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The State of Working Ohio, 2026

The costs of inaction

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Whether Ohioans can afford groceries, recover from a layoff, find childcare, or support their families through an illness depends in large part on policy decisions made by elected leaders. Too often Ohio legislators fail to act in the interests of the everyday people they represent, instead prioritizing powerful corporations, the well connected, and the extremely wealthy.

That failure has created or allowed systemic problems that harm Ohio workers, including low wages, an insolvent unemployment compensation system, a deepening childcare crisis, and a lack of paid family and medical leave.

These conditions are not inevitable or merely the result of individual choices or work ethic. This report shows how legislators have eroded workers' ability to bargain for better wages and undermined critical public systems.

Across these areas, a consistent story emerges: Ohioans are working hard yet still falling behind. Some of the evidence is easily measured, showing up clearly in data: wages that lag the cost of living, benefits too small or too difficult to access, and systems that leave workers exposed to economic downturns and crises.

Other effects are harder to measure but no less important: the stress of piecing together quality childcare so parents can go to work; cutting back on the weekly grocery budget to pay for rising rent; the loss of income after a layoff or illness; or having to leave a job you love because it pays too little to make ends meet.

Legislators can fix these issues. This report shows them how: Raise the minimum wage, protect workers' right to organize, strengthen our unemployment compensation system, invest in a childcare system that works for providers and families, and establish paid family and medical leave. Workers and advocates across Ohio have long called for these policies. Other states provide examples of how they can materially improve the lives of Ohio workers and families.

Together these policies point toward a proactive vision, one where strong public systems create the conditions for shared prosperity. Ohio has the tools to build that future; the question is only whether policymakers will choose to act.

Minimum wage

Less than 90 years ago, after years of effort from workers, unions, civil rights activists, and President Franklin Roosevelt, workers received a guaranteed minimum wage through the Fair Labor Standards Act (FLSA).[1] In a speech to Congress five years preceding the bill,[2] FDR said,

> *No business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By 'business' I mean the whole of commerce as well as the whole of industry; by workers I mean all workers, the white-collar class as well as the men in overalls; and by living wages, I mean more than a bare subsistence level—I mean the wages of decent living.*

The FLSA was a monumental piece of legislation for the workers it covered. In addition to enacting child labor protections, it ensured workers were not being subjected to grueling hours or hazardous conditions, and it restored purchasing power to Americans following the Great Depression.[3]

Today, some of these same polices FDR advocated for, like the minimum wage, are being undercut,[4] reversed,[5] and diminished in value.[6]

Affordability: Ohio's minimum wage is too low to afford the basics

It has been 20 years since Ohio voters amended the state constitution to increase the minimum wage and, for the first time, indexed that wage to inflation so it maintains purchasing power over time.[7] As a result, Ohio's minimum wage is now $11 (as of January 2026).

In 2026, an Ohioan working full-time, year-round, for the minimum wage is paid just $22,880. That is $4,440 below the federal poverty level (FPL) for a family of three,[8] and far below FDR's vision of a "decent living."

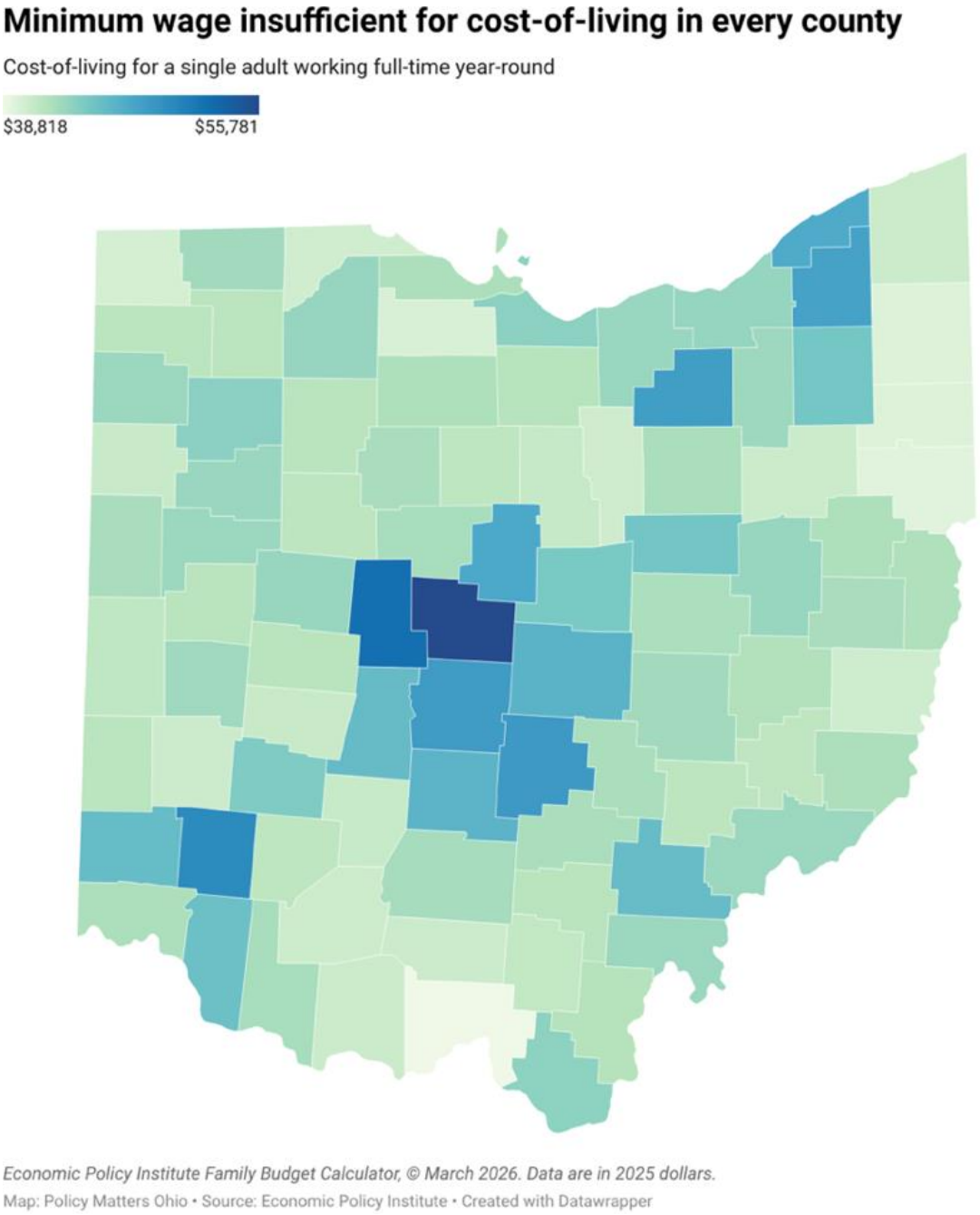
The **cost of living**, as determined by the Economic Policy Institute (EPI), represents a modest yet adequate standard of living, accounting for regional costs of housing, food, childcare, healthcare, taxes, and more. This is not a poverty measure: It is far above the FPL and akin to the "decent living" FDR envisioned for U.S. workers.

