Ohio’s labor market faces serious challenges as we adjust to a changing economy. The State of Working Ohio 2004 documents some of the trends facing Ohio workers. Findings include:

**Employment:** Ohio lost a large number of jobs during the national recession between March and November 2001, and continued to lose jobs during the recession’s aftermath, especially in the high-paying manufacturing sector. Percentage job loss in Ohio has been worse than in all but two other states, and is much worse than that seen in the aftermath of previous recessions.

- Ohio lost 234,000 jobs between peak average annual employment (5.625 million jobs) in 2000 (5.625 million jobs) and average annual employment in 2003 (5.391 million jobs). This percentage job loss was worse than the nation’s, than all but two other states, and than seen after previous recessions.
- Ohio posted meager job gains through July 2004, when the state still had 217,000 fewer jobs than when the recession began in March 2001. This 3.9 percent drop was greater than in all states except Massachusetts and Michigan. At this point after the early 1990s recession started, 63,500 Ohio jobs had been created, a 1.3 percent increase. The state added 19,700 jobs since the end of 2003. At that rate it would take more than six years to reach pre-recession levels.
- The manufacturing sector still employs nearly one in six Ohio workers but its share of the workforce has plummeted by 29 percent, from 21.7 percent of the state’s jobs in 1990 to 15.4 percent by 2004. Other strong sectors here are trade, transportation and utilities (19.4 percent of workers); government (14.8 percent); and education and health (13.7 percent). Education and health, professional and business services and leisure and hospitality have recently gained as a share of the state’s workforce.

**Unemployment:** Unemployment and underemployment have risen in Ohio, particularly for African Americans and workers with less education.

- The unemployment rate for Ohio workers was 6.1 percent in 2003, up from historic lows in the late 1990s, but not as high as levels seen after previous recessions. Of unemployed workers, 20.9 percent were idled for 26 weeks or more, the highest level in more than a decade.
- Underemployed describes those who are unemployed (looked for a job in previous month), ‘part-time for economic reasons,’ ‘discouraged’ (looked for a job in previous year but not in previous month because they lack prospects), or ‘conditionally interested’ (want work but face a barrier such as child care or transportation). Ohio’s 2003 underemployment rate was 10.4%, the highest since the statistic began being measured, and up from a low of 6.8% in 2000.
- African-American unemployment in Ohio saw a startling 63% increase in two years, from 7.4% in 2001 to 12.1% in 2003, and was twice the level facing white workers (5.4 percent).

**Wages:** Ohio’s median wage fell in 2003 and is now below the national median. Wage gaps between women and men have narrowed since the 1980s, but disparities between black and white workers have grown.

- In 2003, Ohio’s year-end median wage was $13.14 an hour, lower than any of the previous four years and lower than the $13.44 rate of 1979, but higher than the median wage levels seen between 1980 and 1998. A full-time, year-round worker at this wage would earn $27,300. The median wage peaked at $13.51 in 2000.
- Ohio’s median wage had been more than $1.00 an hour above the national median wage in 1979, in inflation-adjusted 2003 dollars. By 2003, Ohio’s $13.14 median wage was below the national median ($13.62).
In the past few years, Ohio’s median wage has fallen while that of lower-wage neighbors has increased. Ohio’s median wage had been second highest among neighboring states in 1979. Wages fell in Ohio and bordering states during the 1980s, but Ohio, Michigan and Pennsylvania still consistently posted higher median wages than West Virginia, Indiana and Kentucky. Among adjacent states, in 2003 Indiana outpaced Ohio in median wage for the first time.

Men continue to out-earn women in Ohio. The 2003 median hourly women’s wage of $11.57 was 78.3 percent of the men’s wage of $14.78. Hourly wage rates underestimate the difference between male and female earnings, because men work more hours. The 78.3 percent of a man’s wage that women earned in 2003 was up from 60.5 percent as much in 1979. Much of the narrowing gap is due to the 9.6 percent drop in men’s inflation-adjusted median wage, but women’s wages also increased by 17 percent.

The median white worker made $13.58 an hour in 2003 while the median black worker earned $11.18 an hour, about 82.3 percent as much. For men, the disparity was greater, with black men earning $11.52 an hour, just 75.9 percent of what white men earned ($15.18). Black women earned $11.04 an hour, 93.6 percent of what white women earned.

Education and Unionization: Those with more education earn substantially more and workers in unions have higher wages with fewer gender and race disparities. But unionization rates are falling and Ohio is not keeping pace with the nation in college attainment.

While Ohioans were more likely than others in the nation to have high school diplomas in 2002 (84.7 percent of Ohio adults and 82.7 percent of U.S. adults have a high school diploma), we lagged in graduation from college (28.6 percent of Ohio adults and 32.7 percent of U.S. adults have at least a community college degree), at a time when higher education is increasingly necessary to ensure family supporting wages. White Ohioans are also more than 50 percent more likely to have completed a degree beyond high school than black Ohioans.

