Policy Matters Ohio

Work and Wages
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State of Working Ohio 2012

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Introduction

Job growth is grim, median wages are falling, disparities endure, inequality is sky-high, unemployment remains troubling, and the share of the unemployed who've been jobless for at least half a year is at record levels. This *State of Working Ohio 2012* uses the best and most recent data to assess the state of the Ohio labor market. We find that Ohio workers have little to celebrate this Labor Day and some indicators are the worst they've been in decades or ever.

Failures by the public and private sector led to the global financial crisis that brought us such a severe and enduring economic downturn. The financial sector lobbied for and got policy makers to shed regulations on financial products. This deregulation encouraged risky lending and allowed lenders to aggressively market exploitative financial products. The ensuing foreclosure crisis destabilized much of our economy and also led to a financial meltdown. The resulting recession was worse in many ways than any downturn since the Great Depression. Three years into what should be a strong recovery, we are still suffering from the effects.

Further, while the recent crisis made things much worse, public and private sector decisions over the past generation have made life harder for the vast majority of America and Ohio that relies on jobs for income. Wages in Ohio are in a generation-long slide; productivity gains no longer help most families; employers have slashed health and pension coverage; unions are under assault, weakening both the voice and leverage that they give to workers; racial disparities have grown; and rising education levels don't deliver rising wages to the degree that we'd expect.

This Labor Day has slightly better news than the previous two. Unemployment is a bit lower. Manufacturing jobs have grown more than twice as fast as other jobs in the Ohio economy. Durable goods manufacturing, the subsector that includes most automobile and appliance production jobs, has seen particularly strong growth, more than three and a half times as strong as that for the economy as a whole. The American Recovery and Reinvestment Act and the automobile rescue package both helped to revitalize manufacturing; instead of talking about continued devastation of that sector as we had been, we can debate how many positions will be preserved at Lordstown due to plans for the new Chevy Cruze. Unfortunately, layoffs in local government are sucking jobs out of the economy even as manufacturing is adding them.

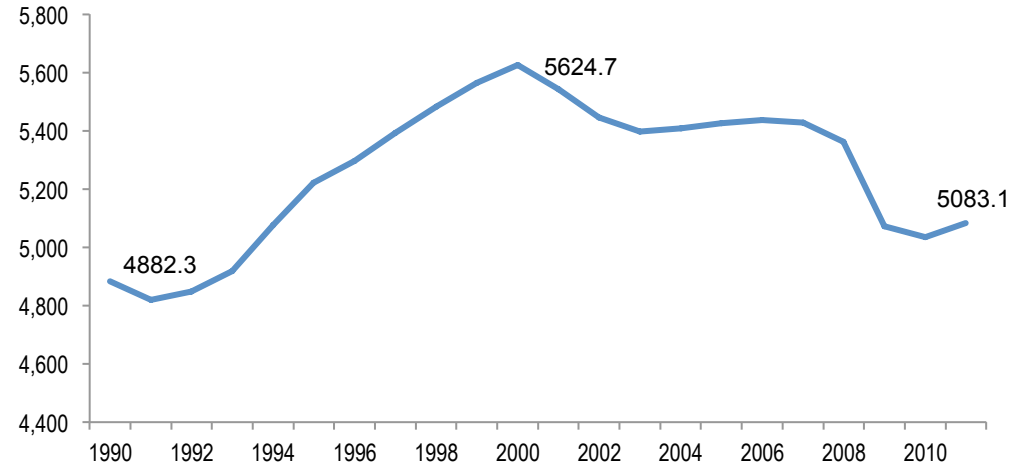
For the past generation, we've cut taxes, reduced regulation, weakened labor market standards, made it harder to unionize, slashed the safety net, and let higher education become more expensive. It has led to an economy where wealth, wages, income and benefits go increasingly to a smaller and smaller share and where all of us have less security and stability. We end the *State of Working Ohio 2012* with recommendations about a different approach where opportunity and prosperity are more broadly shared.

Jobs still down

The number of jobs has finally begun to pick up slightly in Ohio after declining every year from 2006 through 2010, remaining essentially stagnant from 2003 to 2006, and dropping between 2000 and 2003. Ohio has a long way to go before regaining its recent peak job level of 5.625 million jobs in the year 2000.

Figure 1

Ohio jobs still far below peak (in thousands)



Source: Economic Policy Institute (EPI) analysis of Current Employment Statistics data

While jobs have begun picking up steam, the growth is below what we should expect at this point in a recovery. Over the last 12 months, the state job total has grown by 100,300 jobs, or 2 percent. At that rate, it will take more than two years to generate the 233,300 jobs needed to return Ohio to pre-2007 recession levels of employment and even longer to get to year 2000 levels.

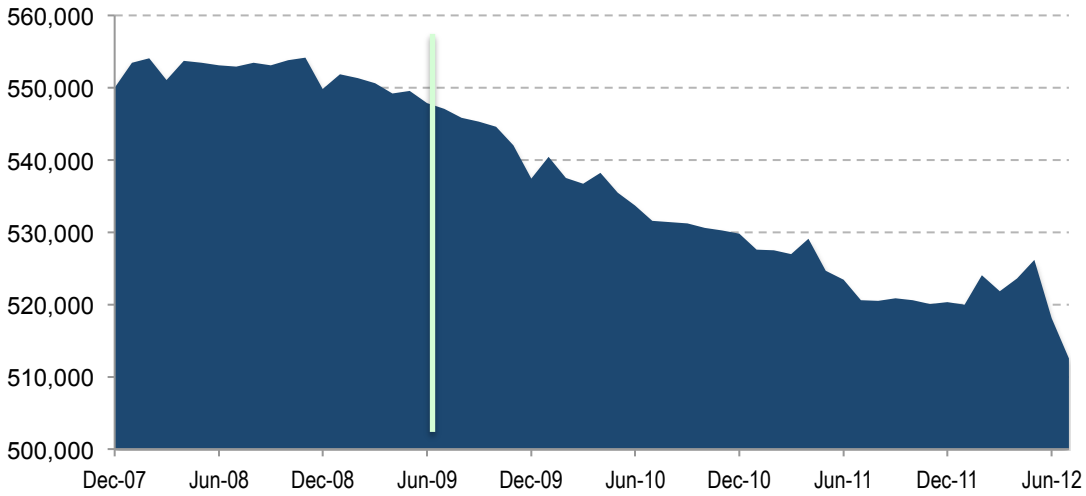
Public sector job loss slows recovery

One factor that is particularly dragging Ohio down in this recovery has been the decision to lay off public sector workers in local government. This policy of austerity has meant that public sector job losses are slowing the recovery. If Ohio had avoided cuts to local public jobs since the end of the 2007 recession in June 2009, an additional 35,400 Ohioans would be employed.

Figure 2

Public sector job loss slows recovery

Ohio local public job loss since start of '07 recession, seasonally adjusted

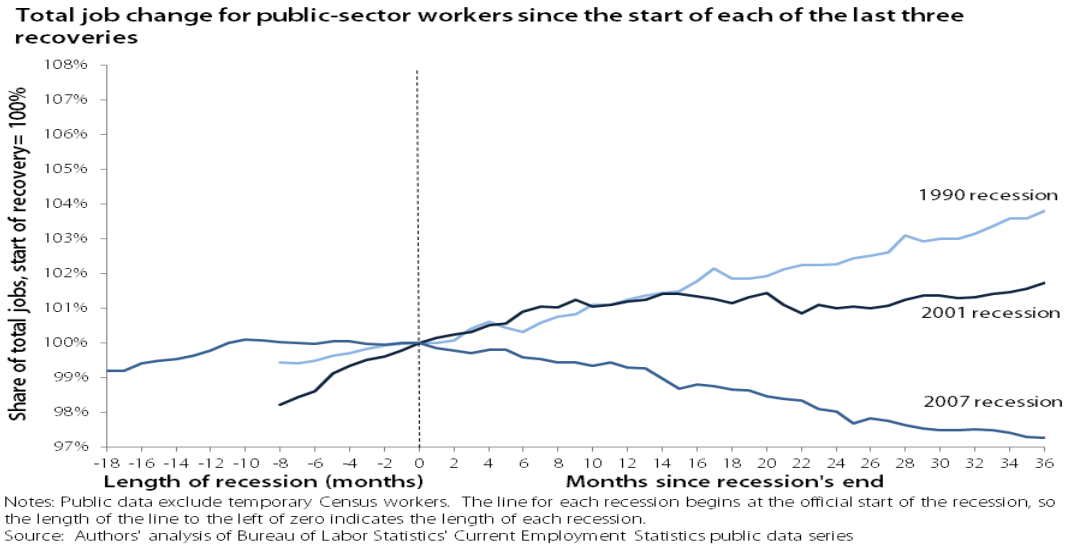


Source: Policy Matters Ohio analysis of CES data complied by the Ohio Department of Job and Family Services, available at http://ohiolmi.com/asp/CES/ces.htm. The line roughly marks the end of the 2007 recession.

National data on public sector job loss shows that this kind of austerity early in a recovery is unusual. After each of the last two recessions, the federal government, states, and municipalities across the country added jobs, but in this recovery, public jobs have been cut.

Figure 3

Shrinking government hurts national recovery (national data)



Source: EPI analysis of Bureau of Labor Statistics Current Employment Statistics public data series, data is for U.S.