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[1] A history of the federal minimum wage. Jasmine Payne-Patterson & Adewale A. Maye. *Economic Policy Institute.* Aug. 31, 2023. Part 551—Pay Administration Under The FSLA, *Federal Register.* Amended June 30, 2026.
[2] What did FDR Mean by a "Living Wage"? Jackson Grasz. *Pepperdine School of Public Policy.* June 11, 2021.
[3] Handy Reference Guide to the FLSA. *U.S. Dept. of Labor Wage and Hour Division.* Accessed July 2, 2026.
[4] Testimony to the Sen. Workforce Development Comm. on SB 50. Heather Smith. *Policy Matters Ohio.* Feb. 25, 2025.
[5] Trump Labor Dept. appeals ruling that blocked Biden overtime pay rule. Daniel Wiessner. *Reuters.* Feb. 28, 2025.
[6] Holding the line: Minimum wage. David Cooper. *Economic Policy Institute.* July 30, 2025.
[7] Article II, Section 34a | Minimum Wage. *Ohio Constitution.* Effective December 8, 2006.
[8] "Federal Poverty Guidelines for FFY 2026," HHS Poverty Guidelines for 2026. Poverty guideline for a family of three in 2026 is $27,320.

According to this model, the cost of living for a single person is too high for a worker paid the minimum wage, even if they work full-time, year-round and live in Ohio's lowest-cost county.[9]

Figure 1.1



[9] "Family Budget Calculator." *Economic Policy Institute.* Accessed March 4, 2026.

As shown in Figure 1.1, Scioto County, in southern Ohio along the Ohio River, has the lowest cost of living for a single adult at $38,818 per year — nearly $16,000 more than the annualized minimum wage.[10]

Delaware County has the greatest cost of living in the state for a single adult at $55,781 — more than double the minimum wage for full-time, year-round work.

The minimum wage is too little to cover the cost of rent, utilities, healthcare, and other necessities for a single adult — let alone a family. For a single adult with one child, the statewide cost of living is $73,414.[11] Raising a child at the current wage, while covering all the costs associated with doing so, is unacceptably difficult. Ohio families deserve better.

Rising energy costs make the problem worse. Due in large part to mass data center development[12] and global crises impacting the fuel supply chain,[13] these rising utility costs are more burdensome for low-wage Ohioans[14] who, in addition to having less wiggle room in their budgets, tend to live in more energy-inefficient homes and apartments.

Transportation costs are also rising.[15] For Ohioans living in areas without comprehensive public transit, like much of Appalachia,[16] owning a car may be the only option. Buying a car is out of reach for many because of high up-front costs or unaffordable interest rates, and car insurance prices rose 56% since 2019.[17]

Because Ohioans approved an inflation-adjusted minimum wage, the state minimum catches up with inflation from the previous year every January 1st. However, it remains flat for the next 364 days, leaving workers to face price hikes in real time on a wage that was too low to begin with.

The annual inflation-adjustment to Ohio's minimum wage provides crucial protection for workers' purchasing power, but the value of the wage itself is too low for Ohioans to afford the basics, regardless of location or family size. Increasing the minimum wage is long overdue.

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[10] Based on Family Budget Calculator data.
[11] Using a weighted average of all Ohio counties. The cost of living for a single adult and one child is $73,414 based on Family Budget Calculator data.
[12] Data Centers in Ohio. *Policy Matters Ohio.* Accessed April 17, 2026.
[13] State of Working America Q1 Economic Briefing. *Economic Policy Institute.* April 9, 2026.
[14] "Low-wage" refers to workers with income between 0-30% of the Area Median Income. Low-income Energy Affordability Data Tool. *U.S. Department of Energy.* Accessed May 13, 2026.
[15] Public transit can be an affordable option for transportation, when it is adequately funded by the state. In Ohio, it isn't. Ohio transit funding update. Molly Bryden. *Policy Matters Ohio.* February 20, 2026.
[16] Public Transportation in Appalachia Inventory & Assessment. *Appalachian Regional Commission.* December 2020.
[17] Up 56.47% between 2019 and 2025. *Bureau of Labor Statistics.* CPI Series CUUR0000SETE.

