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# POLICY MATTERS OHIO

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## **Labor Day report finds daunting challenges for Ohio workers Unemployment, underemployment spike; young workers face special hurdles**

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. These are some of the findings of *The State of Working Ohio 2009*, a report from Policy Matters embargoed for Sunday, September 6. Other findings include:

- 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 is always higher for certain demographic groups – black workers, young workers, and those with limited education typically have higher rates. At the end of 2008, unemployment rates for black workers were 14.8 percent, more than 2.7 times higher than rates facing white workers and more than twice as high as the overall rate. If that pattern has persisted, given current overall unemployment, more than one in four black Ohioans may now be unable to find a job.
- 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 tracking began, 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 under-employed by the end of last year.
- Ohio's inflation-adjusted median wage fell sharply in each of the last two years. By 2008, the median wage was at a decade-long low. At \$15.04, this wage was more than 80 cents below peak years like 2006, 2000 and 1979. Ohio's median wage is now 70 cents below the federal median wage, a gap seen only once before. Prior to the early 1990s, Ohio's median worker had earned more than the median U.S. worker.
- 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 median wage for black workers in Ohio is further behind that of white Ohio workers and further behind that of black workers nationally than ever before. The wages of both black and white workers fell last year in Ohio – for black workers it was the second consecutive steep annual wage drop. African-Americans earned just \$12.03 per hour at the median last year, less than at any point in the last three decades and more than \$3.40 less than the median white worker wage. Black workers in Ohio earned more than a dollar less per hour than black workers nationally last year for the first time ever. This contrasts sharply with the entire period prior to 1997, when blacks consistently earned more in Ohio than nationally.
- Wages dropped at all education levels last year, including for college graduates, who still earned more than twice as much as those without a high school degree. Those with no high school degree, just a high school degree, or 1-3 years of higher education all now earn less than those who didn't finish high school earned in 1979 in Ohio.
- 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, 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 dire situation facing Ohio workers stems directly from deregulation and deindustrialization,” said Amy Hanauer, report author and Executive Director of Policy Matters. “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 a second stimulus and more public action is needed to better stabilize the economy and reduce suffering.”

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.