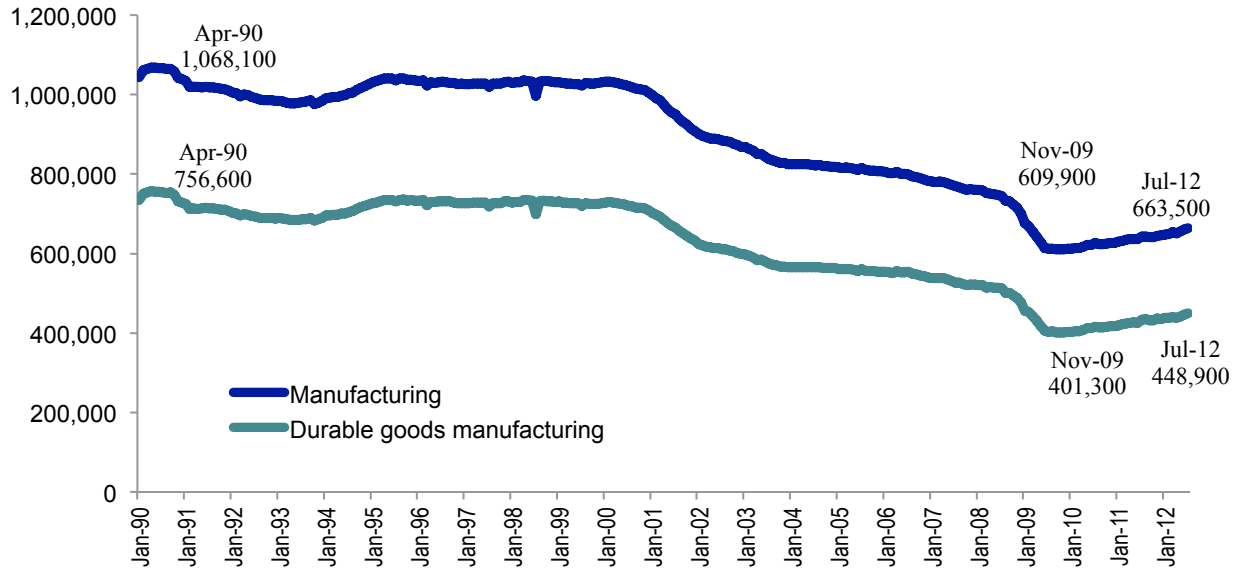
Manufacturing starts to rally

Manufacturing, led by durable goods manufacturing, which produces things like cars and appliances, is enjoying a healthy revival in Ohio. Manufacturing had been falling steadily in Ohio throughout the 2000s and more sharply after the beginning of the 2007 recession – it reached a low in November 2009 when it fell to 609,900 jobs. But the sector has since added 53,600 jobs, a solid 8.8 percent growth over 33 months, led by durable goods, which added 47,600 of those positions, an 11.9 percent growth in this subsector. Compare this to a growth rate in Ohio jobs more generally over this period of just 3.6 percent. By July 2012, the unrevised numbers had overall manufacturing employment at 663,500 and durable goods at 448,900 in Ohio (monthly numbers are often revised but the revised June numbers are similar). This isn't close to where we once were – in April 1990 more than one million Ohioans worked in the industry and today more than one out of three of those jobs is gone. Nonetheless, manufacturing remains crucial to the Ohio economy – we rank third in the country for manufacturing jobs, behind only Texas and California, much larger states. Continued growth at this pace would go a long way to leading Ohio into a more meaningful recovery. The American Recovery and Reinvestment Act included rebates for energy-efficient appliance purchases. The automobile rescue package was also designed to revitalize this subsector. The growth in this sector suggests that these policies were helpful.

Figure 4

Manufacturing regains steam after auto rescue and recovery act

Employment in durable goods manufacturing, all manufacturing Jan 1990 - July 2012



Source: Policy Matters analysis of data from seasonally adjusted Current Employment Statistics survey available at Ohio Department of Job and Family Services, http://1.usa.gov/Rmp8NC. July 2012 data is preliminary and subject to revision.

Table 1 provides basic labor force statistics by demographic group for Ohio in 2011, some of which are explained in greater depth in figures below this table. Men make up a larger share of the labor force and are much more likely to be in the labor force, but in this weak economy are

more likely to be unemployed than women. Unemployment is extremely high for African Americans, those without a high school degree, and young adults. Further, these high levels of unemployment don't reflect that labor force participation is low among these groups – meaning that more people in these demographic categories may have become discouraged and stopped seeking employment. If all those who wanted jobs were actually in the labor force, unemployment rates would be much higher. This table also shows the share of the unemployed that has been unemployed for more than half a year – for older workers, more than half of those who are out of work have been jobless for at least 26 weeks, raising concerns about whether re-employment is possible.

Table 1

Labor market pains and gains not equal, Ohio 2011

	Labor force participation rate	Employment to population ratio	Unemployment rate	Long-term unemployment share*	Share of labor force**
Gender					
Male	69.9%	63.4%	9.4%	45.4%	52.6%
Female	58.6%	54.0%	7.9%	42.7%	47.4%
Age					
16-24 yrs	60.8%	52.1%	14.3%	32.8%	15.0%
25-54 yrs	81.4%	74.7%	8.2%	46.9%	64.8%
55 and older	39.0%	36.6%	6.0%	52.7%	20.2%
Race/ethnicity					
White	64.7%	59.7%	7.6%	44.1%	84.5%
African-American	58.6%	48.6%	17.0%	44.9%	10.2%
Hispanic	70.4%	64.1%	9.0%	(a)	2.9%
Asian/Pacific islander	65.5%	61.2%	(a)	(a)	1.4%
Education					
Less than HS	36.2%	29.7%	18.0%	41.6%	8.4%
High school	61.7%	55.6%	9.8%	47.8%	35.3%
Some college	68.4%	62.6%	8.5%	37.4%	20.3%
College or more	78.1%	74.1%	5.1%	46.2%	25.7%

Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) data
(a) Does not meet standards for sample size.
* Share of the unemployed that has been unemployed more than half a year – so of all unemployed adults that are over 55, 52.7 percent have been jobless for at least 6 months, while of all the unemployed workers between 16-24 years old, 32.8 percent have been jobless at least 6 months.
** This column is as a percentage of the labor force: Of the Ohio labor force, 52.6 percent are men and 47.4 percent are women, for example.

Leaving the labor market

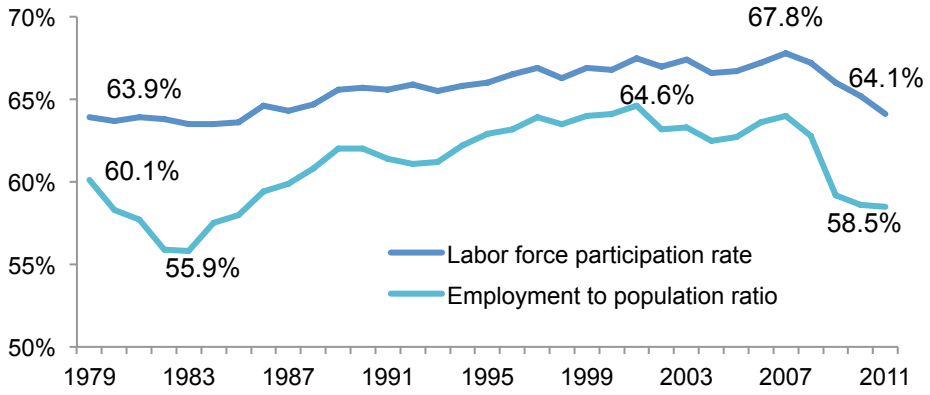
Ohio's labor market continues to struggle more than four years after the start of the recession that started in December 2007 and ended in June 2009. Over the course of that recession and the slow recovery, Ohioans continued to leave the labor force – more than 182,000 Ohioans have left the labor market since the recession began. In 2011, only 64.1 percent of Ohioans were in the labor force, lower than at any point since 1985. When people leave the labor force they are no

longer considered unemployed and no longer counted in the unemployment rate, even though they might still want to be working. This more than 25-year low in labor force participation reflects a lack of confidence in the labor market – a sign that people have become discouraged and stopped looking for work. Similarly, the employment-to-population ratio measures the percent of the working-age (over 16) population that is employed. This measure is also at a 26-year low and has been in somewhat of a free-fall since the start of the 2007-09 recession.

Figure 5

Fewer Ohioans in the labor market

Ohio labor force participation, employment-to-population ratio, 1979-2011



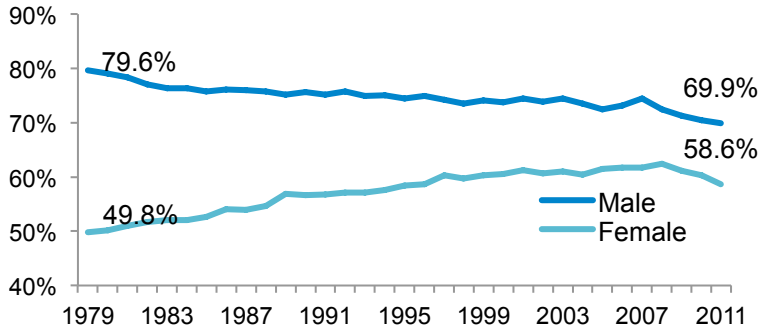
Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) data

It can be surprising to remember how low women's labor force participation was just a generation ago. Less than half of women over 16 were in the labor force in 1979 when many of our charts start – this proportion rose steadily over the next 30 years, suffering only occasional one-year declines, even in the deep recession of the early 1980s. Female labor force participation has now fallen for four years running in Ohio and is at only 58.6 percent, lower than at any point since 1995. Male labor force participation has been declining since 1979 but the drop has been much steeper in the last four years. The indicator is now at an all-time low of 69.9 percent, down ten percentage points since 1979.