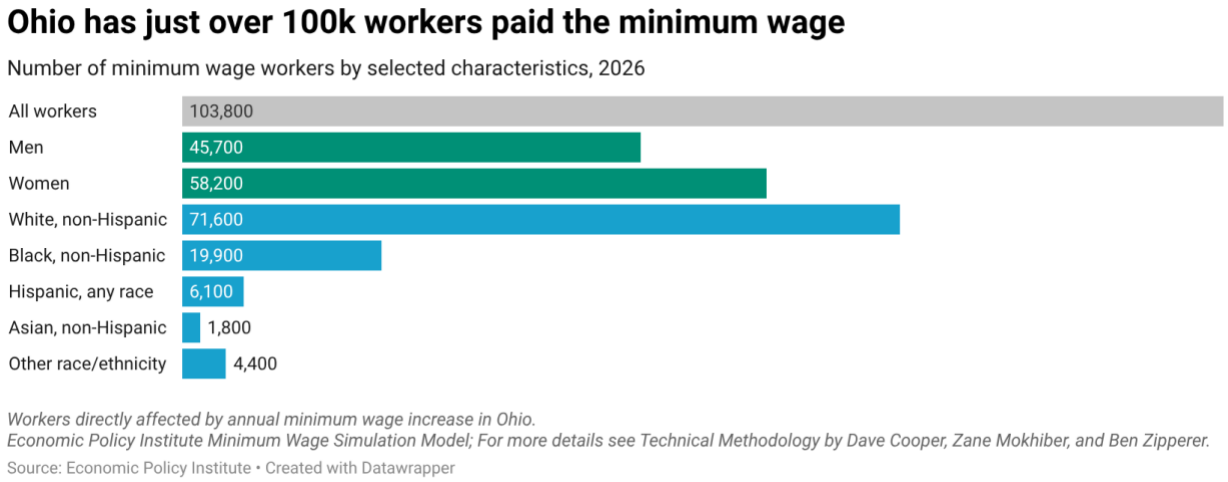
Unequal impact: Employers are most likely to pay low wages to women and workers of color

Employers pay the minimum wage to nearly 104,000 Ohioans, and slightly more to another 169,000.[18] Those paid the minimum wage or just above are disproportionately women, Black, and/or Hispanic, a longstanding trend stemming from the systemic devaluation of these groups' labor.[19]

Women are 49.1% of the workforce in Ohio, but 62.9% of those impacted by the annual minimum wage increase.[20] Black Ohioans make up 11% of the workforce, yet 15.8% of those impacted by the annual increase. Similarly, Hispanic Ohioans make up 3.6% of the workforce and 5.3% of those impacted.

These proportions show well-established disparities, but make no mistake: Large numbers of white workers and men would benefit from a minimum wage increase as well. Figure 1.2 shows how many workers per demographic group are paid the minimum wage.

Figure 1.2



Some Ohio workers can be paid *less* than minimum wage

The FLSA and Ohio Constitution fail to include all workers in minimum wage protections. Employers are allowed to pay some workers ***sub*minimum wages**: rates set below the established minimum wage that applies to most workers.[21]

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[18] Ohio minimum wage adjusts for inflation to $11.00. Heather Smith. *Policy Matters Ohio.* December 23, 2025.
[19] See: "Women's work" and the gender pay gap. Jessica Schieder and Elise Gould. *Economic Policy Institute.* July 20, 2016. Chasing the dream of equity. Adewale A. Maye. *Economic Policy Institute.* August 1, 2023.
[20] Policy Matters calculations of data from Economic Policy Institute's Minimum Wage Simulation Model. For details see Technical Methodology by Dave Cooper, Zane Mokhiber, and Ben Zipperer.
[21] Subminimum Wage. *U.S. Department of Labor Wage and Hour Division.* Accessed July 2, 2026.

Workers with a disability

Employers can receive permits from the Ohio Department of Commerce and U.S. Department of Labor to pay disabled workers a subminimum wage.[22] In 2024, U.S. employers who had permission to do so paid nearly half of their disabled workers less than $3.50 an hour.[23]

Disabled people have higher costs of living related to healthcare, personal care assistance, special diets, accessibility aides, and more. The National Disability Institute found households with a work-disabled adult are estimated to require 28% more income on average to obtain the same standard of living as a comparable household without a disabled member.[24] Numerous states have eliminated subminimum wages for disabled workers with no evidence of negative effects on employment.[25]

Young workers

Ohio exempts employees under the age of 16 from the statewide minimum wage,[26] making the federal minimum wage of $7.25 an hour the effective subminimum wage for Ohio youth under 16.[27] However, teenagers in some specific jobs (like newspaper delivery)[28] are also exempt from the federal minimum wage, meaning there is *no* legal wage floor for Ohio workers in those jobs who are under 16.[29] Although there is some evidence that youth subminimum wages increase employment,[30] allowing employers to pay youth less than adults incentivizes unscrupulous employers to replace adult workers with youth. An over-emphasis on hiring young people threatens the long-term benefits of child development and education.[31]

Tipped workers

Workers who receive tips must be paid at least half the minimum wage in Ohio.[32] Employers of tipped employees can claim "tip credits," allowing them to pay tipped

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[22] "Ohio's Sub-Minimum Wage Law Summary," Ohio Department of Commerce.
[23] "Employment of Workers With Disabilities Under Section 14(c) of the Fair Labor Standards Act," U.S. Department of Labor, Wage and Hour Division. *Federal Register*. December 4, 2024.
[24] The Extra Costs of Living with a Disability in the U.S. — Resetting the Policy Table. Nanette Goodman, Michael Morris, Zachary Morris, Stephen McGarity. *National Disability Institute*. October 2020.
[25] "Repeal of Subminimum Wages and Social Determinants of Health Among People With Disabilities," Mihir Kahara, Elizabeth F Bair, and Atheendar S Venkataramani. *JAMA Health Forum*. November 1, 2024.
[26] Article II, Section 34a | Minimum Wage. *Ohio Constitution*. Effective December 8, 2006.
[27] "Youth subminimum wages and why they should be eliminated," Nina Mast. *EPI*. Jan. 8, 2024.
[28] 29 CFR Part 570 Subpart G – Exemptions. *Federal Register*. May 20, 2010.
[29] § 570.103 Comparison with wage and hour provisions. *Federal Register*. May 20, 2010.
[30] "Employment Effects of Minimum and Subminimum Wages: Panel Data on State Minimum Wage Laws," David Neumark and William Wascher. *Industrial and Labor Relations Review*. October 1992.
[31] "Child Labor and Economic Development," Eric V. Edmonds and Caroline Theoharides. *Handbook of Labor, Human Resources and Population Economics*. November 18, 2021.
[32] "2025 Minimum Wage," Ohio Department of Commerce. 2025.

