

# STATE OF WORKING OHIO 2009:

## EXECUTIVE SUMMARY

Ohioans are out of work at rates not seen for more than a quarter century. Many who are working have had to accept cuts in pay, reductions in hours or unpaid furloughs. Some have stopped seeking work because they fear no jobs exist, others hang on to part-time jobs though they want and need full-time employment. Wages are not rising, and for black workers, wages have dropped sharply, leading to unprecedented gaps between black and white wages and between the wages of black workers in Ohio and the nation. The dire situation is the result of deregulation, deindustrialization, and a deep recession. Public interventions have averted the worst possible outcome – allowing states to meet many of their obligations, extending unemployment compensation benefits, and stimulating the economy. But the federal government must provide further unemployment extensions, additional stimulus, and more aid to the states. Ohio must also modernize its unemployment compensation system and stabilize its own tax system, which has been badly crippled because of the weak economy and bad policy choices.

### Out of work

- Unemployment rates in Ohio are now at rates not seen in more than a quarter century. Unemployment had hit a fifteen-year high at the end of 2008, with an annual rate of 6.5 percent. By July 2009, the less reliable monthly unemployment rate was more than 1.7 times as high at 11.2 percent, a rate last seen in August 1993.

- Unemployment levels are always higher for certain demographic groups – black workers, young workers, and those with limited education typically have higher rates of unemployment. At the end of 2008, unemployment rates for black workers were 14.8 percent, more than 2.7 times higher than the rate facing white workers and more than twice as high as the overall rate. If that pattern has persisted, it is possible that more than one in four black workers is now unable to find a job.

### Underemployment

- In 1994, the federal government began tracking underemployment, a category that included unemployed workers, discouraged workers (jobless individuals who've stopped looking for work because they feel there are no positions), and involuntary part-time workers (those who want full-time work but can only find part-time jobs). By the end of 2008, before the employment situation worsened substantially, these measures were at the highest level since the government began tracking it, with 11.4 percent of Ohioans falling into one of these categories. More than 22 percent of black workers and more than 26 percent of those without a high school degree were also underemployed by the end of last year.

### Wage woes

- Ohio's inflation-adjusted median wage fell sharply in each of the last two years. By the end of 2008, the median wage was lower than at any time in the last ten years. At \$15.04, this wage was more than 80 cents below what it has been in peak years like 2006, 2000 and 1979. Ohio's median wage is now 70 cents below the federal median wage, a larger gap than ever seen before.

- The median male wage in Ohio rose very slightly in 2008, but this was probably more due to job loss among the lowest-paid men than to actual wage increases. The median female wage fell slightly in 2008. Men earned \$16.93 at the median, compared to \$13.58 for women.

- The wages of both black and white workers fell last year in Ohio – for black workers it was the second consecutive year of a steep wage drop. Black workers earned just \$12.03 per hour at the

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median last year, less than at any point in the last three decades and more than \$3.40 less than what the median white worker earned, the largest gap ever. Black workers in Ohio earned more than a dollar less per hour than black workers nationally last year. This is the first time African Americans in Ohio have fallen this far behind black workers nationally, and contrasts sharply to the entire period prior to 1997, when African Americans consistently earned more in Ohio than nationally.

- Wages dropped at all educational levels last year, including for college-educated workers, who still earn more than twice as much as those without a high school degree. Those without a high school diploma, with just a high school diploma, or with a two-year degree or some college all now earn less than those without high school degrees earned in 1979 in Ohio.

## **Young and struggling**

- Young workers in Ohio are far more likely to be unemployed, underemployed, or involuntarily part-time than middle-aged or older workers in Ohio, and the situation has gotten much worse for this group. This is despite the fact that young workers are significantly better educated than their older counterparts. At the end of 2008, workers under age 24 had 14.9 percent unemployment, more than four times higher than the rate facing those over 55. This does not include full-time students or retired workers, but only those actively seeking work. More than 23 percent of workers under age 24 were underemployed – either unemployed, involuntarily part-time, or no longer looking, by the end of 2008. All of these variables have worsened substantially over calendar year 2009.

The *State of Working Ohio 2009* ends with simple recommendations to the federal and state government. The federal government should enact a second stimulus program that provides aid to states, extends unemployment compensation again, and provides additional infrastructure and energy investments. Passing universal health coverage and the employee free choice act, which reduces barriers to union organizing, will also help workers get health coverage and better wages. The state of Ohio must modernize its unemployment compensation system so that it reflects the needs of today's workers, and restore taxation levels so that revenue is adequate to maintain vital public services.

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*Policy Matters Ohio is a nonprofit, nonpartisan research institute dedicated to researching an economy that will work better for all in Ohio. Learn more about Policy Matters Ohio at [www.policymattersohio.org](http://www.policymattersohio.org).*