EXECUTIVE SUMMARY

The minimum wage proposal on the November ballot will raise wages for more than 700,000 Ohio workers whose pay has not kept pace with strong state and national productivity growth, massive increases in corporate profits nationally, and steep increases in executive compensation.

In Ohio and nationwide, worker productivity has outpaced wages:

- In Ohio, productivity (measured as output per worker) increased at an average annual rate of 2.1 percent between 2000 and 2005, while the average weekly wage increased at an average annual rate of only 0.2 percent during the same period. The median worker wage actually declined over this time period.
- Productivity measured as output per work hour has increased at an even faster pace nationally, but cannot be calculated at the state level. After growing 1.4 percent a year from the mid-1970s to the mid-1990s, hourly output per U.S. worker grew 2.5 percent a year between 1995 and 2000, then leapt to 3.3 percent a year from 2000 to 2005.

In Ohio and nationwide, chief executive pay has outpaced wages:

- In Ohio, chief executive pay grew at an average of 3.4 percent between 2000 and 2005—compared to much slower average weekly wage growth of 0.2 percent.
- In the U.S., chief executive pay grew at an average of 3.3 percent between 2000 and 2005—compared to much slower average weekly wage growth of 0.5 percent.

Overall U.S. corporate profits have increased by a staggering fifty percent in the last five years alone while Ohio and U.S. median worker wages have remained stagnant.

Wage growth remains weak but profits in the low-wage retail sector are strong:

- During the current business cycle, which started in March 2001, the national retail trade profit rate has averaged 9.2 percent.

Workers are not fully sharing in the economic gains of the last few years, despite their increased productivity. Ultimately, increasing the minimum wage is a good first step towards shared prosperity.