workers the subminimum ($5.50 in 2026), so long as the workers' take-home pay including tips surpasses the full $11.00 minimum wage.[33]

In states that have eliminated the tipped subminimum, tipped industries continue to thrive, customers tip at roughly the same rate, and tipped-worker employment has remained strong.[34] Because tipped workers are disproportionately women, people of color, and immigrants, ending the tipped subminimum wage would contribute to a more equitable economy. As a result of discrimination, social barriers against these groups, and tipped-wage theft, tipped jobs are also some of the lowest paid occupations in Ohio.[35]

Incarcerated workers

Incarcerated workers have no protections under the FLSA. In Ohio, pay for incarcerated workers is abysmal. Ohio sets monthly minimums for different categories of incarcerated workers, determined by the type of facility they are in, how many hours per month they are allowed to work, and more.[36] According to the Ohio Laws & Administrative Rules, incarcerated workers' monthly wages range from $0 per month, to minimums of $3 to $12 per month, to $24 per month, with some exceptions.

Subminimum wages unfairly disadvantage some workers: Employers are allowed to underpay youth and people with disabilities simply because of their age or disability. Subminimum wages harm people in tipped industries by allowing employers to underpay them based on the often-incorrect assumption that tips will cover the difference. Incarcerated workers are paid pennies for their labor. Ohio should end the subminimum wage and ensure minimum wage protections for all Ohioans.

Lessons from other states: Voters support a higher wage

Many other states have already recognized how insufficient their wage floor is for working families. Twenty-six states and D.C. have a minimum wage greater than Ohio's.[37] Florida, Alaska, Missouri, and Nebraska will all have $15-an-hour minimum wages in the next two years after passing ballot initiatives.[38] Table 1.1 notes recent initiatives.

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[33] "Raise the Wage," Michael Shields. *Policy Matters Ohio.* April 23, 2024.
[34] "Ending the Tipped Minimum Wage Will Reduce Poverty and Inequality," Justin Schweitzer. *Center for American Progress.* March 30, 2021.
[35] "Raise the Wage," Michael Shields. *Policy Matters Ohio.* April 23, 2024.
[36] Rule 5120-3-08 | Inmate compensation for work program assignments and related matters. *Ohio Laws & Administrative Rules.* Effective March 18, 2024.
[37] "Minimum Wage Tracker," Economic Policy Institute. July 1, 2025
[38] Note that the Missouri legislature has passed legislation undoing the cost-of-living adjustment and paid sick leave provisions. "Minimum Wage Tracker," Economic Policy Institute. July 1, 2025. For Alaska, Arkansas, Arizona, and Missouri's ballot campaigns, see: "Our Ballot Measure Campaigns," *The Fairness Project.* Accessed December 19, 2025. For Nebraska's ballot campaign, see: "Minimum wage rising to $12 an hour in Nebraska after voters approved gradual increases a year ago," Paul Hammel. *Nebraska Examiner.* December 20, 2023. For Florida, see: "Raising Florida's Minimum Wage," *Florida Department of State.* Made ballot November 8, 2019.

Table 1.1

Voters across the country see the value of a higher minimum wage

State	Ballot Year	Starting wage	Target year	Target wage	Future changes	Other policies	% in favor
AK	2024	$11.91	2027	$15.00	Cost-of-living adjustment (COLA)	Paid sick leave, banned captive audience meetings	58%
MO	2024	$12.30	2026	$15.00	COLA	Paid sick leave	58%
NE	2022	$9.00	2026	$15.00	COLA		59%
FL	2020	$8.56	2026	$15.00	COLA		61%
AR	2018	$8.50	2021	$11.00	None		68%
MO*	2018	$7.85	2023	$12.00	None		62%
AZ	2016	$8.05	2020	$12.00	COLA	Paid sick leave	58%

**Missouri voters passed a minimum wage increase in 2018 and another in 2024.*

Floridians used a ballot measure to raise the wage with a constitutional amendment in 2020. The measure passed with over 60% of the vote.[39] The policy raised the wage to $10 per hour at the end of September 2021, followed by a $1 increase per year until it reaches $15 in September 2026.[40] Starting in September 2027, the minimum wage will be adjusted for inflation annually. The policy did not increase the wage for tipped employees, but employers will be required to ensure tipped workers' take-home pay meets the state minimum wage after tips.[41]

Over the course of the wage increases, an estimated 2.5 million Floridians will receive a raise – over 26% of the workforce.[42] The last increase of the schedule is due September 2026, so there is no definitive analysis of the impact of the wage increase. What can be said is that with the increase to $15, Floridians paid the least will be making 75% more than they were in 2020 — an extra $13,000 annually.

Federal landscape: Attacks on wage standards threaten Ohio workers

The federal minimum wage is far lower than Ohio's and has not increased in fifteen years.[43] As Figure 1.3 shows, the stagnant federal minimum wage has lost about 30% of its purchasing power over that time, the equivalent of $3.12 per hour.[44]