Figure 6

Women and men both left labor force in 2012

Labor force participation by gender in Ohio, 1979-2011



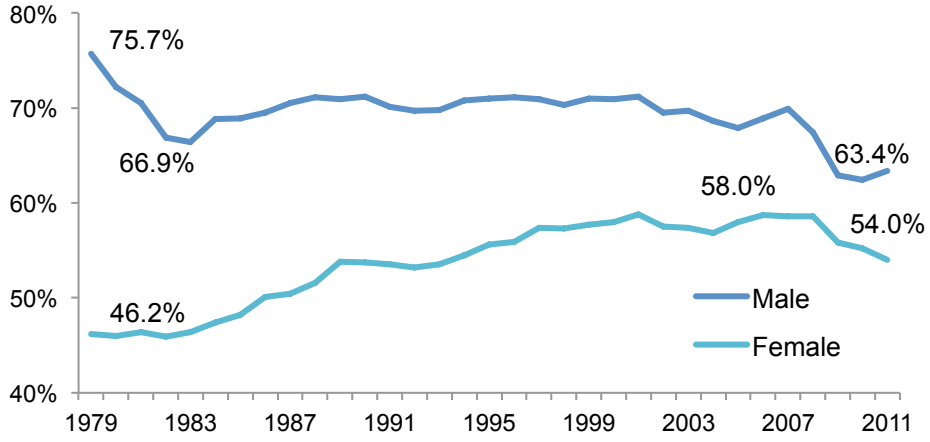
Source: EPI analysis of Current Population Survey (CPS) data

The male employment-to-population ratio rose last year for the first time since 2007. It is now 63.4 percent, down from 75.7 percent in 1979. Women's employment-to-population ratio fell again last year to 54 percent, down from a high of 58.6 percent in 2008.

Figure 7

Men's employment ticks up slightly after decline

Employment-to-population ratio, Ohio men and women, 1979-2011



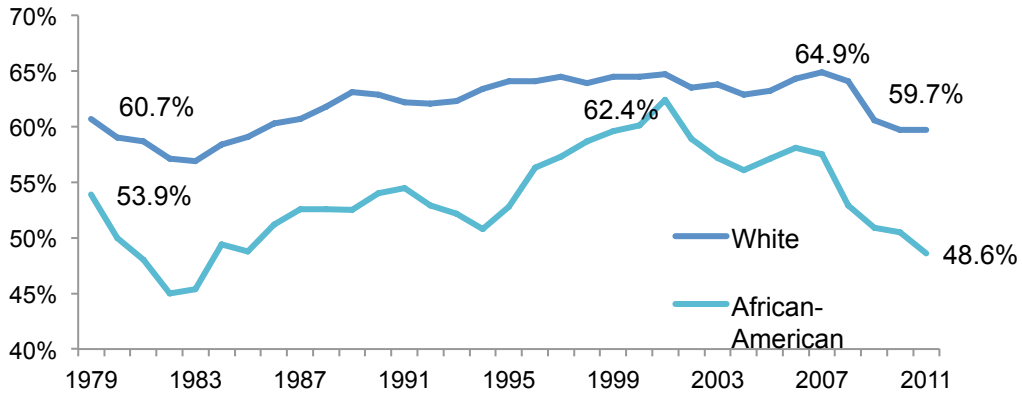
Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) data

The employment-to-population ratio has been declining for both black and white workers, a problematic trend. However, the employment level of black workers last year was at an alarming

Figure 8

Black employment plunges below 50 percent

Employment-to-population ratio in Ohio, by race, 1979-2011



Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) data

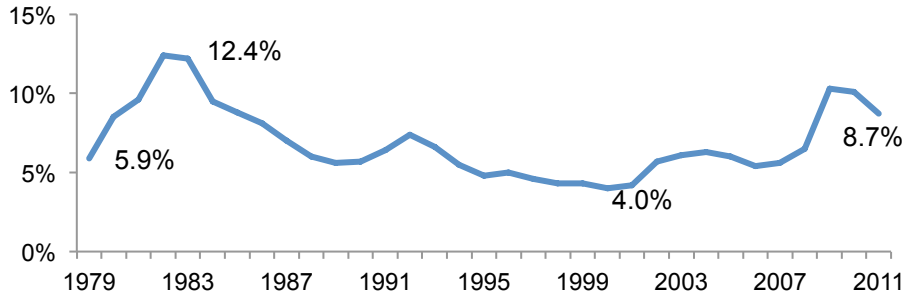
low of just 48.6 percent, lower than at any point since 1983. This is deeply troubling and a sign that Ohio has a long way to go before the labor market facing the black community can be considered healthy.

Looking, but not finding work

With low employment levels and labor force participation rates, the Ohio labor market is in bad shape. Unemployment is an incomplete measure because when jobs are scarce, people leave the labor force and are no longer considered unemployed. Still, it's important to monitor unemployment rates, which reflect people who are actively seeking and not finding jobs. The unemployment rate fell for the last two years in Ohio and has fallen further this calendar year. The rate was 8.7 percent in 2011, meaning that more than one out of 12 Ohioans was out of work despite actively looking. In July 2012, the monthly unemployment rate held steady at a much more healthy 7.2 percent. This should eventually lure people back into the labor market, although additional people left the labor market in July.

Figure 9

Ohio unemployment high by historic standards, lower than in recent years, 1979-2011

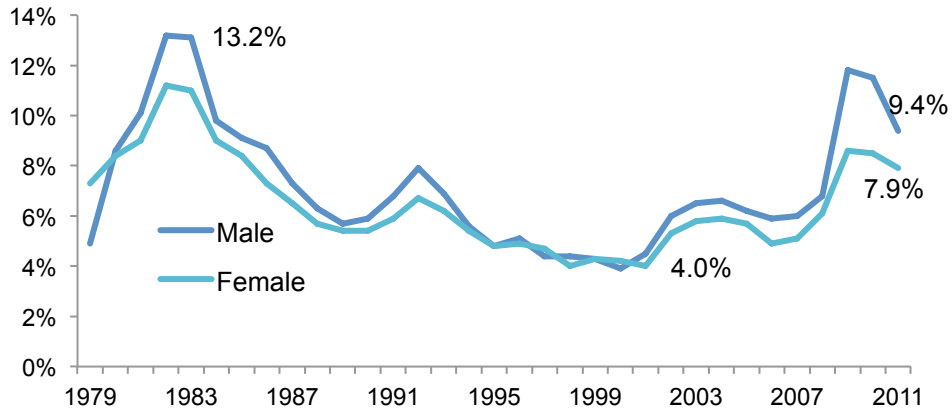


Source: EPI analysis of Current Population Survey (CPS) data

Ohio men faced a higher rate of official unemployment (9.4 percent) during 2011 than women (7.9 percent) partly because sectors like manufacturing and construction in which men are more likely to be employed were hit harder by job loss during the recession. However, men's unemployment has also fallen more sharply than women's in the recovery, as public sector job losses, which hurt women more, rise.

Figure 10

Nearly one in ten men unemployed
Ohio unemployment rate by gender, 1979-2011



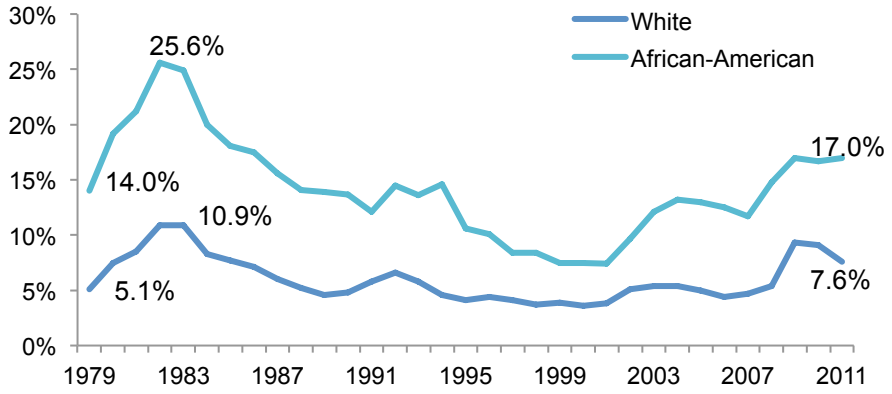
Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) data

Finding work harder for some groups

If Ohio as a whole is starting to experience a slight recovery, the black community continues to face daunting levels of unemployment, despite big drops in labor force participation that keep discouraged workers out of the statistic. African-Americans in Ohio were unemployed at a rate of 17 percent in 2011 and the rates were even up slightly from 2010. Full year unemployment had not been that high since 1986 in the black community. White worker unemployment was also unacceptably high in 2011 at 7.6 percent.

Figure 11

Staggering black unemployment
Ohio unemployment rate by race, 1979-2011

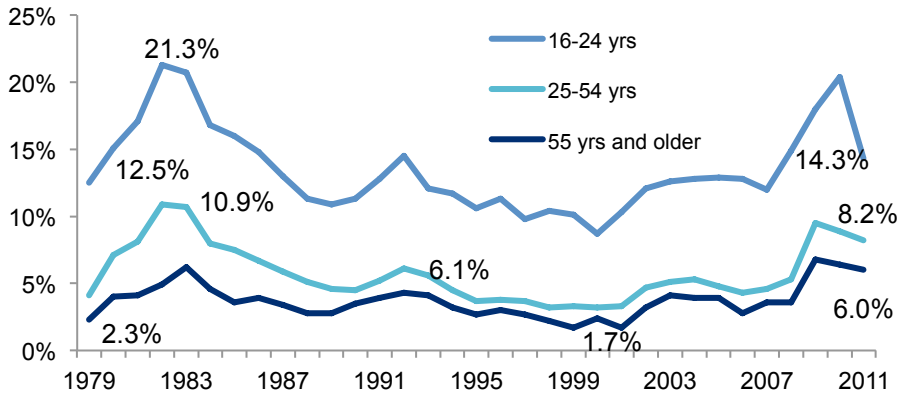


Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) data

Young workers saw their Ohio unemployment levels drop in 2011 but continued to be unemployed at a very unhealthy 14.3 percent level. This figure does not include full-time students who are not seeking work. Prime-age workers, from 25-54, were unemployed at an 8.2 percent rate in 2011 and workers aged 55 and above had a 6 percent unemployment rate but more than half of those older unemployed had been out of work for at least half a year.

