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# POLICY MATTERS OHIO

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Read the report at: <http://www.policymattersohio.org/SOWO2010.htm>

## **Labor Day report finds high unemployment, inequality, disparities Recommends more federal recovery funding, public job creation**

Official annual unemployment, at 10.3 percent in 2009 was the worst since 1983, according to a new report from Policy Matters Ohio, embargoed for Sunday September 5 at 12:01 a.m. Of those who were unemployed in Ohio in 2009, nearly a third (29.7 percent) had been unemployed for 26 weeks or longer, a rate dramatically higher than anything seen in the last fifteen years. Nationally, long-term unemployment has not reached this height in more than 60 years of record-keeping. "The labor market is unlikely to recover any time soon without vigorous public action," said Amy Hanauer, report author and executive director of Policy Matters. "A generation of poor federal policy choices dismantled our regulatory system and our inclusion of workers in economic growth. It's going to take more than a few years of smart federal policy to get us back on track."

In addition to high unemployment, the report also found deepening disparities for black workers, workers with less education, and young workers, all of whom are locked out of the labor market at extraordinarily high rates. Only half of the black population is employed, down from 60 percent in 1999. Detailed findings include:

- In 2009, black Ohioans had official unemployment levels of 17 percent, nearly 8 percentage points higher than white Ohioans. Unemployment of those with less than a high school degree exceeded 21 percent in 2009, more than twice as high as in 2000. Unemployment was also elevated for more educated workers.
- Unemployment rates for every age group in Ohio are at their highest levels since the early 80s recession, at 18 percent for those age 16-24, 9.5 percent for age 22 to 54, and 6.8 percent for those age 55 or older.
- Underemployment includes the unemployed, those who have stopped looking for work because they think they won't find a job, part-timers seeking full-time work, and those who have barriers like transportation or child care needs that make them unable to work. More than one out of six Ohioans, 17.2 percent, were underemployed in 2009.
- Employment-to-population ratios measure who is working. Overall employment was at just 59.2 percent of working-age population by the end of 2009, lower than at any point in the last two decades, but still not as low as in the early to mid-1980s. By 2009, only 62.9 percent of men and 55.8 percent of women were employed. Only half of the black population is employed, down from 60 percent in 1999. For those without a high school degree, under a third are employed, well below levels in 1979, 1989 and 1999. Employment levels have dropped for every category since 1999, with the exception of those over 55, many of whom are clinging to jobs instead of retiring.
- Worker productivity, measured here as output per hour in non-farm businesses, continues to increase most years, sometimes dramatically. Growing worker productivity no longer equates as it once did to growing family incomes – until the 1970s family income grew at the same pace as productivity but

the two variables now diverge widely, with stagnant or slow-growing income contrasting with steady productivity gains.

- Inflation-adjusted median wages in 2009 crept up slightly over 2008 levels. This likely reflects higher job loss among the lowest-paid jobs. The Ohio median wage of \$15.09 was higher than during much of the 1980s and early '90s but lower than in 1979, reflecting a lost generation for wage growth. Ohio's median wage is now more than 85 cents below that of the nation as a whole, the largest gap yet seen.
- Adjusted for inflation, low- and median-wage Ohioans earn less than in 1979, while high earners at the 90<sup>th</sup> percentile now earn more than \$31 an hour, nearly 15 percent more than in 1979 and four times as much as tenth percentile workers. Most inequality, though, is at the very top: In 2008, the top one percent of U.S. earners took in more than 20 percent of the nation's income, a tremendous growth in recent years.
- Men continue to earn more than women in Ohio at the median, but the gap has narrowed. Women's wages were 60.5 percent of men's in 1979 (\$11.60 to \$19.16) but are now nearly 80 percent of men's (\$13.47 to \$16.86). Both have seen wages drop for most of the 2000s from recent high points of \$13.78 in 2002 (women) and \$18.37 in 1999 (men).
- Blacks now earn \$12.81 per hour at the median in Ohio, down from \$14.40 in 1979, and down from earlier this decade. White workers earned \$15.64 in 2009, down from \$15.87 in 1979 and from \$16.14 in 2002. The differential leaves Ohio's black workers' wages at 82 percent of white hourly wages. By 2009, there was nearly an 80-cent gap in hourly pay between black workers in Ohio and those in the nation as a whole.
- Workers with a BA or more earn more than twice as much as those without a high school degree in Ohio in 2009. Those with a BA earned \$23.66 an hour at the median, while those with only a high school degree earned just \$13.21. With full-time work, BA holders earn about \$28,000 more a year than those without a high school degree.
- Controlling for education does not eliminate racial and gender disparities: at every education level whites earn more than black workers. At the median, white BA holders earned more than \$7.00 more per hour than black BA holders. Men earn substantially more than women at every education level, usually between \$3.00 and \$4.50 more per hour. In fact, women with a high school degree earn less than men without one, and women with some college earn less than men with just a HS diploma at the median.
- Controlling for demographics, men, women, black workers and white workers in a union can each expect to earn at least \$4.00 more per hour than their non-union counterparts. Unionized black workers in 2008-09 earned more than non-unionized white workers, and unionized women earned more than non-unionized men. Union membership fell in the 1990s but has held steady for four years at 14.2 percent of the Ohio workforce.

"This troubled labor market requires an infusion of federal support," Hanauer said. "The federal government should provide aid to states and localities to prevent damage to our public structures and should hire additional unemployed workers in a public jobs program that can improve our communities." Options to finance this include a financial speculation tax, taxing capital gains at the same rate as worker earnings, or letting the Bush tax cuts expire.

"America and Ohio have lived through difficult times before, made hard choices, and emerged stronger," Hanauer said. "Now again we should reinvest in the people and places that made Ohio great. The dividends will pay off for generations to come."