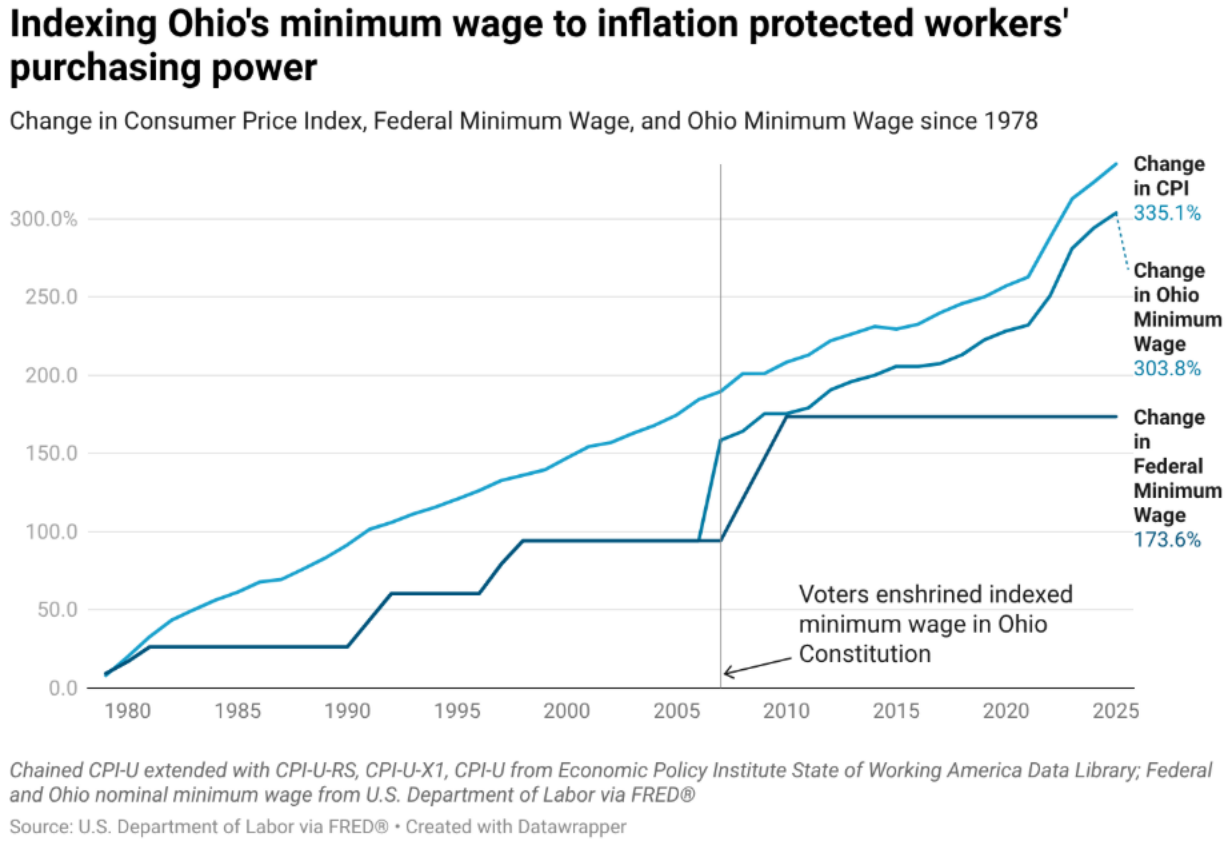
Thanks to voters' foresight, Ohio's minimum wage began tracking inflation in 2007, but the federal minimum wage has stayed the same since 2010. This means that as prices have continued to rise, workers paid only the federal minimum wage have had no relief.

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[39] Voters chose more than just the president. Anu Kumar, David Cooper, Jaimie Worker. *EPI.* November 10, 2023.
[40] Raising Florida's Minimum Wage. *Florida Department of State.* Accessed April 20, 2026.
[41] A Minimum Wage Boost Would Improve Equity for 2.5 Million Floridians and Bolster the State's Post-Pandemic Recovery. Alexis Tsoukalas. *Florida Policy Institute.* September 2020.
[42] Same as above.
[43] "Changes in Basic Minimum Wages in Non-Farm Employment Under State Law: Selected Years 1968 to 2024," *U.S. Department of Labor Wage and Hour Division*. Updated January 2025.
[44] See *Economic Policy Institute*, Holding the Line: Minimum Wage.

Each year that the federal minimum wage has stayed the same, economic stability for minimum wage workers has worsened.

Figure 1.3



Federal policymakers have excluded from minimum-wage policies many industries that predominantly employ Black, Hispanic, and women workers, impacting their lifelong earnings. These industries have included childcare, personal care aides, and agriculture.[45]

The Trump administration and its allies have reversed or are attempting to reverse hard-fought policy wins that decreased pay inequity. For example, a proposed federal rule[46] is being considered that strips minimum wage and overtime protections from domestic workers, who are disproportionately Black and Hispanic women.[47] If this rule is adopted, a 2015 interpretation of the FLSA would revert to its 1975 interpretation, which allows

[45] See: Part 552---Application of the Fair Labor Standards Act to Domestic Service. *Federal Register, Vol. 40, No. 35.* February 20, 1975. Page 7404. Also see EPI's comments on DOL's proposed rule on "Application of the Fair Labor Standards Act to Domestic Service." Heidi Shierholz and Samantha Sanders. *EPI.* September 2, 2025.
[46] Application of the Fair Labor Standards Act to Domestic Service. Proposed rule by the Wage and Hour Division on July 2, 2025. 29 CFR Part 552. RIN 1235-AA51.
[47] Domestic Workers Chartbook 2022. Asha Banerjee, Katherine deCourcy, Kyle K. Moore, and Julia Wolfe. *Economic Policy Institute.* November 22, 2022.

domestic workers offering companionship services[48] to be excluded from the minimum wage and overtime pay.[49] Domestic workers include Home Health and Personal Care Aides, which was the 7th most common occupation in Ohio in 2025.[50] The over 100,000 aides in Ohio providing critical services to Ohio's elderly and disabled residents had a median wage of $16.57 per hour, or an annual wage of a $34,465. An already near-poverty wage is under threat of falling closer to the poverty line if this proposed rule is put into place.

The cost of inaction: Raising the minimum wage would generate more than a billion dollars in additional earnings

Low wages stunt economic growth because low-paid workers cannot fully participate in the economy. Higher wages lead to more spending — a nice dinner out, that lamp you've been eyeing at the local antique store, a visit to family — all unreachable when paid a mere $11 an hour. More spending leads to greater economic activity and prosperity for the state. Each purchase made due to increased income ripples throughout the economy, allowing the server at that local restaurant to buy their child a holiday present or business owner of that antique store to pay off their small business loan. Higher wages are not just about the ability to spend, but also the ability to save for the future and enjoy the security of knowing you will be able to pay rent this month.

