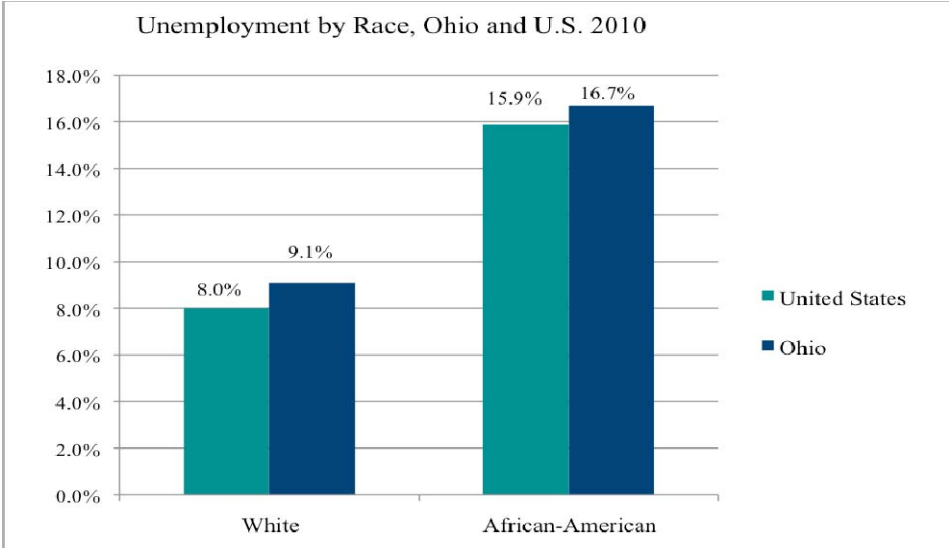
Figure 8



Source: EPI analysis of CPS data

Unemployment for both black and white workers is high at both the state and the national level. That said, in both Ohio and the nation, the unemployment situation facing black workers is much tougher than that facing whites. And, for both demographics, Ohio’s labor market is less hospitable. For calendar year 2010, white unemployment was 8 percent nationally and 9.1 percent in Ohio, and black unemployment was 15.9 percent nationally and an appalling 16.7 percent in Ohio, as Figure 9 shows.

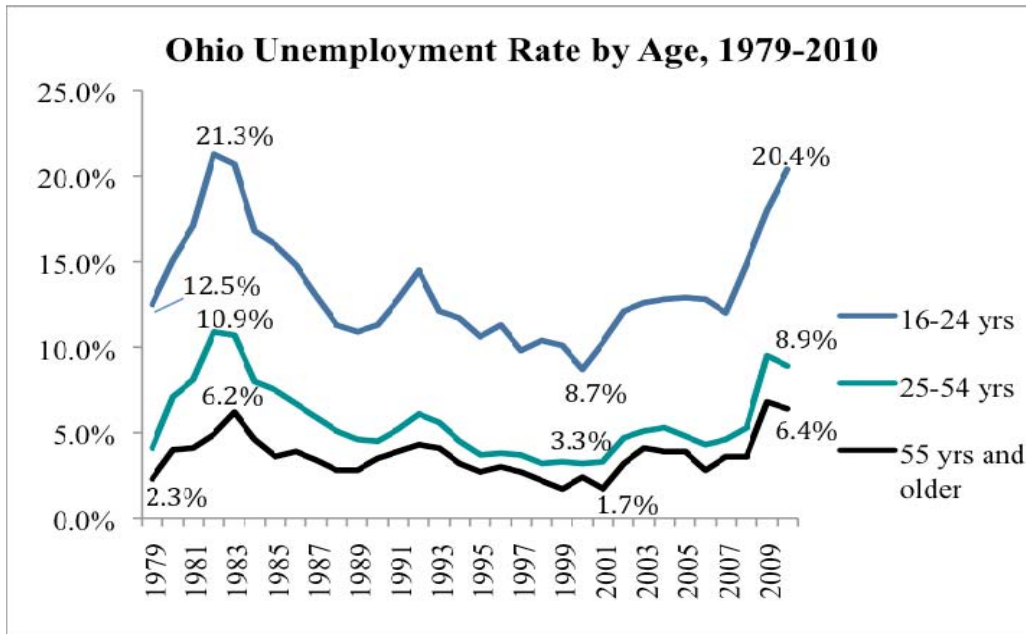
Figure 9



Source: EPI analysis of CPS data

Today’s young adults are trying to break into the labor market at the most inhospitable time in recent history, and they are often finding the entry ramp blocked. A staggering 20.4 percent of 16-24 year olds were unable to find work in 2010. In contrast to older age groups, this rate was slightly worse than in 2009. This hostile start to careers is likely to set many members of this generation permanently behind their elders in job security and quality. The job market for young adults has not been this bad since the recession of the early 1980s. The oldest workers face the lowest unemployment levels, at 6.4 percent, but it is worth noting that this unemployment rate for workers over age 55 is higher than at any time we’ve tracked, including that of the early 1980s recession. Figure 10 shows unemployment rates by age for working-age adults.

