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# POLICY MATTERS OHIO

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**New study: Ohio can afford a higher minimum wage  
While minimum wage fell, productivity, profits, and CEO compensation spiked**

Ohio worker productivity, Ohio executive compensation and national corporate profits have all risen steeply in inflation-adjusted terms in the past few years, while the minimum wage has declined in real terms, the median wage has stagnated, and the average wage has grown at a snail's pace. These are the findings of a new report released today by Policy Matters Ohio and the Center for American Progress (CAP). The report finds that increased productivity and profits provide room for a minimum wage increase in Ohio.

U.S. productivity, in terms of hourly output per worker, has risen sharply to an all-time high in the U.S. After growing 1.4 percent a year from the mid-1970s to the mid-1990s, hourly output per worker leapt to a 3.3 percent annual growth rate from 2000 to 2005.

Although hourly output per worker is the best national measure of labor productivity, the only state-level measure is overall output per worker (gross state product divided by number of workers). By this measure, Ohio ranked in the lower-middle among states and saw productivity increase at an annual rate of 2.1 percent between 2000 and 2005.

While these measures of national and state productivity rose sharply, average weekly wages in Ohio increased at an average annual rate of only 0.2 percent. The median worker wage declined over this time period, as did the minimum wage (all figures inflation-adjusted).

“Worker productivity rose steeply in recent years, but minimum wage worker compensation declined,” said John Burton, report co-author and Research Associate at CAP. “Average workers also did not fully share in the gains. Ohio can afford to do more for working people.”

Chief executive pay in Ohio increased at a rate seventeen times higher than the rate of average pay increase. In Ohio, CEO pay grew at an annual average of 3.4 percent between 2000 and 2005 (compared to just 0.2 percent for average workers). Corporate profits, available only nationally, rose by a breathtaking fifty percent in the five years between 2001 and 2005. By 2005, after tax U.S. corporate profits were \$931.4 billion, up from \$621.6 billion just four years earlier.

“There is room to increase pay in Ohio,” said Policy Matters Executive Director and report co-author Amy Hanauer. “The skyrocketing profits and strong CEO compensation growth provide two obvious places to find resources to provide workers with more than \$5.15 an hour.”

Previous research has shown that the proposal on the November ballot will raise wages for more than 700,000 Ohio workers and that states with higher minimum wages have had more overall job growth and more job growth among small businesses and in the retail sector.

*Policy Matters Ohio is a non-profit research institute dedicated to exploring an economy that works for Ohio. Center for American Progress, a nonpartisan research and educational institute, seeks opportunity for all.*

*Room to Grow: Ohio Can Afford a Higher Minimum Wage is available at*  
[www.policymattersohio.org/room\\_to\\_grow\\_2006.htm](http://www.policymattersohio.org/room_to_grow_2006.htm)