Figure 12

Young workers still struggling
Ohio unemployment rate by age, 1979-2011

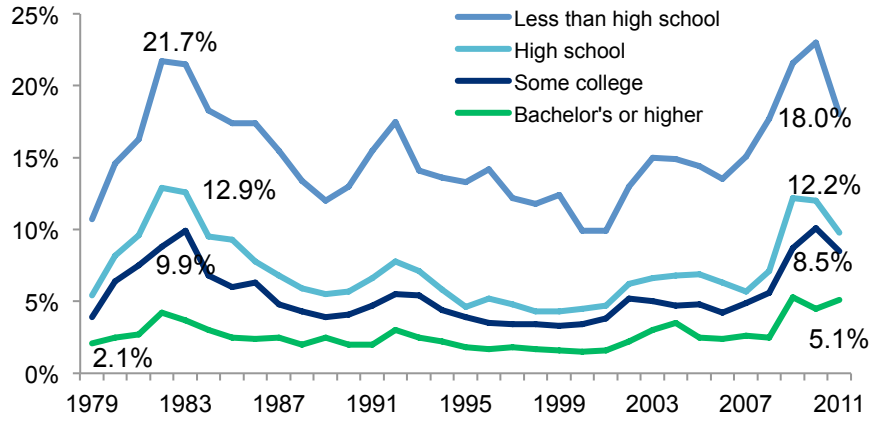


Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) data

Unemployment levels fell slightly at every educational level between 2010 and 2011, a welcome and long overdue improvement in this weak recovery. Still, unemployment remained an unacceptably high 5.1 percent for those with college degrees, 8.5 percent for those with some college, 12.2 percent for high school graduates, and a whopping 18 percent for those without a high school degree.

Figure 13

Less education equals more unemployment
Ohio unemployment rate by education level, 1979-2011



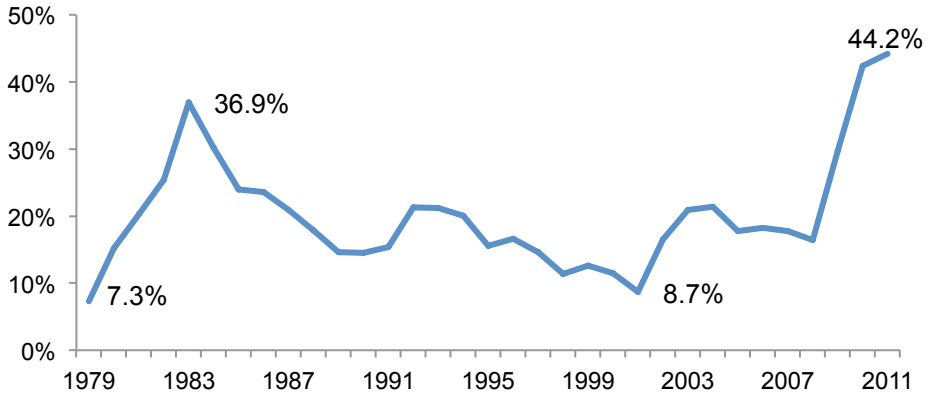
Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) data

Long-term joblessness

The share of the Ohio unemployed that has been unemployed for more than half a year rose to an all-time high of 44.2 percent in 2011, up from 42.4 percent in 2010. The peak prior to that was in 1984 at 30.2 percent. This is deeply troubling because the longer people are out of work, the harder it is to get rehired, both because of discrimination by employers and because of actual skill erosion.

Figure 14

Long-term unemployed share at all time high in Ohio

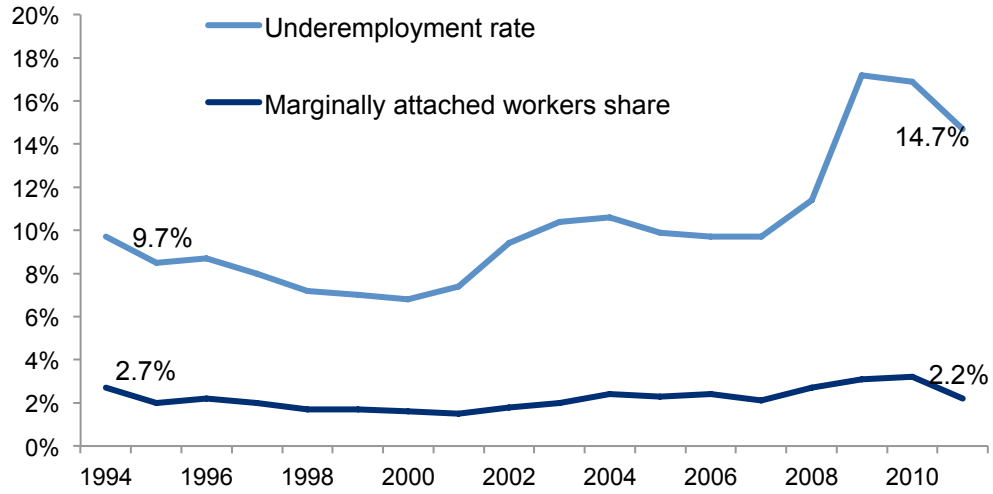


Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) data

Nearly one in five Ohio workers is underemployed, meaning either they are unemployed (have no job and are looking); are working part-time but want to be full-time; or are marginally attached, which includes two types of workers (discouraged workers who have left the labor force because they don't think they'll find a job, and workers who want to work but lack child care or transportation that would enable them to). Underemployment fell in each of the last two years but remains higher than at any other point between 1994, when this measurement was started, and 2009.

Figure 15

Little relief from historically high underemployment



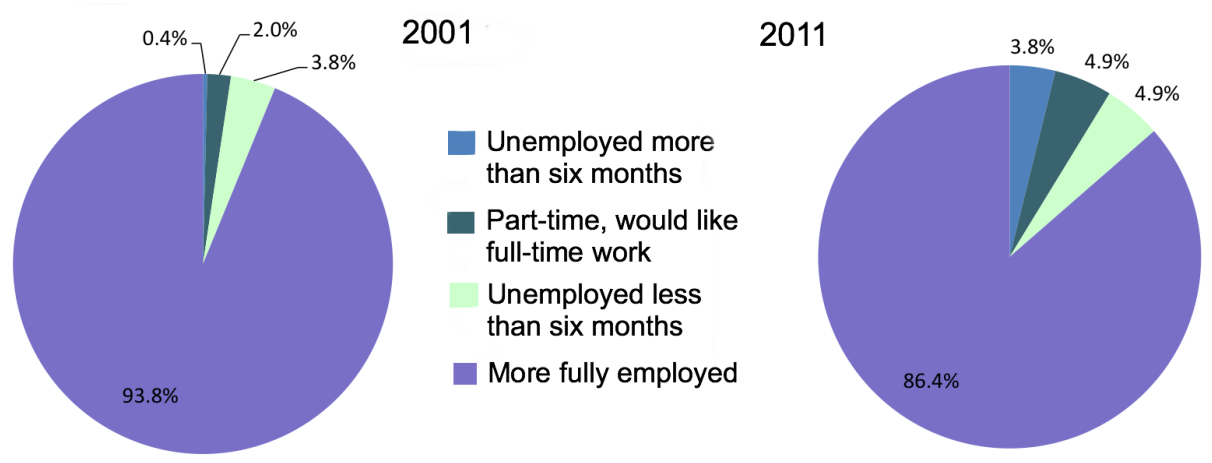
Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) data

A look back at the 2001 labor market gives a sense of what a healthier labor market looks like, at least in terms of demand for workers. At that time, 93.8 percent of the labor market was more fully employed – working if they wanted to, and working full-time if that was the kind of employment that worked best for them. About 3.8 percent of workers were unemployed for less than six months and less than half a percent of workers had been out of work for more than six month. And about 2 percent of workers wanted full-time work but could find only part time. In contrast, last year 3.8 percent of workers had been out of work for more than half a year, 4.9 percent out of work for less than half a year and another 4.9 percent stuck in part-time jobs.

Figure 16

2001: a healthier labor market means many who want work can find it

2011: labor-market misery leaves many out of work for a long time, others can't get full-time jobs

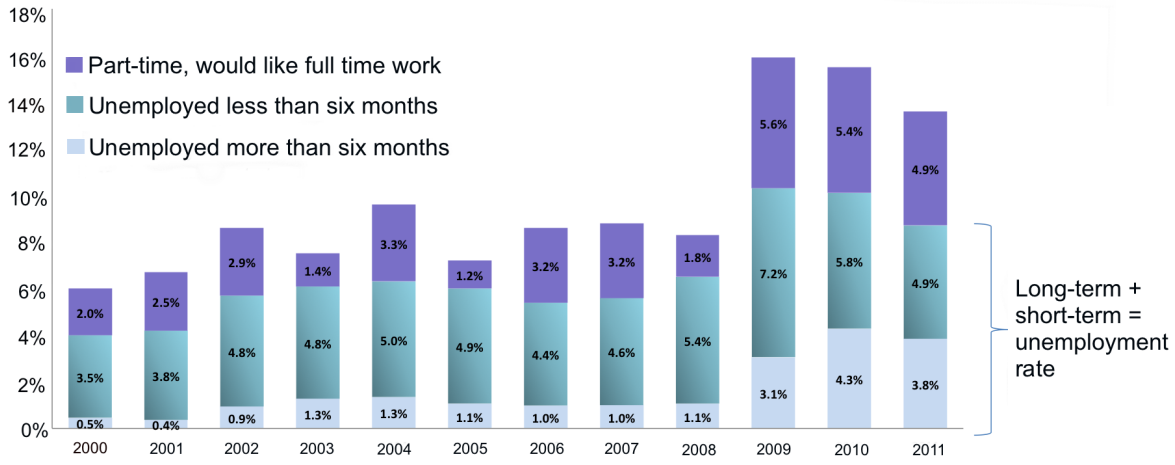


Source: EPI analysis of CPS data

Although unemployment, long-term unemployment, and part-timers who want full time work are all at high levels compared to the last decade, these indicators improved in 2011 when compared to the previous two years.