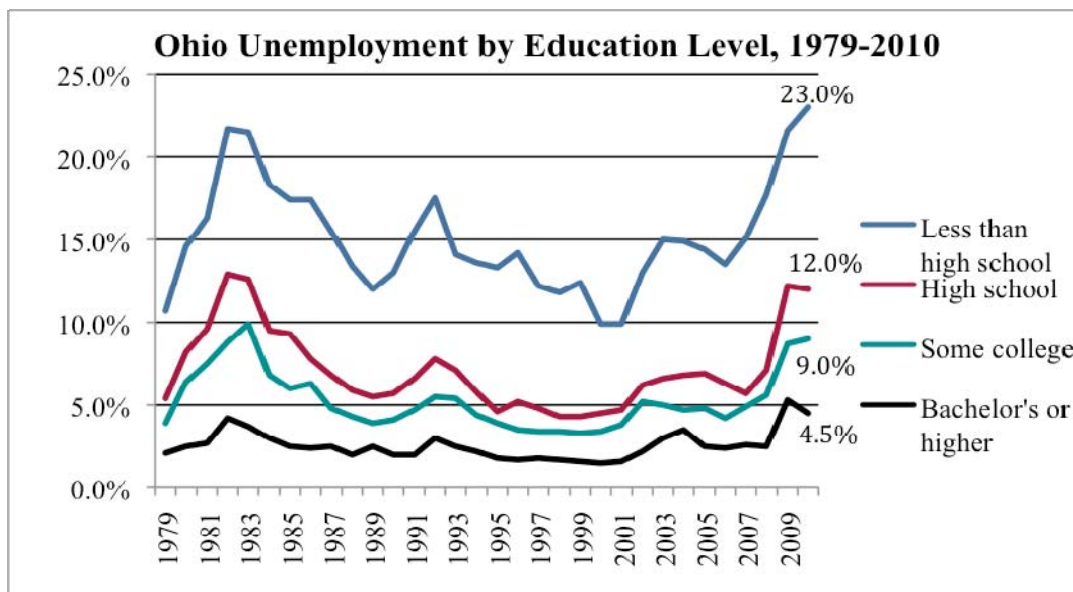
Figure 10



Source: EPI analysis of CPS data

Unsurprisingly, lower levels of education completion translate to less job security in this tough economy (and in better economic times as well). Nearly one in four Ohio workers (23 percent) with less than a high school education was jobless in 2010, worse than the previous year and far worse than any other time in the last two decades, as Figure 11 shows. High school graduates also faced huge barriers to employment, with a 12 percent official unemployment rate. Even those with a BA or more had a 4.5 percent unemployment rate, which exceeded any rate tracked in the last 31 years.

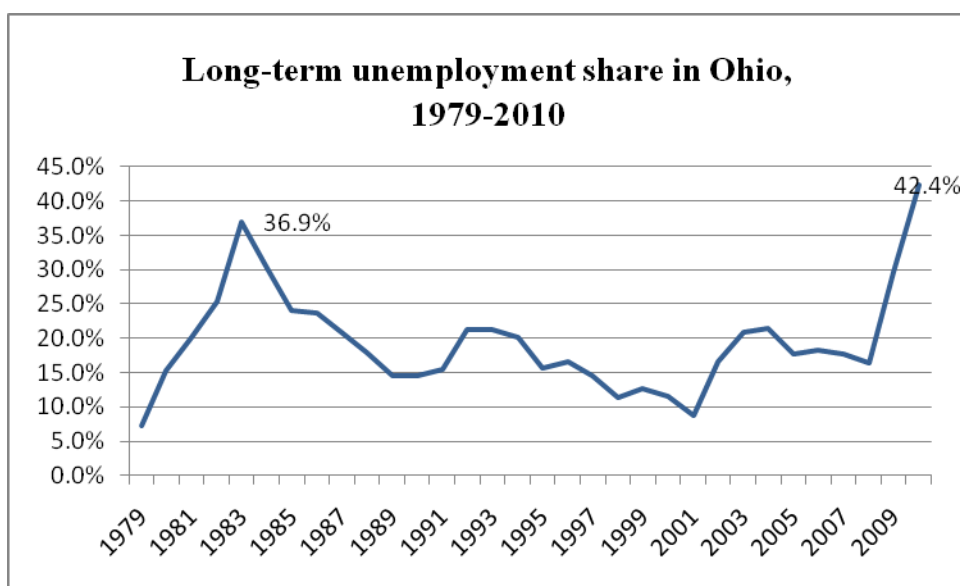
Figure 11



Source: EPI analysis of CPS data

The biggest story in this slow recovery is the persistence of unemployment for workers. Those who've been unemployed for more than 26 weeks make up a far larger share of the unemployed than has been typical in other recessions and recoveries. A breathtaking 42.4 percent of the Ohio unemployed had already been out of work for more than half a year during calendar year 2010. This is the highest level of long-term unemployment in more than 60 years of record keeping, exceeding the previous high set in 1983 at 36.9 percent. Previous peaks (with the exception of 2009) were generally in the 20 or 21 percent range, in 2004 and 1994. In 2010, not only were record numbers out of work for at least half a year, more than 29 percent of Ohio's unemployed had been out of work for more than an entire year.² A half year or a year of joblessness equals economic devastation for many Americans – research has documented that many families lack savings to get them through even a month or two without income. Foreclosure, bankruptcy, homelessness and worse are common results of such long periods of joblessness. Figure 12 shows this peak in persistent unemployment

Figure 12



Source: EPI analysis of CPS data

The National Employment Law Project has recently drawn attention to a disturbing new form of discrimination that is emerging against the unemployed or the long-term unemployed, with prospective employers increasingly restricting applicants who are out of work at the time of application.³ The unemployment compensation system is one of the best policies in existence in the US – it provides compensation to qualified applicants for up to 26 weeks in Ohio and most states and is extended by the federal government in times and places of high unemployment. However, this program is increasingly under attack. Federal benefits will expire at the end of 2011 unless action is taken. For the record number of Ohio workers whose state benefits have expired, this will be a crushing economic blow.