In a recent report,[51] Policy Matters analyzed the positive impact a $15 minimum wage would have on workers in Ohio, if implemented incrementally with the final increase in 2030. We found that 616,700 Ohioans would get a raise. That includes 321,500 Ohio workers who would get a direct pay raise; another 295,200 Ohio workers would indirectly benefit[52] from the minimum wage increase, a "ripple effect" resulting from employers raising pay for those workers earning slightly above the minimum wage to maintain morale, retain workers, and compete in hiring.

This policy would increase the annual wages for those Ohioans by $2,300 each, or **$1.42 billion** total. Each one of those Ohioans could use that pay raise to save for college, send their child on the class fieldtrip, or cover an unexpected car repair without falling behind on necessities.

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[48] As used in section 13(a)(15) of the Act, "companionship services" means the provision of fellowship and protection for an elderly person or person with an illness, injury, or disability who requires assistance in caring for himself or herself. See: Part 552—Application of the Fair Labor Standards Act to Domestic Service. Accessed April 14, 2026.

[49] Domestic Service Final Rule Frequently Asked Questions (FAQs). *U.S. Department of Labor Wage and Hour Division.* Accessed April 14, 2026.

[50] Ohio median wages fall short, Heather Smith. *Policy Matters Ohio.* June 29, 2026.

[51] "Time for a higher minimum wage." Heather Smith and Andrew McIlveen. *Policy Matters Ohio*. April 7, 2026.

[52] The "indirectly" affected workers category is a combination of workers earning 15% above the new minimum wage threshold and tipped workers. Modeled Ohio minimum wage policy also includes elimination of the tipped subminimum wage by 2030.

Policy recommendations

Ohio has an opportunity to push back against anti-worker policies and lift working families out of poverty by:

- Raising the regular and tipped minimum wage to at least $15 per hour.
- Eliminating the subminimum wage for youth, disabled workers, and tipped workers.
- Protect the value of the minimum wage by continuing to require annual adjustments for inflation.

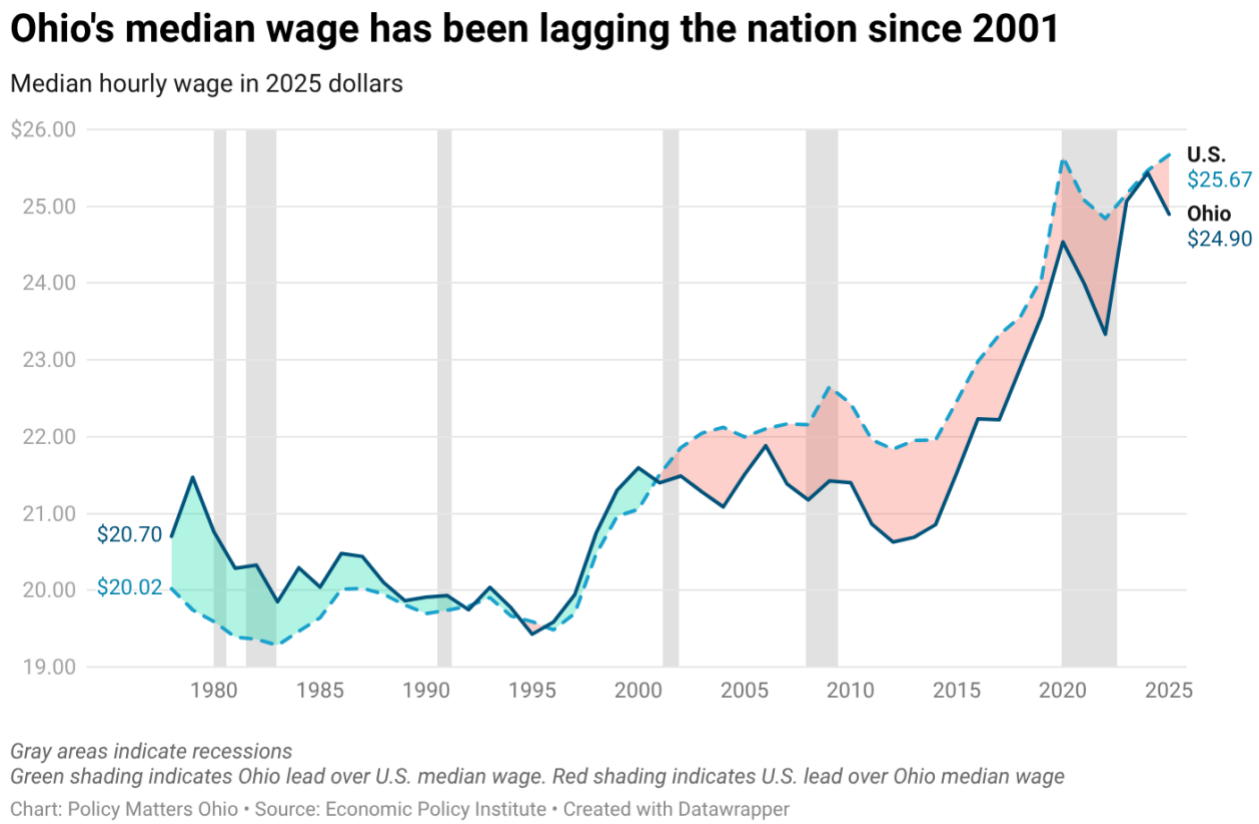
Median wage

The median wage is in the exact middle of the pay scale: Half of all workers are paid more, and half are paid less. It's commonly considered the wage of a "typical" worker. A drop in the median wage is evidence that a broad range of workers are facing economic losses.

The median wage in Ohio decreased between 2024 and 2025, falling from an inflation-adjusted $25.44 to $24.90.[53] This was against the trend of the state and nation, which have seen steady increases since pandemic recovery in 2022. (Steady wage gains indicate economic growth is reaching workers across the wage spectrum.) In 2024, the national median wage led Ohio's by just 3 cents; in 2025 that difference increased to 77 cents.