Figure 17

Unemployment plus involuntary part-time work equals lots of workers in need of a full-time job



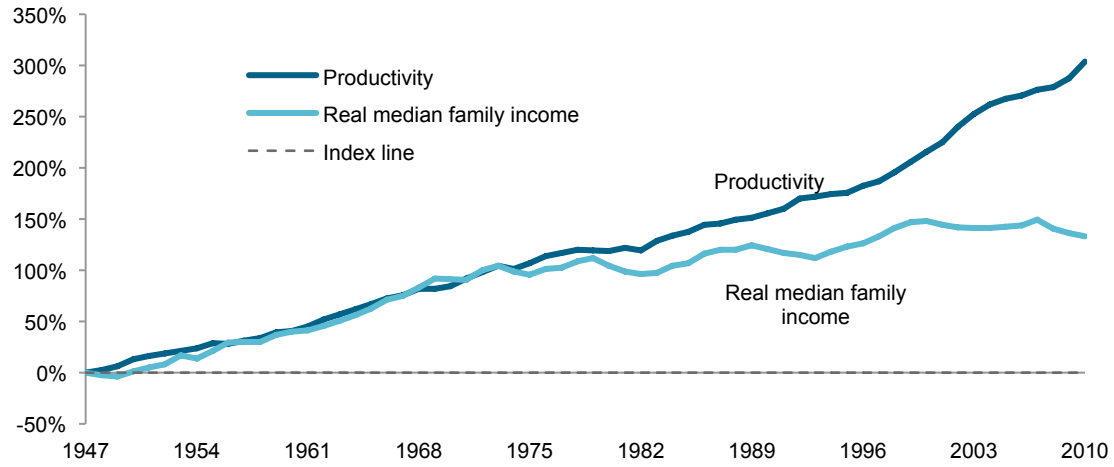
Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) data

Productivity grows, family income does not

Over the period from the end of World War II through the mid-1970s, productivity grew steadily and median family income grew right alongside it at a similar pace, adjusted for inflation. In the mid-1970s, these two trends began to diverge and although productivity (output per hour) continued to grow at a healthy pace, median family income grew much more slowly and even declined in some years, despite increased worker hours by most families over this period. Since 2007, median family income has declined each year in inflation-adjusted terms, while productivity has grown.

Figure 18

Productivity and income no longer linked



Source: EPI analysis of U.S. Census Bureau, *Income, Poverty and Health Insurance Coverage in the United States: 2010 – Historical Income Tables,* Table F 5: Race and Hispanic Origin of Householder – Families by Median and Mean Income," Excel spreadsheet accessed November 23, 2011. U.S. Bureau of Labor Statistics, *Productivity – Major Sector Productivity and Costs* Database. Accessed November 23, 2011.

Inequality spikes

Wages have gone down for upper-middle income, middle-income, lower middle-income and low-income workers over the past 33 years, when adjusted for inflation. The only wage growth is among the group that already earned in the top 20 percent, and even there, growth has been stronger for the most advantaged. Since 2007, every group, including the top, has seen a wage decline. The table below breaks the Ohio workforce into ten equal parts, looking out how earnings have changed since 1979. Someone at the tenth percentile earns more than ten percent of workers and less than 90 percent. Workers across the entire bottom 70 percent of the spectrum have seen hourly wage decline, with steeper drops for middle and lower-middle income workers over the long term. By 2011, workers at the 90th percentile earned 4.19 times more than workers at the tenth percentile. This doesn't capture income inequality among the top ten percent, which would substantially worsen the picture. It is wage income, so it doesn't capture programs like the Earned Income Credit, which help low earners with children, and it doesn't capture income from stocks, dividends and other non-wage earnings that go in vast disproportion to the wealthy.

Table 2

Ohio wages grow more unequal (2011 Dollars)

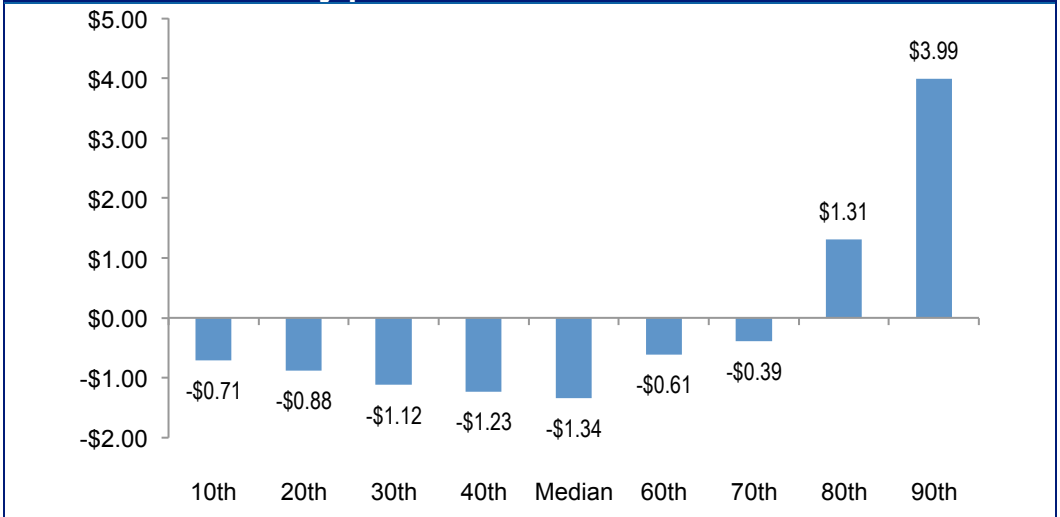
Percen-tile	1979	1989	1995	2000	2007	2011	Percent Change 1979-2011	Percent Change 2007-2011
10th	$8.59	$7.20	$7.40	$8.43	$8.15	$7.88	-8.3%	-3.4%
20th	$10.10	$9.08	$9.00	$9.00	$9.98	$9.22	-8.7%	-8.2%
30th	$12.17	$10.93	$10.80	$10.80	$11.82	$11.05	-9.2%	-7.0%
40th	$14.35	$13.07	$12.64	$12.64	$13.69	$13.12	-8.6%	-4.3%
Median	$16.54	$15.20	$14.77	$14.77	$16.01	$15.20	-8.1%	-5.3%
60th	$18.70	$17.59	$17.29	$17.29	$18.45	$18.09	-3.3%	-2.0%
70th	$21.34	$20.67	$20.36	$20.36	$21.75	$20.95	-1.8%	-3.8%
80th	$24.25	$24.08	$24.71	$26.41	$26.23	$25.56	5.4%	-2.6%
90th	$29.02	$29.52	$30.01	$32.93	$33.41	$33.01	13.8%	-1.2%
90th divided by 10th	3.38	4.10	4.06	3.91	4.10	4.19		

Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS

Presenting one key point from the table above in a bar chart, below, tells the story clearly. Between 1979 and 2011, Ohio's wage structure became more unequal. For workers in the 90th percentile – those who already earned more than 90 percent of other workers – wages have grown by about $4.00 an hour. For the next group down, earning between the 80th and 90th percentiles, wages have also grown slightly, and for all other groups wages have declined.

Figure 19

Wages shrink for most of us, 1979-2011, by percentile in 2011 dollars

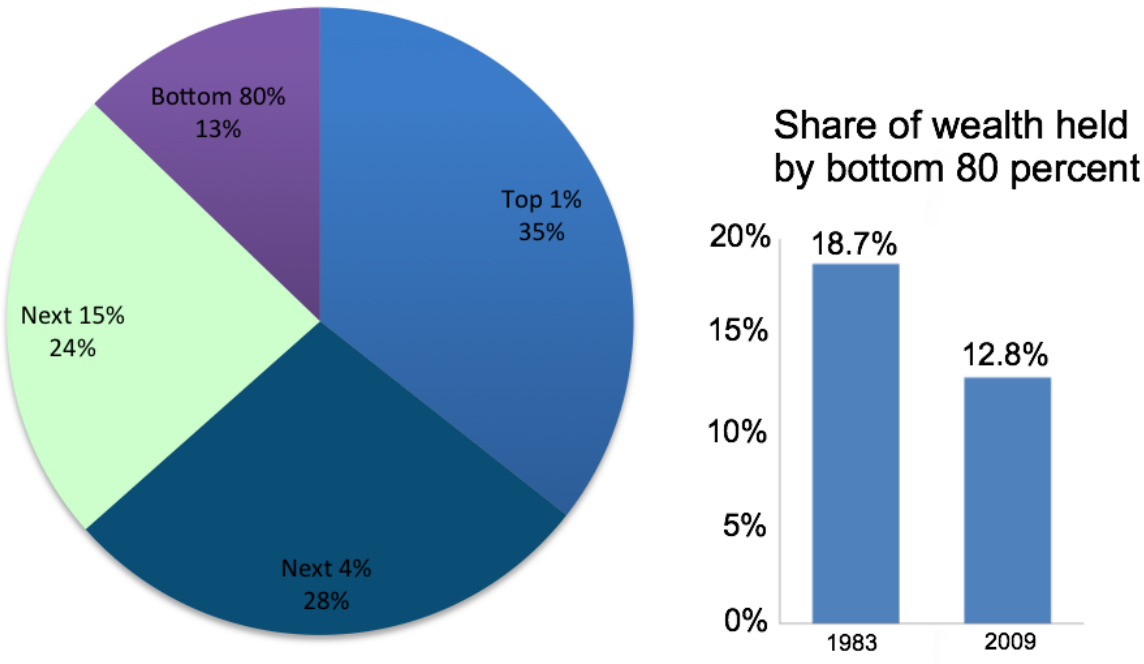


Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS

Data on wealth inequality is not easily available at the state level. The top 1 percent of Americans owned more than one third (35.6 percent) of the wealth in the United States in 2009 and the top 5 percent owned nearly two-thirds (63.5 percent) of the wealth. The bottom 80 percent of Americans own a tiny and shrinking share of the wealth, down from an already paltry 18.7 percent in 1983 to just 12.8 percent in 2009.

