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New report finds staggering inequality increases in Ohio; Women's hourly wages reach new high says *State of Working Ohio 2007*

While middle-income households saw no real household income gains over the past 18 years, average earnings of the top one percent of Ohio households spiked more than 40 percent, to \$986,000 in 2006, according to the *State of Working Ohio*, a report from Policy Matters Ohio, embargoed for Sunday September 2. These top earning households earned more than 26 times what middle-income Ohio families earned in 2006, on average.

“Ohio has to rein in all forms of exploitative lending, get a handle on the explosive growth in inequality and do more to ensure that working people share in the gains of our economy,” said Amy Hanauer, report author and Policy Matters Executive Director.

The report found modest progress on some earnings disparities. Although the male median wage of \$16.15 was more than 22 percent higher than the female median wage of \$13.16 in 2006, the gender gap is smaller than it has ever been in Ohio and women are earning more than they ever have. The wage gap between black and white workers is larger than it was a generation ago, but median black worker wages increased between 2005 and 2006 in Ohio. Although the median racial wage gap – 17 percent – is larger than in 1979, it has narrowed from the widest point of disparity. In contrast to earlier this decade, black Ohio workers earned slightly more than black U.S. workers in 2006.

The report also found stagnant job growth: Ohio has 2.8 percent fewer jobs than when the recession began more than six years ago, remaining more than 158,000 jobs behind the March 2001 level. Ohio also has fewer jobs than when the recession ended. Only Massachusetts and Michigan are in the same position. Other findings related to job growth include:

- Ohio has lost nearly 21 percent of its manufacturing jobs since the 2001 recession started.
- By this point after the beginning of the 1990 recession, Ohio had an increase of 8.7 percent in total employment, compared to the 2.8 percent decline this time. Employment has not kept up with the working age population, which increased by 2.9 percent since the recession began.

While job growth is stagnant and wage gains small, the report found rising productivity, work hours, and education levels: Hourly output per U.S. worker, which has grown much more than compensation, rose 20 percent between 2000 and 2007. Related findings include:

- Women's labor force participation increased from fewer than half of Ohio women over 16 in 1979 to more than 61 percent in 2006. Women are in the labor force at all-time peak rates.
- In contrast, Ohio men's labor force participation declined, from nearly 80 percent of Ohio men over the age of 16 to 73.1 percent in 2006. This was an uptick over the previous year, however.
- Two-parent families increased their hours by 17 percent between 1979 and 2006, to 3,488 hours annually. Single-parent families are also working more.



- Of adults over age 25 in Ohio, more than 88 percent have a high school diploma and nearly a quarter of Ohio adults have completed their BA.
- Young adults have more formal education than older adults do. Just 73.9 percent of Ohio adults over age 65 have a high school degree, compared to more than 92 percent of younger adults, age 25 to 44. Just 16.3 percent of those age 65 and over in Ohio have a bachelor's degree compared to more than 26 percent of younger adults, age 25 to 44.

The study found that Ohio wages have inched up. Ohio's median wage rose between 2005 and 2006, a contrast to declines between 2000 and 2004, though still low given increased productivity. This increase brought the state back up to within pennies of the federal median.

The likelihood of being in a union declined over time in Ohio from slightly more than a quarter of workers in 1983 to just over 16 percent in 2006. Blacks were more likely to be in unions: rates were more than one in five among black workers (21.3 percent) but less than one in six among whites (15.6 percent). Unions raise wages: the union premium was 28 percent for men, 42 percent for women, 34 percent for white workers and 38 percent for black workers in Ohio.

The report found that Ohio's official unemployment rate fell slightly to a 5.4 percent annual average in 2006, lower than between 1979 and 1995 or in the last five years, but higher than when the 2001 recession began and ended. Black 2006 unemployment was 12.5 percent in Ohio, 3.5 percentage points above the national rate.

The report concludes that Ohio must innovate in five areas where other states have bypassed us:

- **Invest in the future** by enacting a renewable portfolio standard and putting in place universal pre-kindergarten and statewide all-day kindergarten.
- **Create more opportunity** by targeting economic development dollars wisely and getting a handle on development spending through a unified development budget.
- **Construct on-ramps to the middle class** by working with neighboring states to establish universal health care and giving all workers in Ohio the ability to earn paid sick days.
- **Build and protect people's assets** by blocking exploitative payday lending; restoring the non-economic damages provisions in the consumer sales practices act; and enacting a state Earned Income Tax Credit.
- **Retain strong public structures** by restoring the income tax cuts for Ohio's most affluent taxpayers and keeping public services public.

"Smart investments, ample public resources, protection of people's assets and strong public structures will allow Ohio to renew its commitment to prosperity, equity, sustainability, productivity, and a better tomorrow," Hanauer said.

Policy Matters Ohio is a non-profit, non-partisan Ohio-based research institute dedicated to an economy that works for all. This report relies on government data and analysis by Policy Matters, the Economic Policy Institute and the Institute on Taxation and Economic Policy. The full report can be found at www.policymattersohio.org.