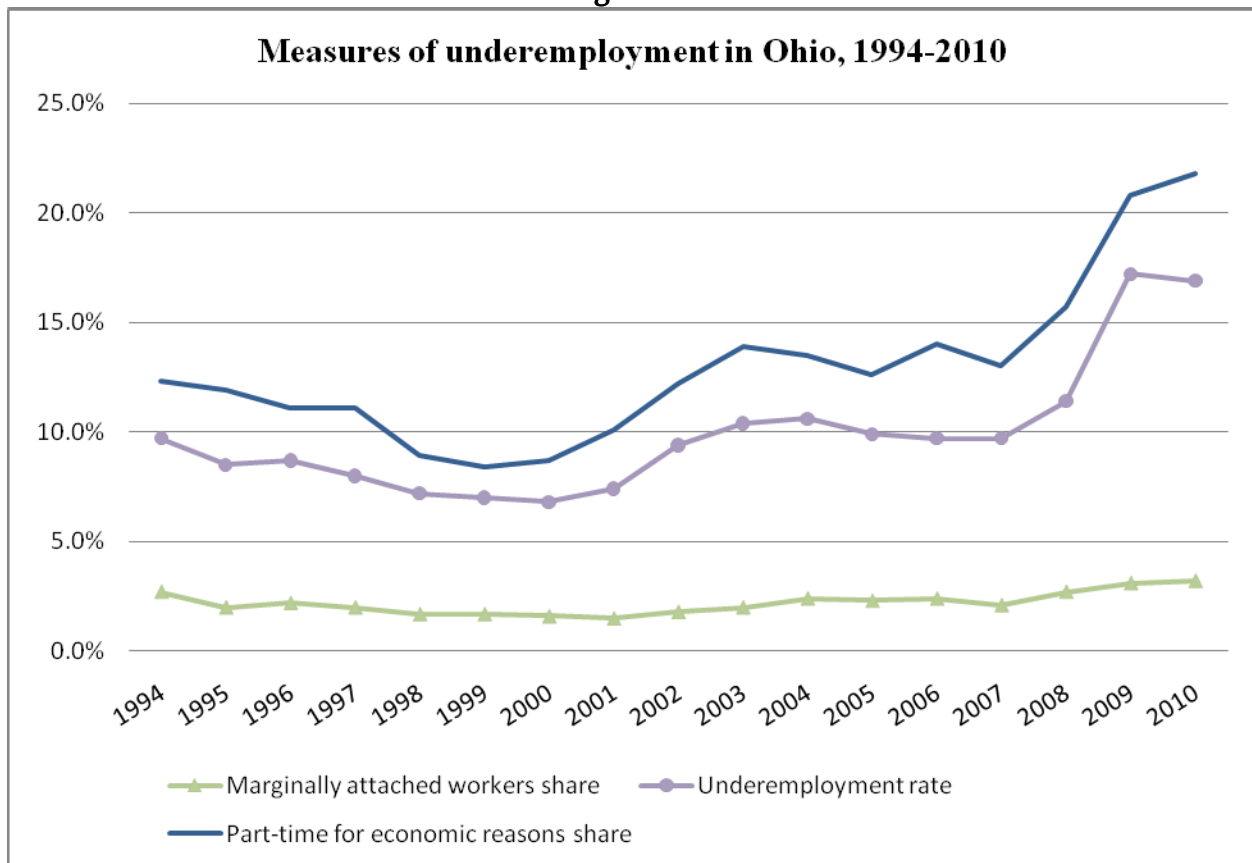
Unemployment only captures some of the problems in the labor market for several reasons. First, as mentioned, many people leave the labor market in troubled times. Beginning in 1994, the U.S. Department of Labor started trying to track this trend. Figure 13, below, shows some of the indicators used to understand other labor market problems outside of unemployment. Underemployment, the purple line with circular markers in the graph below, includes three categories – unemployed workers,

² <http://blogs.wsj.com/economics/2011/07/21/long-term-unemployment-by-state/tab/interactive/>

³ [Hiring Discrimination Against the Unemployed: Federal Bill Outlaws Excluding the Unemployed](#) (July 12, 2011)

marginally attached workers, and workers who are part-time but would like to be full time. Marginally-attached workers (the green line with triangular markers) includes two categories – those who want to work but have stopped looking because they don't think they'll find a job (also called “discouraged workers”) and workers who want to work but lack the child care or transportation that would enable them to do so. Underemployment as a whole declined slightly since last year, while part-time for economic reasons and marginal attachment both increased slightly. But all these measures of unemployment were worse in 2009 and 2010 than in any year since since the Department of Labor began tracking them. Note that the solid blue line below (with no markers), which is part-time for economic reasons, is determined by dividing the number of part-time workers by the number of part-time workers who want to be full-time – so the measure is as a portion of all part-time workers, not as a portion of all workers. The other two lines on this chart are as a percentage of the whole workforce.

Figure 13



Source: EPI analysis of CPS data

Table 3, below, shows how the challenges of underemployment affect different demographic groups in Ohio. While nearly 17 percent of all Ohio workers are underemployed, the situation is particularly bad for young workers, African American workers and less educated workers. Fully a quarter of black workers, nearly a third of young workers, and more than a third of those with less than a high school degree were underemployed in 2010.

