Stuck: State of Working Ohio 2013

Amy Hanauer

The *State of Working Ohio 2013* uses the best and most recent data available to understand how Ohio's labor market is working. The unavoidable conclusion is that it's not working well. Among the main findings this Labor Day:

Key findings

- Ohio job growth among worst in nation, much weaker than in past recoveries.
- U.S. wages stagnant, Ohio wages falling over decade.
- Ohio workers giving up: labor force participation at 33-year low in 2012.
- Racial gap in wages and unemployment large and growing.
- Terrible time for young and prime-age workers.

Weaker than previous recoveries: After the 1990 and 1981 recessions, Ohio fully recovered the lost jobs within about three and a half years or less, yet we haven't recovered the jobs lost in either of the last two recessions more than five and 12 brutal years after the 2007 and 2001 recessions. In July 2012, Ohio had just 5.21 million jobs, down from 5.63 million at the peak in 2000.

Worse job growth than the nation: While the national recovery is weak, Ohio's is much worse. Since 2005 when tax cuts were passed here with the promise of job creation, Ohio lost more than 3.8 percent of its jobs while the nation's grew by 1.8 percent. Only three states lost more jobs than Ohio since then. In all sectors, we lost more jobs and in the one sector that policy can control – public jobs – the country has added slightly while we've cut, further weakening a poor employment situation in Ohio. Our cutting of public jobs is in contrast to how we've behaved after previous recessions and is contributing to the weakness of this recovery.

Historically low labor force participation: Labor force participation was at a 33-year low in 2012, lower than at any time since we've begun tracking it. The portion of adults who actually have a job is measured by the employment-to-population ratio, which inched above the dismal 2010 and 2011 rates, but was otherwise at a low not reached in the previous quarter century. Male labor force participation fell to an all-time low in 2012. Female labor force participation has fallen for four years straight, unprecedented since we've begun tracking it, and is now lower than at any time since 1995. The portion of adult women who were employed was at a twenty-year low at the end of 2012. For men, this proportion inched up in each of the last two years but finished 2012 lower than at any year prior to 2009, going back to when our data series begins in 1979. With the exception of the last few dismal years, we have to go back to 1985 to find a worse year for African American employment-to-population ratios.

Productivity is growing, compensation is not: Nationally, productivity grew more than 27 percent between the first quarter of 2000 and the second quarter of 2013, while average compensation, including benefits, grew just 6.5 percent.

Ohio's low-wage trap: Ohio's median wage – the wage earned by a worker precisely in the middle – nudged up by a paltry two cents between 2011 and 2012 and remains, with the exception of last year, lower than it has been since 1996 adjusted for inflation. Wages were higher for Ohio median workers in 1979 and also in much of the 80s, late 90s and 2000s. National analysts are lamenting the "lost decade" – in Ohio we've had a decade and a generation of not just stagnation but wage decline. Ohio's median wage now lags nearly 75 cents behind that of the US as a whole, in contrast to a generation ago when Ohio workers earned more than $1.50 more per hour than US workers.

Disparities endure: Women earned $3 less per hour than men in Ohio in 2012 and the black-white wage gap in Ohio has grown to more than $3.50 an hour. Black Ohio workers earned more than 60 cents less ($13.02) than black American workers at the mid-point ($13.64) in 2012. At 14.6 percent, unemployment in the black community is more than twice as high as in the white community.

Tough times for young and prime-age workers: We have to go back to 1985 to find a year when a smaller portion of prime-age workers (those between the ages of 25 and 54) was in the Ohio labor force. Young people in Ohio face recessionary levels of unemployment at a time when they should be climbing the first rungs of a career ladder. Nearly 13 percent of workers between ages 16 and 24 are looking for and unable to find jobs in Ohio.

Long-term unemployment persists: By the end of 2012, more than one in three of those without jobs had been out of work for more than six months. Prior to this recession, 1983 was the only year when the long-term unemployment share was this high. By late 2012, it had been this high for three years in a row.

While some indicators are slightly better than they were in last year's report, Ohio's economy does not look like it should in a real recovery. The title says it all – we are stuck in Ohio. Stuck in the aftermath of a terribly deep recession, stuck in a weak recovery, stuck with shrinking wages, stuck with growing disparities. The national economy is weak and ours is worse. The austerity policies passed in 2005 and continued with little interruption since are not working in Ohio. It's time for something new. We end by recommending that Ohio:

- **Invest in education, from cradle to retirement.** States that are increasing their educational investments are also doing a better job of increasing their wages.
- **Retrofit Ohio for the new energy economy.** Doing so will create jobs now, save money later, and reduce climate change.
- **Restore public jobs.** This smart countercyclical move will boost the economy and improve public services, positioning our families and communities better for the future.

These three changes will put Ohioans back to work and get our state out in front of the demands of a changing economy. It's time for Ohio to again lead the way.