Figure 20

One percent owns more than one third nationally, Bottom 80 percent shares shrinking and tiny portion



Source: EPI analysis of survey of consumer finances data, share of US wealth held. Pie chart is for 2009.

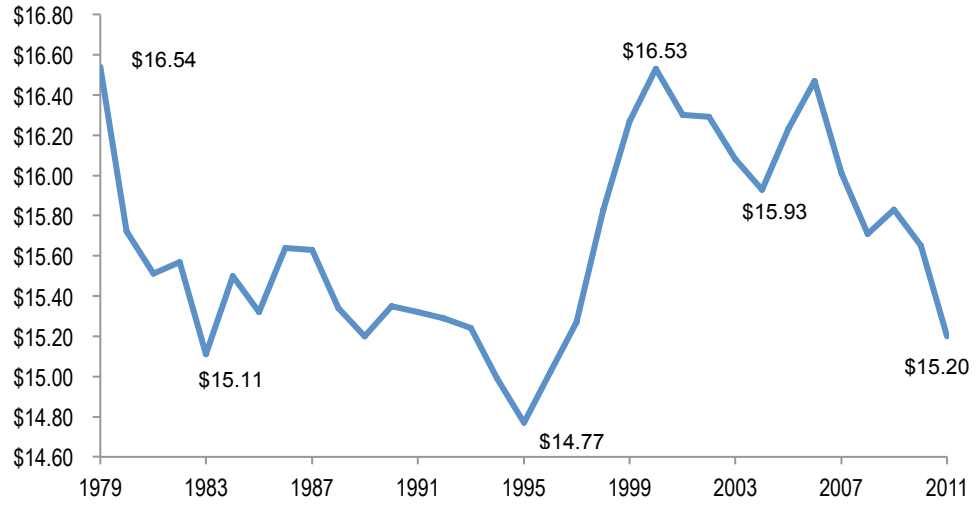
The middle falls

While declines have been much worse at the bottom, the typical Ohio worker has been on a downward wage trajectory since about 2006 when adjusting for inflation. The real median wage in Ohio in 2011 was just $15.20, much lower than the peak years of 2006, 2000 and 1979, but also lower than in much of the 1990s and early 2000s. In just the last calendar year, Ohio's median worker saw a 45 cent drop in inflation-adjusted dollars from the 2010 median wage of $15.65 (in 2011 dollars). This bouncing around, with frequent wage declines, is in stark contrast to the period between the end of World War II and the late 1970s, when median wages had a steady upward trend.

Figure 21

Ohio median wage drops steeply, is now lower than at any time since 1996

Trend from 1979-2011 in 2011 dollars



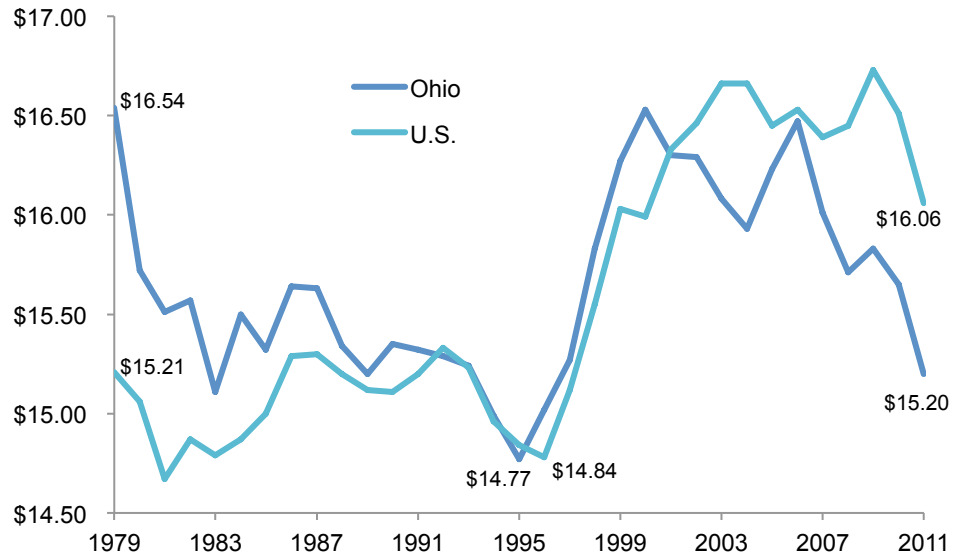
Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS

Ohio once had median wages consistently higher than those of the United States – well over one dollar an hour higher in today's dollars. But wages of the typical US worker have grown slowly since 1979, while wages of the typical Ohio worker have fallen sharply. By 2011, despite stagnant wages throughout much of the 2000s nationally and despite a two-year drop in the national median wage, Ohio's typical worker lagged more than 80 cents behind the typical U.S. worker in hourly wages, earning just $15.20 an hour at the median. Wage loss over the 2000s in Ohio was among the highest in the country, second only to Michigan. Ohio's wages fell by $1.33 between 2000 and 2011, while Michigan's fell by $1.36 in inflation-adjusted 2011 dollars. Hourly wages also fell steeply over that period in Minnesota (-$1.10), South Carolina (-$1.09) and Alaska (-91 cents). By contrast, the five states with fastest-growing wages over that period were D.C. (+$3.54), North Dakota (+$2.00), Wyoming (+$1.93), Massachusetts (+$1.41), and Florida (+$1.40). Washington D.C. and Massachusetts have the highest percentage of workers with a bachelor's degree and North Dakota and Wyoming have seen big growth in the percentages of their population working in the oil industry.

Figure 22

Ohio now lags the U.S. in median wage

Trend from **1979-2011 in 2011 dollars**

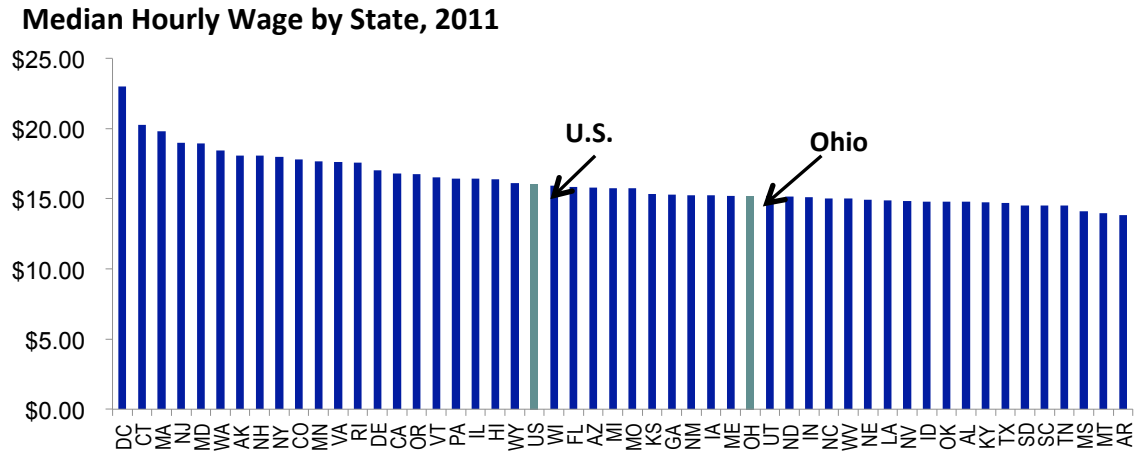


Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS

Ohio is now well below average in median wage – tied with Maine for 30th highest median wage among states at $15.20. The highest earning states – DC ($22.99), Connecticut ($20.29), Massachusetts ($19.81), New Jersey ($18.99) and Maryland ($18.93) – all have high levels of bachelor degree attainment, more protection of collective bargaining and are diverse northeastern economies. The upper Midwestern states whose economies most resemble Ohio's generally have wages similar to Ohio, with wages a bit lower in Indiana ($15.10), a bit higher in Michigan ($15.77) and Wisconsin ($15.94) and significantly higher in Illinois ($16.42) and Pennsylvania ($16.43). The lowest-wage states – Arkansas ($13.84), Montana ($13.97), Mississippi ($14.20), Tennessee ($14.52), and North Carolina ($14.53) – tend to have lower levels of education, much less unionization, more policies that hinder unions, less urban and less diverse economies.