Education increases wages, regardless of race and gender. White high school graduates earned 29 percent more than dropouts while black graduates earned 23.8 percent more than dropouts. White and black college graduates earned 131.7 and 123.8 percent more respectively than those who hadn’t finished high school – well more than twice as much in hourly earnings.

Although education boosts wages, at every educational level black workers continue to earn less than white workers. For those without a high school diploma, blacks earned $8.54 an hour, 96 percent of what white non-graduates earned ($8.89) in 2003. For those with a college degree or more, blacks earned $19.11 an hour, 91.5 percent of what whites earned ($20.89).

Both men and women benefit from increased education – college graduates of both genders earned 132 percent more than high school dropouts. However, even controlling for education, disparities between men and women’s hourly earnings persist. Women with a high school diploma ($10.03) earned only slightly more per hour than male high school dropouts ($9.88). Women with some college earned $11.75, $2.38 less per hour than men with the same education, and less even than men with just a high school degree. Women college graduates earned $19.11, $3.78 less than men at the same education level.

Union membership has plunged in Ohio and the nation over the past twenty years. In 2003, just one in six of Ohio’s workers were unionized (16.7 percent), down from one in four (25.1 percent) in 1983. Ohio’s unionization rates were still well above the national average, which was one in five in 1983 and just one in eight (12.9 percent) in 2003.

Non-unionized workers made less than three-fourths of what unionized workers earned hourly in 2003. For African Americans and women, benefits of unionization were even greater. Black workers not in a union earned 69.4 percent of what unionized black workers earned each hour. Women without unions earned 72.6 percent of what unionized women earned in 2003.
Income, Inequality, Poverty and Basic Needs: Ohio household and family income rose in the 1990s and have declined since the year 2000. Wage and income inequality have grown substantially over the past several decades. Rates of health insurance coverage and employer-provided retirement have declined and poverty rates remain high.

- Ohio’s real median household income grew slightly in 2003, although the growth between 2002 and 2003 was not statistically significant. Median household income was $43,520 in 2003, up slightly from $42,662 in 2002. The level was below the previous peak of $45,891 in 2000 and comparable with levels from 1998 and 1999.
- Ohio’s inflation-adjusted median income for four-person families dropped after 1998 and had not regained the $67,637 peak reached that year as of 2002 (most recent available). Prior to 1998, four-person family income had grown steadily since 1991. In 2002, median four-person family income was $65,399, more than $2200 below its peak in the late 1990s, but still $10,000 above 1991 levels.
- Ohio wages grew more unequal between 1979 and 2003, with workers in the bottom 60 percent of the earnings spectrum seeing real wage erosion or stagnant wages. Workers at the tenth percentile earned $6.99 an hour in 1979 and $6.91 an hour in 2003. Earnings growth remained essentially non-existent through the 60th percentile worker, who earned $15.20 per hour in 1979 and $15.37 per hour in 2003. In contrast, the 90th percentile wage grew from $23.59 an hour in 1979 to $28.05 an hour in 2003. Wages at the 90th percentile are now more than four times greater than wages at the 10th percentile, up from 3.4 times greater in 1979 and 3.9 times greater in 2002. Wages at the 90th percentile are now more than twice those at the median, up from 1.76 times as much in 1979. Still, wage inequality is not as extreme in Ohio as it is in the U.S.
- National household income data showed much greater inequality among the top ten percent of earners (state data is unavailable). In 2003, the top five percent of households earned an average of $253,239, more than $100,000 more per year on average than the top 20 percent (which includes the top five percent). Disparities have spiked over the past thirty years. While the top five percent of households made 15.7 times as much as the bottom 20 percent in 1973, those highest income families earned more than 25 times as much as the bottom 20 percent in 2003 on average.
- In 2003, more than one in ten Ohioans (10.9 percent) and about one in six Ohio children (16.5 percent) were below an official poverty line that is described by many as much lower than is required for subsistence. In 2004, the poverty line for a family of three is $15,260 and for a family of four is $18,850.
- Nearly one in eight Ohioans (12.1 percent) was without health insurance at some point in 2003, the highest level since this percentage began being tracked in 1987.
- The percent of employees receiving retirement benefits from their workplace slid in Ohio between the three years around 1980 and the three years around 1990. Since then, retirement benefits have stabilized, with 53.1 percent of Ohio workers receiving such coverage, down from 58.7 percent around 1980. The current rate exceeds levels in the U.S. as a whole, where less than half of workers receive retirement benefits from their workplace.

The American and Ohio economies have undergone extensive change in the past few decades and will likely continue to change. As of 2003, many Ohio workers are not benefiting from those changes. In the last few years, jobs have been lost and not replaced. Over a longer trend, inequality has increased, gaps between black and white workers have widened, and median wages have not grown. Understanding how the Ohio economy affects our working families is the first step toward helping Ohio workers begin benefiting from economic change.