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New report: Lack of demand driving unemployment crisis; Data points to need for investments in job creation and training

A new report by Policy Matters Ohio finds that lack of demand, not a dearth of skilled employees, is driving Ohio's unemployment crisis. Our study, "Hollowing Out: Job loss, job growth and skills for the future," examines median wages across education levels and finds that since the start of the recession in 2007, wages decreased by more than 2 percent for workers possessing less than a high school diploma. Workers with a bachelor degree or a high school diploma made modest gains of just over 2 percent, while those with more than a high school education but less than a bachelor degree, the segment of the workforce frequently cited as falling into the skill gap, saw a drop in median wages of nearly 7 percent.

"If a widespread skill shortage existed we would see rising wages as employers compete for skilled workers, but this is not what we are seeing in the data," said Hannah Halbert, report co-author and policy liaison with Policy Matters Ohio. "There are simply not enough jobs for the number of people seeking work."

Jobs requiring at least a college degree and those requiring a high school degree or less will grow by 9 percent by 2018. Jobs requiring some training beyond high school but less than a college degree – "post-secondary jobs" – will remain largely stagnant, losing .4 percent.

Jobs that require some post-secondary education are estimated to account for nearly 49 percent of all jobs in Ohio, down from nearly 51 percent in 2008. In 2009, only 48 percent of Ohioans had education at this level.

Projections by the Bureau of Labor Statistics suggest that the hollowing out of the Ohio economy, which was exacerbated by the 2001 and 2007 recessions, will continue unless policymakers act to stop it. "Overall the job projections are bad news for the state as the heaviest losses are in occupations that pay family sustaining wages for a manageable educational investment," said Halbert. "The shrinking share of post-secondary jobs should be viewed as a call to action to boost educational attainment and to directly address our sluggish economy; Ohio can reverse course by investing in training and jobs for the middle-class economy."

The report recommends supporting economic *and* workforce development by increasing funding for industry partnerships, including job creation thresholds, payroll standards and claw-back protection for corporate incentives, reducing the time and financial burden of post-secondary education by integrating remedial and vocational training, and protecting federal programs that support jobs and job training.