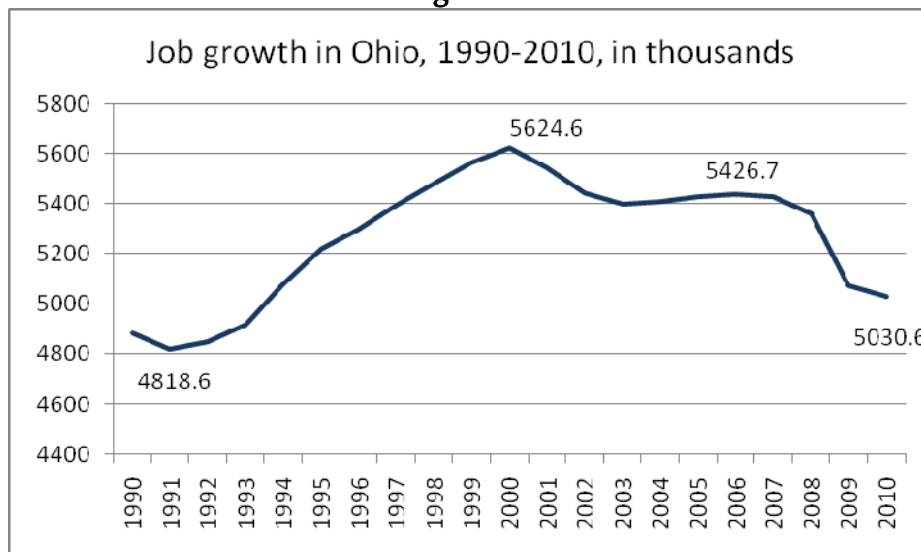
Table 3

Underemployment by Demographic Group in Ohio, 2010	
	Underemployment rate
All	16.9%
Gender	
Male	18.1%
Female	15.6%
Age	
16-24 yrs	31.7%
25-54 yrs	15.2%
55 yrs and older	11.5%
Race / ethnicity	
White	15.7%
African-American	25.3%
Hispanic	20.5%
Education	
Less than HS	34.8%
High school	19.9%
Some college	15.5%

Source: EPI analysis of CPS data

The reason unemployment is so high in Ohio is simple – we have not been adding jobs. Indeed, current policy at the state and federal level is likely to make the situation much worse, as large job cuts in the public sector are on the horizon at the local, state and federal level. Figure 14 shows that Ohio has lost 594,000 jobs since peak employment just over a decade ago.

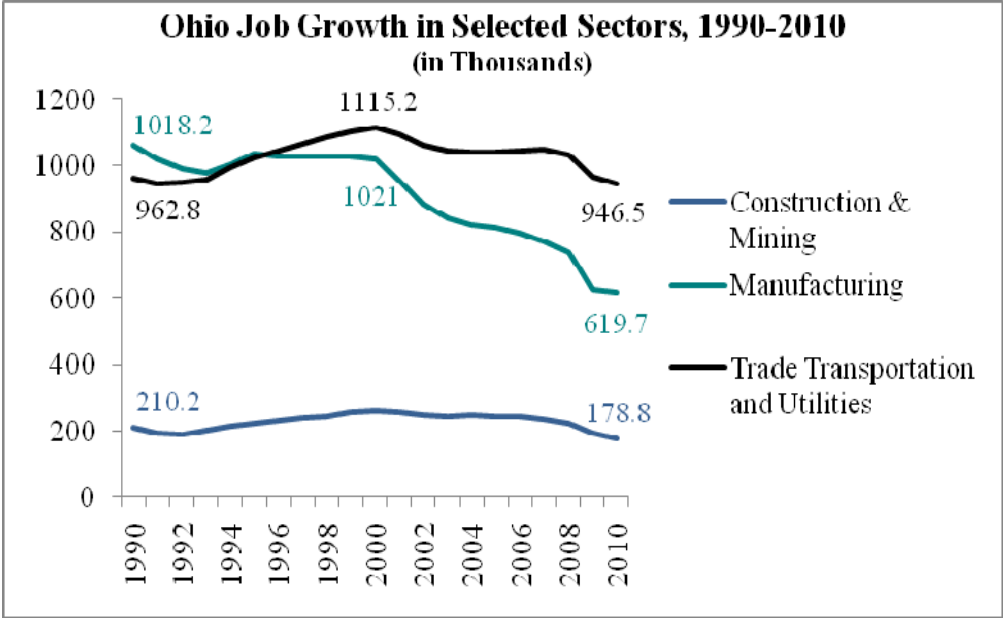
Figure 14



Source: EPI analysis of Current Employment Statistics (CES) data

Ohio has seen job loss in most sectors of the economy over the past ten years, and little gain over the past 20. Figure 15, below, shows three of the traditional sources of job strength in Ohio that have been hit hard in the past two decades. Manufacturing has, as is well known, suffered a devastating decline. In 2010, Ohio’s manufacturing sector employed 619,700 workers. Trade, transportation and utility positions have fluctuated over the past two decades, ending up with 946,500 positions by 2010. Construction and mining have declined with the housing bust, and now employ 178,800 Ohioans.