Figure 2.1 below shows how Ohio's median hourly wage has been lagging the nation's side 2001.

Figure 2.1



[53] *EPI*, State of Working America Data Library, "Hourly wage, median - Median real hourly wage (2025$)," 2026.

Ohio's deviation from the trend raises a red flag. Only 15 states saw a decrease in their statewide median wage, and Ohio had the fourth largest decrease.[54] Another year of data will tell us if this is a blip or a larger concern.

Affordability: Even typical jobs no longer provide economic security

Even with a median-wage job, Ohio is unaffordable for families. The statewide median wage of $24.90 is a little under $52,000 a year. That may be enough to cover the basics for a single adult, whose statewide average cost of living is approximately $43,000 a year.[55] However, it's not enough for even a small family to get by — especially when the wage loses purchasing power to inflation.

Take the fictional family, the Hills. The Hill Family consists of Mom, Dad, and soon-to-be Baby. Mom and Dad both work full-time year-round, with Mom paid the statewide median wage and Dad paid the minimum. At the end of 2024, Mom's employer didn't give the cost-of-living raise she hoped for, meaning the only increase in income Mom and Dad received was from Dad's minimum wage inflation-adjustment of 25 cents an hour. They entered 2025 with a household income of $74,048.[56] Mom and Dad had wiggle room in their budget when it was just the two of them,[57] but now that Baby has arrived, their ability to save for the future has vanished. Increased food, healthcare, and housing costs paired with the new need for childcare puts the cost of living for the Hill Family at $85,945 — over $10,000 more than their annual income.[58]

Wages fell across the spectrum

The Hill Family shows us that, especially for the 50% of Ohioans making less than the median wage, affordability is a pervasive issue.[59] In 2025, wages were down across the wage spectrum,[60] meaning that wages did not rise enough between 2024 and 2025 to make up for increasing prices.

The average wage among the lowest-paid 20% of Ohio workers lost 1.5% of its value from 2024 to 2025, dropping to $15.07. The meager inflation-adjustment to the minimum

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[54] In order of median wage decrease: Nevada, Utah, Colorado, **Ohio**, Arizona, New Jersey, Oklahoma, Kentucky, Rhode Island, Iowa, Massachusetts, Tennessee, Washington, North Dakota, and Virginia. EPI, State of Working America Data Library, "Hourly wage, median - Median real hourly wage (2025$)," 2026.

[55] Using a weighted average of all Ohio counties as a share of state population, based on Family Budget Calculator data and American Community Survey 5-year estimates 2019-2024.

[56] The 2025 median wage, $24.90, annualized is $51,792 and the 2025 minimum wage, $10.70, annualized is $22,256. The 2024 minimum wage was $10.45 per hour. Economic Policy Institute, State of Working America Data Library, "Hourly wage, median - Median real hourly wage (2025$)," 2026.

[57] Using a weighted average of all Ohio counties. The cost of living for two adults is $59,002.

[58] Using a weighted average of all Ohio counties. See: Ohio median wages fall short, Heather Smith. *Policy Matters Ohio*. June 29, 2026.

[59] "Low-wage workers faced worsening affordability in 2025 as wage growth stalled," Elise Gould and Joe Fast. *Economic Policy Institute*. February 5, 2026.

[60] Each decile of wage earners saw an average decline in their wages; however, this could still include wage increases for some individuals. Source: EPI, State of Working America Data Library, "Hourly wage percentiles - Real hourly wage (2025$)," 2026. Unless otherwise noted, the remainder of the data for this section is from this source.

wage was not enough to make up for the broad wage suppression experienced by the remainder of those Ohioans paid below $15.07 per hour.

At the low end of the wage scale, even a small loss of purchasing power can create big problems for the household budget. The same is not necessarily true for high-income households. The highest-paid 20% lost the greatest share (-4.2%) of purchasing power to inflation in 2024,[61] but because of decades of policy benefitting the wealthiest, their average wage is still more than three times that of the lowest-paid 20%, as shown in Table 2.1.

Table 2.1
Highest-income wages grew 4x faster than wages for the lowest-paid Ohioans

Average of deciles in 2025 dollars

	Sample Jobs	Hourly Wage	Change since 2024	Percent change since 2024	Change from 1979	Percent change from 1979
Lowest 20%	Childcare Workers, Retail Salespersons	$15.07	−$0.23	−1.5%	$3.03	25.2%
Second 20%	Office Clerks, Light Truck Drivers	$20.48	−$0.21	−1.0%	$3.46	20.3%
Median	Paramedics, Social Workers	$24.90	−$0.54	−2.1%	$3.43	16.0%
Fourth 20%	Electricians, Supervisors, Industrial Mechanics	$31.42	−$0.89	−2.8%	$5.11	19.4%
Top 20%	General Managers, Engineers	$47.98	−$2.11	−4.2%	$12.57	35.5%

Sample jobs selected from BLS Occupational and Employment Wage Statistics, May 2025. Jobs listed have median wages within $1 of the quintile median wage listed in the table. Sample jobs may not have been in the same quintile in 1979.

Table: Policy Matters Ohio • Source: Economic Policy Institute, State of Working America Data Library • Created with Datawrapper

This disparity in wages is a long-standing trend. Since 1979, Ohioans in the lowest 20% of wage earners saw an increase of only $3 in their hourly wage, when accounting for inflation. Over the same period, the highest-paid 20% experienced *four times* that growth, an increase of $12.57 per hour, more than any other income group.