Figure 23

Highly educated states have higher wages



Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS

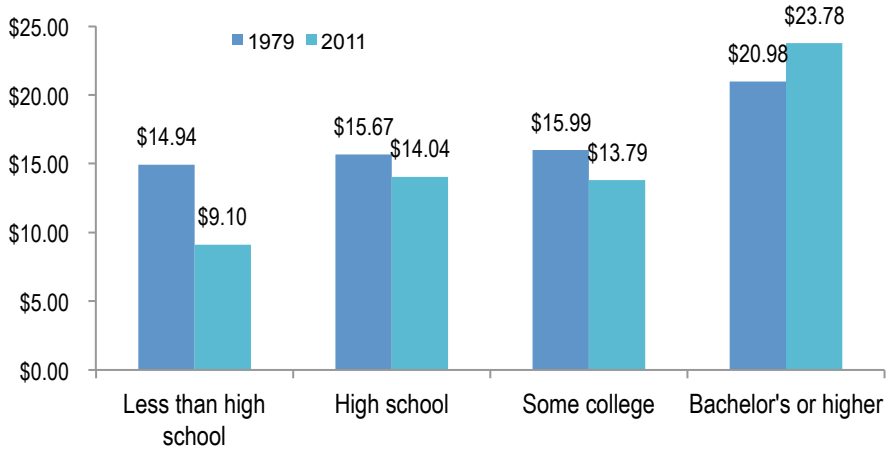
Education matters

Wages vary greatly with education levels in Ohio, as in the rest of the country. Ohio workers with at least a bachelor's degree earned $23.78 in 2011, a full $10 an hour more than workers with just some college, who earned $13.79 an hour. Workers with less than a high school degree earned only $9.10 an hour at the median in 2011 in Ohio. Wages have grown for workers with at least a bachelor's degree since 1979 but have fallen for every other category of worker in Ohio, including those with some college. These drops have been steep – more than $2.00 per hour for workers with some college and a staggering $5.84 per hour for workers without a high school degree (in inflation-adjusted 2011 dollars).

Figure 24

Less educated fall further and further behind in Ohio

Median wage by education, 1979 and 2011 (2011 Dollars)

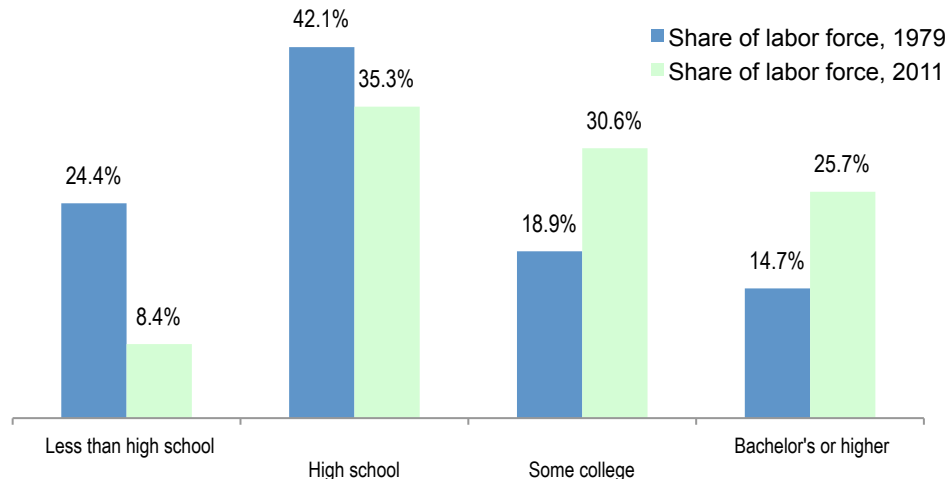


Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS

Ohioans have gotten the message that education matters, and, despite high costs for higher education, have increased their education levels. In 1979 just one third (33.6 percent) of the Ohio labor force had some college or a BA. By 2011, well over half (56.3 percent) of the labor force had completed some college or a BA. Similarly, level of high school completion has risen – where once nearly a quarter of Ohio workers hadn't completed high school, now more than 90 percent have. Nonetheless, our education levels remain behind those of the most affluent states like Massachusetts and Connecticut.

Figure 25

Ohio workers have gotten more education



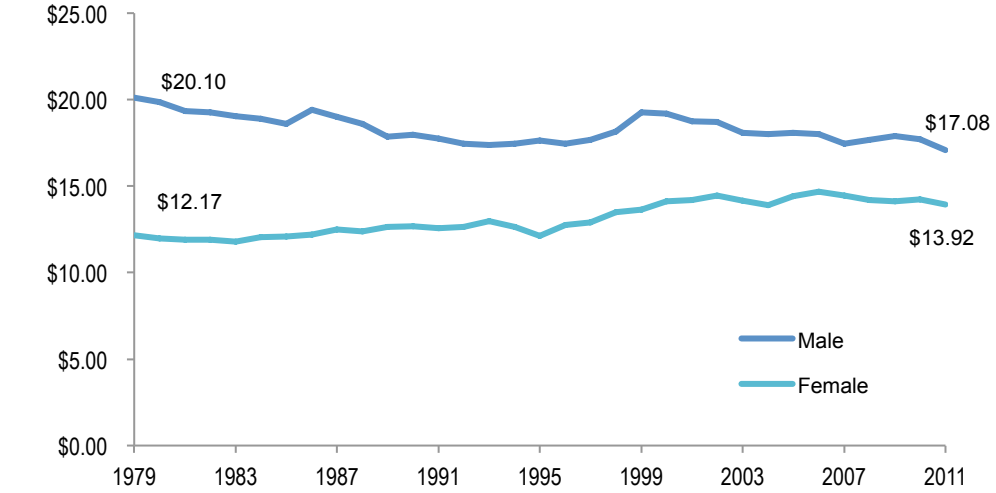
Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS

Wage gaps

Women continue to earn significantly less than men at the median in Ohio. In 2011, the median woman worker – the worker at the mid-point among women workers – earned just $13.92 an hour. Men earned more than $3.00 more per hour that year, with a median hourly wage of $17.08. Women's wages in Ohio have risen slightly since the late 1970s, by $1.75 an hour, while men's wages have fallen by more than $3.00 an hour at the median. Assuming full-time, year-round work (2040 hours a year), the median Ohio female worker earns just $28,397, compared to $34,843 for the median man. Both male and female median workers saw their wages drop for the past two years. Women's wages have not grown in the 2000s while men's wages have essentially been falling slightly throughout the 2000s.

Figure 26

Ohio women still earn significantly less than men per hour
Trend from 1979-2011 in 2011 dollars

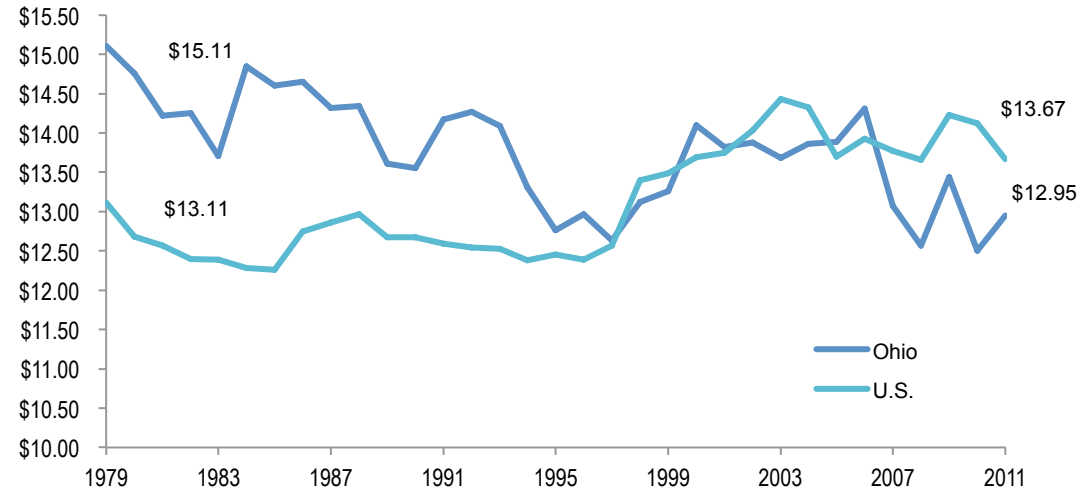


Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS

Black workers in Ohio experienced wage growth at the median between 2010 and 2011, but the long-term trend for African-American workers has been downward. African Americans in Ohio generally earned more than $2.00 more than black workers nationally in the late 1970s (in inflation-adjusted 2011 dollars), but now earn nearly $1.00 an hour less. Between 2010 and 2011 the median black worker wage fell nationally but rose in Ohio. Because sample size is smaller, this indicator bounces around a little more than all worker wages.

Figure 27

Ohio African-American workers no longer earn more than U.S. peers
Trend for median from 1979 to 2011 in 2011 dollars

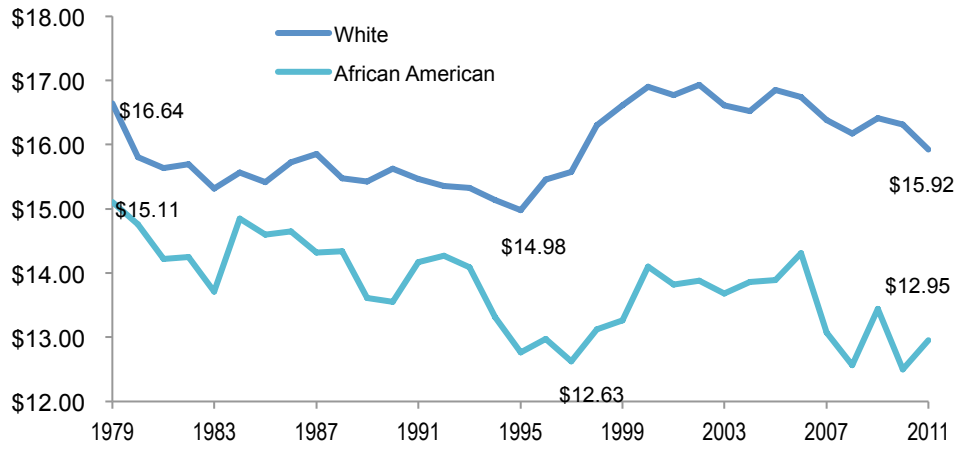


Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS

The gap in wages between black and white workers widened considerably over the last 32 years in Ohio – in 1979, black workers earned $15.11 at the median compared to $16.64 for white workers, a ten percent gap in inflation-adjusted 2011 dollars. By 2011, the median black Ohio worker earned just $12.95, compared to $15.92 for the median white worker in the state, a 23 percent gap.