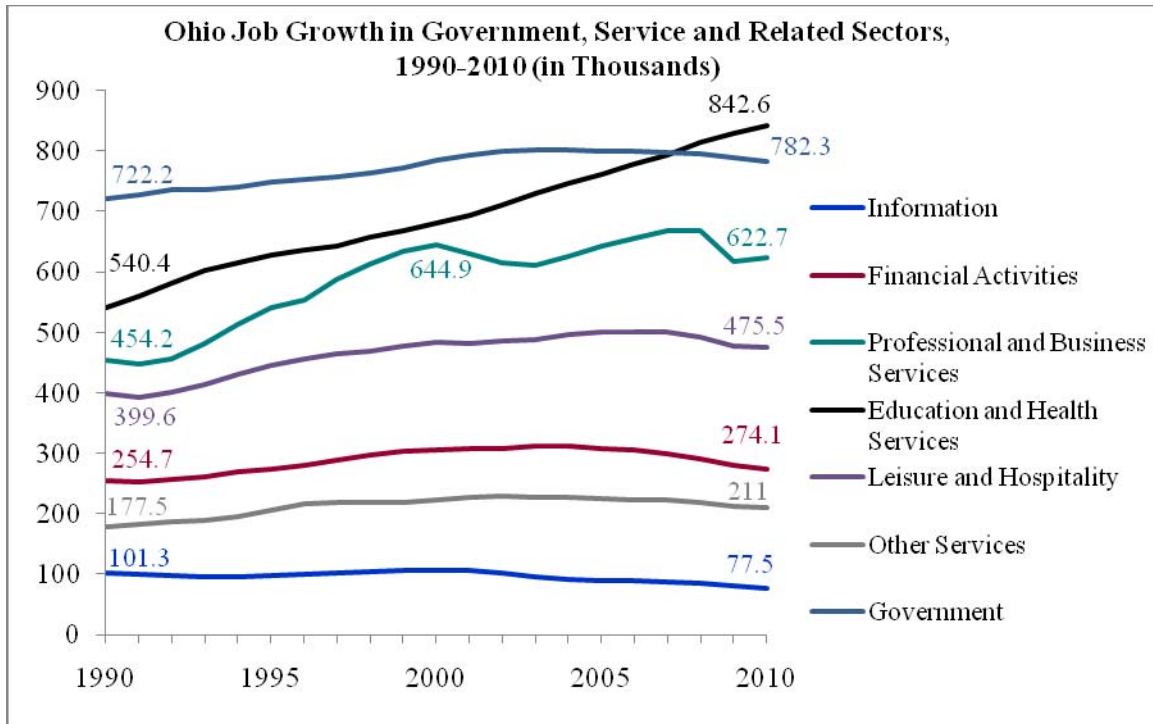
Figure 15



Source: EPI analysis of CES data

Education and health services, and professional and business services were the only sectors that saw strong job gains over the past 20 years in Ohio, ending with 842,600 and 622,700 jobs in 2010. Other sectors that saw some job growth over the past two decades include financial activities, leisure and hospitality, and other services. Government and financial activities saw slight gains, and information posted a decline. The gains in all sectors combined were not enough to offset the deep losses in the past ten years. Figure 16 shows job change in government, service and other sectors in Ohio.

Figure 16



Source: EPI analysis of CES data

Ohio Wage Declines Exceed All Other States

There are several ways of measuring job quality. This section looks at individual hourly wages. This differs from income measures in that it reflects hourly earnings of individuals, as opposed to annual earnings of households or families. We also look at median (midpoint) as opposed to averages, so that earnings at the very top do not distort the numbers. Each approach has its merits, but median hourly wage data does the best job of capturing job quality for the typical worker.

Ohio was one of ten states to see its inflation-adjusted median wage decline from 2000 to 2010. In fact, our wages declined more than those of any other state, with an 86 cent loss over the decade. Alaska saw the greatest loss between 1990 and 2000 and between 1980 and 1990. Table 4 below depicts the states that saw wage declines over the past decade. Nationally, wages grew just 3.3 percent, a 51-cent gain. The first decade of the new millennium was a lost decade for America's workers. The entire time period depicted in this table stands in contrast to the 1950s, 1960s and 1970s, when median wages were growing more robustly throughout the U.S.

Table 4

Median Wage by State by Year in 2010 Dollars, for U.S. and States with Wage Decline Over Past Decade							
	1980	1990	2000	2010	Change 80-90	Change 90-00	Change 00-10
US	\$14.59	\$14.65	\$15.49	\$16.00	\$0.06	\$0.84	\$0.51
Ohio	\$15.24	\$14.87	\$16.02	\$15.16	-\$0.37	\$1.15	-\$0.86
Tennessee	\$12.58	\$12.42	\$14.53	\$13.80	-\$0.16	\$2.11	-\$0.73
Michigan	\$16.66	\$15.43	\$16.60	\$15.90	-\$1.23	\$1.17	-\$0.70
Alaska	\$23.32	\$20.21	\$18.42	\$17.75	-\$3.11	-\$1.79	-\$0.67
Minnesota	\$14.65	\$15.09	\$18.17	\$17.54	\$0.44	\$3.08	-\$0.63
Missouri	\$13.84	\$13.40	\$15.77	\$15.14	-\$0.44	\$2.37	-\$0.63
Illinois	\$16.36	\$16.03	\$16.51	\$16.21	-\$0.33	\$0.48	-\$0.30
South Carolina	\$12.06	\$12.90	\$15.14	\$14.86	\$0.84	\$2.24	-\$0.28
Indiana	\$14.44	\$13.42	\$15.14	\$14.91	-\$1.02	\$1.72	-\$0.23
Iowa	\$14.25	\$13.35	\$15.06	\$15.02	-\$0.90	\$1.71	-\$0.04

EPI analysis of CPS data, inflation adjustment uses CPI-U-RS

Inequality continues to climb in Ohio as it does in the rest of the United States. For low-wage and moderate-wage workers – those at any percentile below the 60th – wages were lower in 2010 than they were for similarly-situated workers a decade ago (in 2000) or a generation ago (in 1979). But wage decline over the decade crept up even to the 70th and 80th percentile worker in Ohio, each of whom now earns less than a similarly-situated worker did ten years ago (although more than their counterpart earned in 1979). Only the 90th percentile worker earned more in 2010 than at both past points of comparison in Table 5 below (1979 and 2000).

