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# POLICY MATTERS OHIO

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## 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 60<sup>th</sup> – had lower wages in 2010 than their counterparts did a decade (in 2000) or a generation ago (in 1979). The 90<sup>th</sup> percentile worker now earns 4.14 times what the 10<sup>th</sup> 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.