Figure 28

Race gap at the median in Ohio, 1979-2011(2011 dollars)



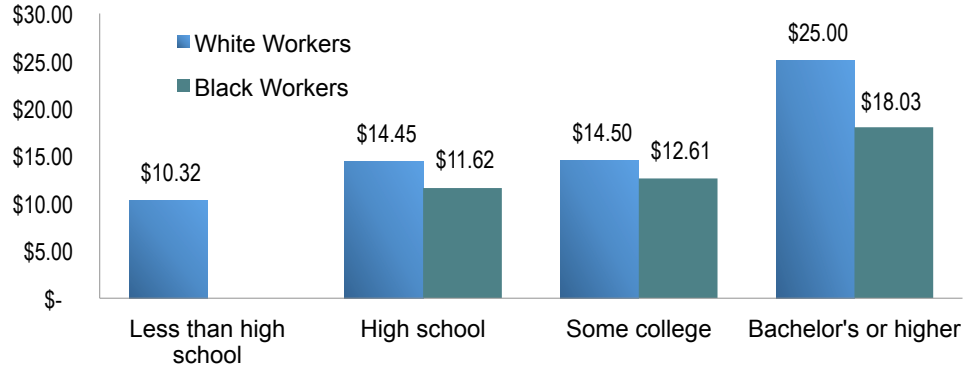
Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS

Although some of the racial wage gap might be due to disparities in education levels between black and white workers, even controlling for education levels, African Americans still make substantially less than white workers at every educational level for which we were able to provide data – we combined three years of data, 2009 through 2011, to get adequate sample sizes (there were insufficient numbers of African Americans without high school degrees to use that data). The median white worker with at least a bachelor's degree earned $25.00 an hour over the combined years of 2009 to 2011, while the median African-American worker at that education level earned just $18.03 per hour. The median white worker with just a high school degree earned $14.45 from 2009-2011, while the median black worker at that education level earned just $11.62 per hour.

Figure 29

Racial wage gaps persist, even with control for education

Wages by race and education level, 2009-11 combined



Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS. 2009-11 combined to increase sample size. Sample size for black workers without a high school degree was too small to be statistically valid for a 3-year period.

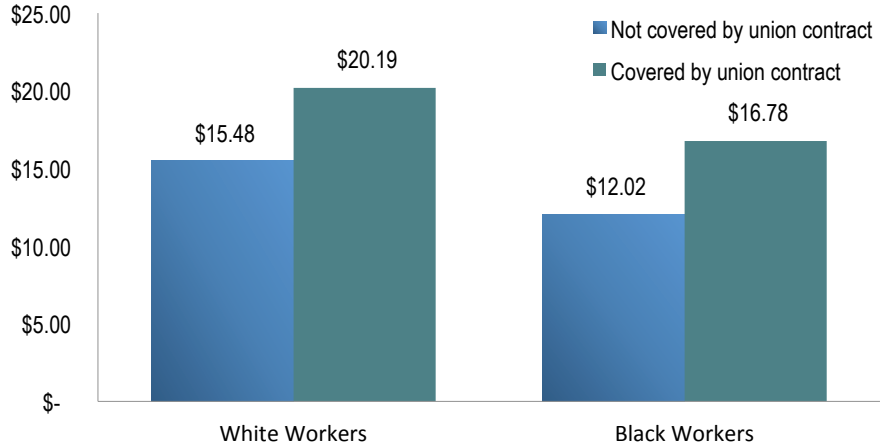
Unions raise wages

One way to address racial wage disparities is to encourage unionization. Being covered by a union contract increases the wages of black and white workers, but it increases African American worker wages to a slightly greater degree, thereby reducing the racial disparity from 23 percent to 17 percent. Black workers who are covered by a union contract earn more than white workers who are not covered by a contract, though not as much as white workers who have a union contract.

Figure 30

Unions raise wages, reduce racial disparities

Median wage for workers covered and not covered by union contracts, 2009-2011 combined, by race



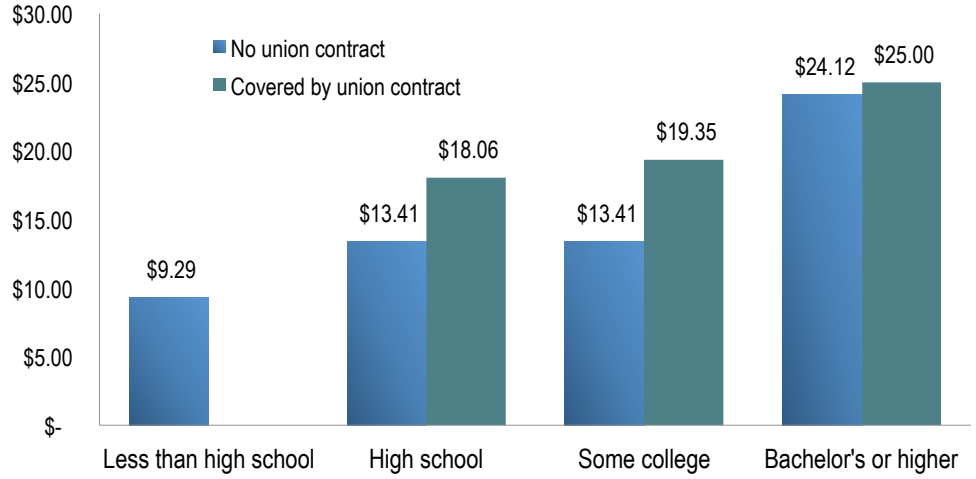
Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS 2009-11 combined to increase sample size.

Just as unions reduce disparities across race, unions increase the compensation of workers with less leverage in the labor market because of their education levels. For a worker with just a high school degree, being covered by a union contract increases the median wage from $13.41 an hour to $18.06 an hour. Being covered by a union also helps those with a bachelor's degree slightly – raising their median wage from $24.12 to $25.00 an hour on average over the three-year period of 2009-2011. But the contract provides a greater wage boost to workers with less formal education.

Figure 31

Unions raise wages, increase equity across education

Median wage for workers covered and not covered by union contracts, 2009-2011 combined, by education level



Source: Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS. 2009-11 combined to increase sample size. Sample size for less than high school with a union contract was too small to be statistically valid for a 3-year period.

Conclusion and recommendations

Ohio's working people are not getting what they need from either the public or the private sector. This is the result of changes in public policy and employer practices over both the short and long term. Among them are wide-scale deregulation of workplace, financial and other basic rules; failure to prioritize manufacturing; job outsourcing to countries with lower standards; sharp attacks on unions; aggressive shredding of the safety net; and neglect of the public sector.

This approach was certain to have consequences and it has. When the economy grows, workers no longer get their fair share. Hundreds of thousands of Ohio jobs are gone. Compared to their parents, workers are putting in more hours, getting more education and being more productive, but they are often rewarded with less security and opportunity than their parents had.

Over the past generation, the country as a whole has pursued policies that hurt many middle-class, working-class and poor families, and many states have followed suit. But there have been a few exceptions and in these we see glimmers of a strategy, outlined on the following page, that could improve outcomes for employees and their families in the U.S. and Ohio.

Lesson 1: Austerity hurts, public investment helps. When we cut public services and lay off public workers, communities, the labor market and the economy suffer.

Ohio should restore funding to schools and local communities so that we can rehire teachers, police officers, and social workers, and restore the services that allow our communities to thrive.

Lesson 2: Manufacturing matters, and smart supports through the Recovery Act and the automobile rescue package have brought this sector in from the ledge. At the same time, however, Ohio is cutting the worker retraining funds that would allow laid-off manufacturing workers to keep their skills sharp and encourage manufacturers to further expand here.

We should invest in training and in a vibrant network of Manufacturing Extension Partnerships, which is currently underfunded.

Lesson 3: Education pays, but Ohio isn't passing that test. Over the past generation Ohioans have dramatically increased their education levels. This is a good thing, because compensation at lower education levels is shrinking. But other states are investing much more and reaping bigger rewards. And in the most recent state budget, we cut both K-12 and universities, keeping our students back.

Instead we should invest in education, from pre-K through college and beyond.

Lesson 4: Unions give workers leverage and a voice. Aggressive employer anti-union practices and public policy that discourages organizing have taken their toll. As unions have eroded, so have worker wages and benefits and family well being. States with the lowest levels of unionization have the worst wages, states that combine union friendliness and education investments do best. Ohio voters spoke loud and clear last year in retaining collective bargaining rights for public sector workers.

Ohio should retain and expand policies that help workers organize and preserve a collective voice.

Lesson 5: Regulation remains important and must be strengthened. From anti-discrimination laws to environmental regulations to financial product oversight to workplace safety standards, smart regulations help the private sector operate with more safety, opportunity, fairness, equity and intelligence. Deregulating the financial sector helped torpedo our economy. In contrast, the Clean Water Act rescued the Cuyahoga River. Our outcomes show that racial discrimination in hiring and promotion endures, reduced expectations of employers weaken compensation, and too much obedience to the most craven parts of the market can harm us all.

The public and private sectors together must decide how best to regulate products and workplaces so that we can have more broadly shared prosperity and opportunity.

Author

Amy Hanauer is the founding executive director of Policy Matters Ohio. In addition to running the organization, she does research on work, wages, tax policy, energy policy, gender and racial disparities and other issues for Policy Matters. Hanauer has a master's of Public Administration from the LaFollette Institute at University of Wisconsin, Madison and a B.A. from Cornell University. She is on the board of trustees and executive committee of the national think tank Demos and on the national advisory committee to the Economic Analysis and Research Network.

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Policy Matters Ohio, the publisher of this study, is a nonprofit, nonpartisan statewide research institute dedicated to researching an economy that works for all in Ohio. Policy Matters seeks to broaden the debate about economic policy by providing quantitative and qualitative analysis of important issues facing working people in the state.