As a result of the decline among low-, middle- and even upper-middle income workers, and the rise among the top ten percent, inequality continues to increase. The 90th percentile worker now earns 4.14 times what the 10th percentile worker earned in 2010, up from 3.38 times as much in 1979. Of course numbers are much worse when we consider categories within the top ten percent, as described at the national level in the introduction. State data is difficult to come by for these more specific and higher-income categories.

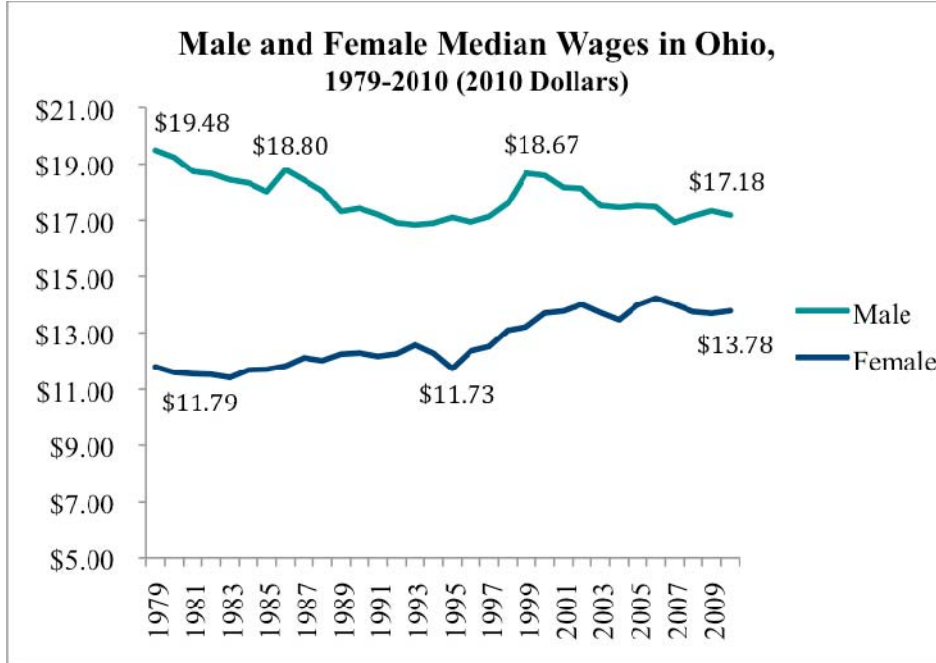
Table 5

Wages by Year by Decile in Ohio (2010 Dollars)								
	1979	1989	1995	2000	2005	2010	Percent Change 1979-2010	Percent Change 2000-2010
10 th Percentile	\$8.33	\$6.98	\$7.17	\$8.17	\$8.01	\$7.89	-5.28%	-3.43%
20 th Percentile	\$9.79	\$8.80	\$8.72	\$10.07	\$9.86	\$9.48	-3.17%	-5.86%
30 th Percentile	\$11.80	\$10.59	\$10.46	\$11.85	\$11.41	\$11.14	-5.59%	-5.99%
40 th Percentile	\$13.91	\$12.67	\$12.25	\$13.80	\$13.47	\$13.24	-4.82%	-4.06%
50 th Percentile (Median)	\$16.03	\$14.73	\$14.31	\$16.02	\$15.73	\$15.16	-5.43%	-5.37%
60 th Percentile	\$18.13	\$17.05	\$16.76	\$18.50	\$18.29	\$17.80	-1.82%	-3.78%
70 th Percentile	\$20.68	\$20.03	\$19.73	\$21.79	\$21.13	\$21.02	1.64%	-3.53%
80 th Percentile	\$23.50	\$23.34	\$23.95	\$25.59	\$25.36	\$25.03	6.51%	-2.19%
90 th Percentile	\$28.12	\$28.60	\$29.08	\$31.92	\$32.43	\$32.68	16.22%	2.38%
90 th Divided by 10 th Percentile	3.38	4.10	4.06	3.91	4.05	4.14		

Source: Economic Policy Institute analysis of Current Population Survey data, inflation adjustment uses CPI-U-RS.

Wages for men and women were essentially stagnant last year and since 2000; men’s wages have declined by more than a dollar an hour at the median, while women’s have stayed essentially flat. Over the last generation (since 1979), men’s wages have declined by \$2.30 an hour, adjusted for inflation, while women’s wages have grown by about \$2.00 an hour at the median. Most of that modest growth took place in the 1980s and late 1990s, with no net growth in this decade. This is despite the fact that men and women have attained higher levels of education over this time period and that women increased their work hours and workforce participation – typically full-time workers and those who stay in the workforce throughout their working years earn more than part-time or intermittent workers. In 2010, the median male worker in Ohio earned \$17.18 an hour and the median female worker earned \$13.78, more than a \$3.00 per hour disparity, as Figure 17 shows.

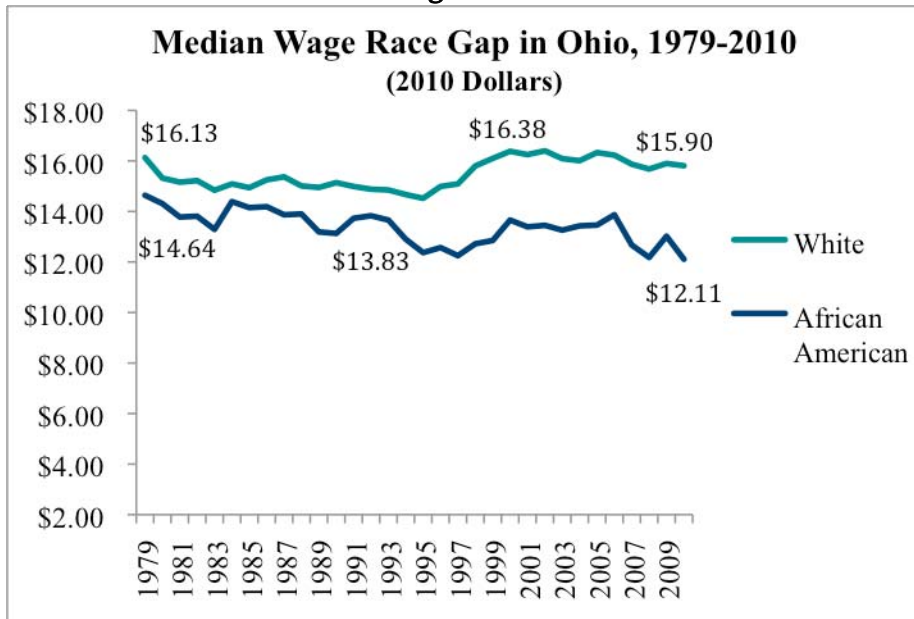
Figure 17



EPI analysis of CPS data, inflation adjustment with CPI-U-RS

Racial disparities in wages persist and have worsened in Ohio since 1979. At the median, black workers earned just \$12.11 in 2010, a more than \$2.50 hourly wage decline from what African-American workers had earned more than 30 years earlier, adjusted for inflation. White worker wages also declined during this period, from a higher starting point and by a bit less. White workers earned \$15.90 per hour in 2010, about 20 cents less per hour than they'd earned in 1979, as Figure 18 shows. This is a 30 percent discrepancy in median hourly wages between African-American and white workers.

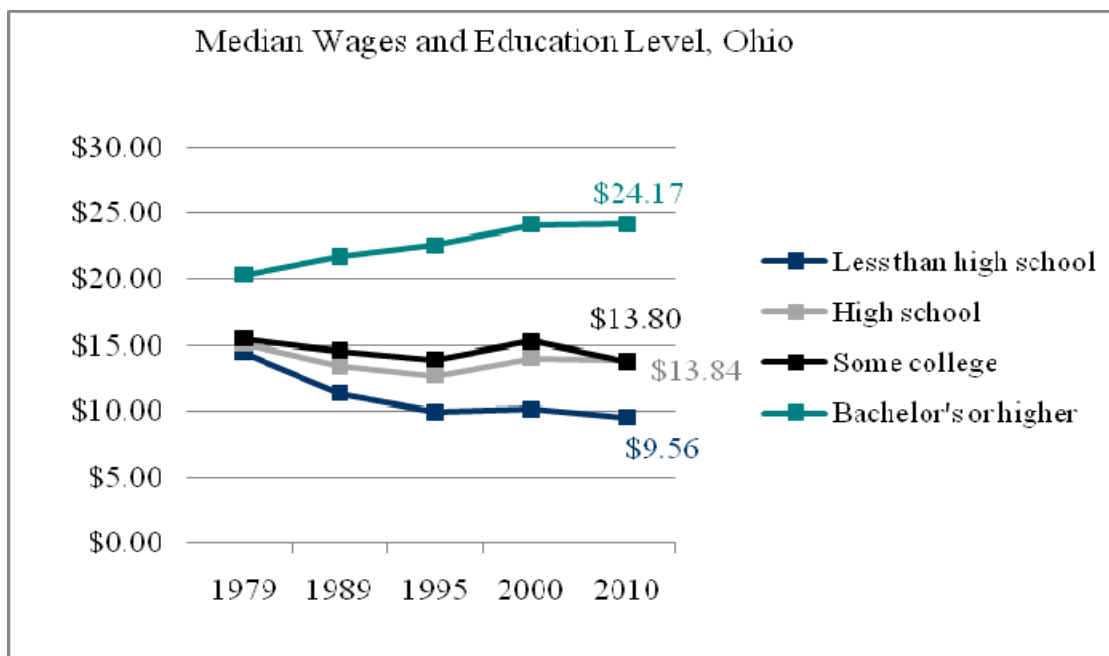
Figure 18



EPI analysis of CPS data, inflation adjustment with CPI-U-RS

Workers without a high school degree have seen sharp wage declines and earned just \$9.56 per hour in 2010. Those with a high school degree or some college (but no bachelor's) have also seen steep declines since 1979 and both categories earned in the \$13.80 per-hour range. Those with at least a bachelor's degree have not seen wage decline like the other categories, but a college degree is also no longer sufficient to ensure wage growth. College graduates earned \$24.17 an hour at the median in 2010, as Figure 19 shows.

Figure 19



Source: EPI analysis of CPS data, inflation adjustment with CPI-U-RS

Conclusion and Recommendations

At the federal level policymakers seem obsessed with deficit reduction. In Ohio, leaders seem primarily concerned with preserving and extending state tax cuts, eliminating collective bargaining rights, privatizing public services and slashing public jobs. And we hear daily media reports about stock market fluctuation. Instead, leaders should have a laser-like focus on jobs.

The biggest problem facing the economy in Ohio and the United States is the lack of jobs, the persistence of unemployment, the incredibly high rates of unemployment in certain communities, and the problems people are facing because of joblessness. Communities and families are falling apart. Long-term joblessness is at an all-time record high, male employment and labor force participation are at an all-time record low. It's hard to get a clearer sign that we are in crisis.

In previous downturns as bad as this one, the United States has put in place big job creation efforts that have pulled us out of slumps, made our economy more productive and enriched our communities for generations. The best example was during the Great Depression, when the Civil Works Administration, the Works Progress Administration and the Civilian Conservation Corps developed sewage systems,

roads, parks, zoos, colleges, water mains, airports, schools, community centers and other parts of the public infrastructure in every corner of Ohio and the United States, employing millions of Americans. Smaller and less effective programs were implemented during subsequent downturns. America and Ohio need a similar job creation agenda now. Our ill-maintained infrastructure, excessively energy-consuming economy and weak human capital programs all need investment. Addressing these weak links in our economy would reduce unemployment now and benefit us in multiple ways going forward.

The recent federal budget deal will cost America 1.8 million jobs in 2012, according to the Economic Policy Institute. That's the wrong direction. The **federal** government should instead rejuvenate the labor market by doing four things:

- Invest in weatherization of schools and other public buildings – this will employ construction workers now; enable construction worker compensation to circulate through the economy boosting other parts of the labor market; stimulate demand for insulation, energy efficient windows, solar panels and other building supply products, boosting private sector jobs in those sectors; reduce our long-term spending on home energy, much of which is imported and much of which has low labor market impacts; make our economy more efficient in the long run; and reduce our contribution to global warming.
- Invest in early childhood education – this will employ teachers, particularly young adults who face such a hostile labor market; improve children's lives and make it easier for young parents to work; improve the long-term well-being of children making them better students, parents and workers; reduce long-term spending on remedial education, incarceration, and income support; and increase future employment levels and tax revenues as well as stimulating the economy in the short term.
- Provide fiscal relief to the states – this will ease the strain on state budgets, enable preservation of important public programs, reduce public sector layoffs, stimulate economies throughout the nation, and improve communities throughout the country.
- Take steps to strengthen domestic manufacturing, which would improve Ohio's economy and grow employment here. Proven strategies for improving manufacturing include investing in the Manufacturing Extension Partnerships, a federally-supported network of non-profit institutions that provide support to small and mid-sized manufacturers; raising environmental standards which would generate demand for the wind-turbine, solar-panel, and efficient automobile supply chain components that Ohio could be producing; and improving worker training so that manufacturers and displaced workers can find a better match in worker skills and employer needs. For more on these ideas, see [The U.S. Auto Supply Chain at a Crossroads](#), at policymattersohio.org and the [Jobs 21 Agenda](#) at bluegreenalliance.org.

Ohio's **state** government should rejuvenate Ohio's particularly troubled labor market with three reforms:

- Employ workers directly in razing dilapidated housing, upgrading environmentally hazardous buildings, cleaning toxic algae, energy efficiency retrofits, early education, and preventive public health services – these concentrations would improve community health and well-being, reduce long-term costs in a number of ways, stimulate private sector demand, improve the

environment, and raise the productivity of the future workforce. In short, they'd help us emerge from this slump much more quickly, while leaving Ohio better prepared for tomorrow. For a more in-depth description of job creation ideas for Ohio, see [*Back To Work: The Case for Public Job Creation in Ohio*](#), at policymattersohio.org.

- Restore the 50 percent cut to the local government fund – doing so will avoid future layoffs, improve communities, restore services, and re-employ Ohioans.
- Restore the funding that was cut from local school districts in the current biennium which will result in layoffs of teachers, aides, librarians and more – restoration would improve our children's education, stabilize employment in the education sector, increase equity between districts, and reduce the divisive and expensive cycle of constant local levies. For more on the job potential of this, see: [*Economic Impact of Education Cuts in the Kasich Budget: An Input-Output Analysis*](#) at policymattersohio.org. This examined cuts in an earlier version of the budget than the one that passed, but the final version still would result in tens of thousands of Ohioans losing their jobs.

Finally, Ohio voters themselves have a rare opportunity to endorse the importance of good jobs, by voting against Issue 2, thereby restoring collective bargaining rights for Ohio public sector workers.

At the state level, the job-generating policies described in the bullets above could be paid for by reversing key elements of the 2005 tax cuts that slashed taxes for the most affluent Ohioans and businesses. These were sold as job creating, but Ohio's labor market has worsened dramatically compared to the nation's since they were implemented – we've seen a 5.7 percent job loss since 2005 while the nation has lost 1.8 percent of employment. And the resulting \$2 billion annual reduction in revenue to the state has gutted public services and public employment. Another source of revenue would be to eliminate unnecessary tax loopholes – at a minimum, such a strategy could yield hundreds of millions of dollars.

At the federal level, the highest-income one percent of households benefited disproportionately from the Bush-era tax cuts, reaping 38 percent of the total windfall. Income gains for this group have far exceeded gains for everyone else, leading to dangerous income concentration and even higher wealth concentration. Federal revenues are at a 60-year low as a share of the economy. For more on all of these themes, see [*The Facts Support Raising Revenues from the Highest-Income Households*](#), at epi.org. Restoring more reasonable tax levels for earners over \$200,000 would raise \$709 billion over a decade, which could be channeled into the proven job creation measures described here.

In short, our review of the conditions of the Ohio labor market point to a dire situation. At both the state and federal level, we can afford to raise revenue from those seeing windfalls in the economy, and we can channel that revenue into smart policies that create jobs in the public and private sector, improve our communities and economies, and make Ohio healthier, more educated, more environmentally sustainable and more efficient for the next generation.

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