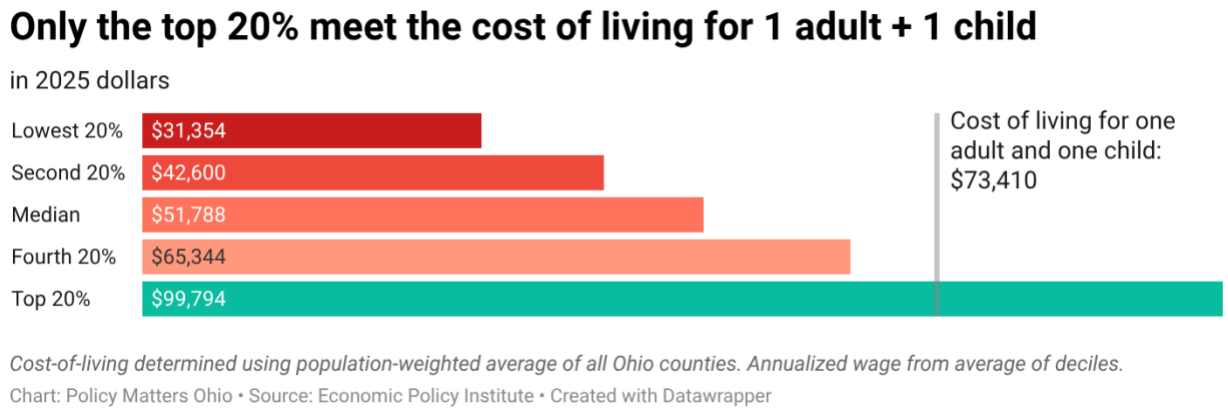
With wages down across the board and the unemployment rate[62] increasing for the second year in a row, data is beginning to suggest an impending economic downturn. This decline in wages and economic turmoil has greater implications for the lowest-paid Ohioans, who spend more of their income on necessities than higher-paid Ohioans do.

[61] Data did not indicate any changes in industry composition and demographics that could explain the greater wage decreases experienced by higher-wage individuals. More likely the case is that the data are simply "noisy" – that high-wage data varies more due to higher-wage individuals having greater trade-offs in compensation (like benefits, work-from-home flexibility, stock incentives, etc.) that makes it hard to pin down hourly wage changes.
[62] See this report's section "Unemployment Compensation."

Compared to 2024, the lowest-paid Ohioans are making nearly $500 less annually[63] adjusting for inflation. To the top 20%, $500 may not seem like much. But for a family with an income under $32,000 a year, $500 can make all the difference. The monthly cost of food for the Hill Family — for a nutritious, practical, cost-effective diet — is almost $700.[64]

The affordability crisis is as much about wages as it is prices. As determined by EPI,[65] the cost of living for one adult and one child is greater than the year-round wage for the vast majority of Ohioans. Only the top 20% can comfortably afford a single child, as shown in Figure 2.2.

Figure 2.2

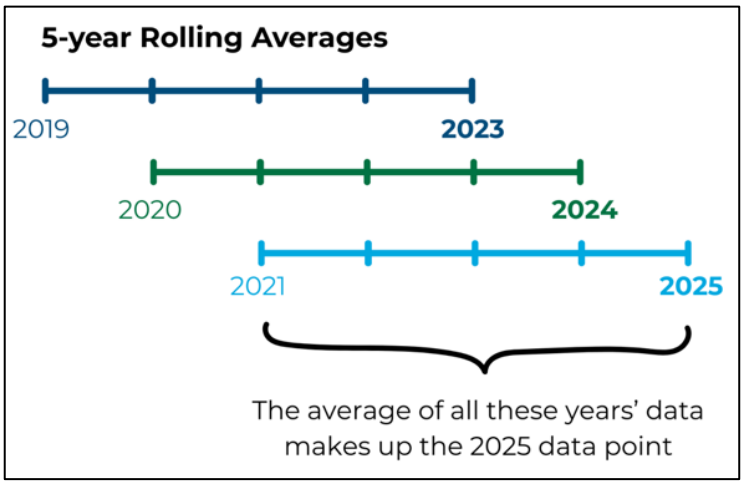


No matter how hard one works, how many jobs they take on, how many lattes they skip, wages simply aren't high enough. The affordability crisis is not a result of poor family financial planning — it is a product of wage suppression and public policy designed to serve the few instead of the many.

Unequal impacts: Wage inequities continue to hold back women and workers of color

Pay inequity is pervasive across demographic groups, not just socioeconomic status. The tight labor market resulting from the COVID-19 pandemic spurred wage growth for a majority of Ohioans, but that growth was not distributed evenly.

[63] If working full-time, year-round. In 2024, the lowest 20% of workers received an annualized $31,833. In 2025, they received $31,354.
[64] Using the U.S. Department of Agriculture's Thrifty Food Plan for one female 20-50 years old, one male 20-50 years old, and one child 1 year old. Total is $683.20 for May 2026. See: USDA Food Plans: Monthly Cost of Food Reports .
[65] "Family Budget Calculator." *Economic Policy Institute.* Accessed March 4, 2026.



This section primarily analyzes **rolling averages,**[66] which combine data from multiple years. For example, rolling averages for 2025 use 2025 data *and* the data from the four years prior. Rolling averages ensure adequate sample size, which is sometimes necessary when looking at intersecting characteristics, like race and gender. They also help control data volatility to demonstrate longer-term trends more clearly. While annual data is critical for examining recent changes in the economy, rolling averages help distinguish between trends and blips. Comparing the two can also be revealing.

Data limitations and rolling averages

In past years, data has been substantial enough to allow analysis for year-over-year intersectional demographic breakdowns — like looking at the changes in wages for Black women, instead of Black people or Women overall.

Over the years, the response rate to the Current Population Survey, the primary source of wage data in this report, has declined. March 2026 has the lowest response rate in the last 13 years at 63.9%. For comparison, the response rate in January 2013 was 90.3%. According to the Bureau of Labor Statistics, this is due to privacy concerns, difficulty contacting respondents, and respondents being unable to provide data when contact is made.*

Because of low response rates, data from a single year may not be statistically significant for some populations. To analyze intersectional wage trends, we use 5-year rolling averages. This method allows analysis over time with small sample sizes by averaging consecutive data points for a set time frame. For this reason, the trends illustrated from rolling averages may not align with the trends illustrated from time-series data, which is used when sample sizes are sufficient.

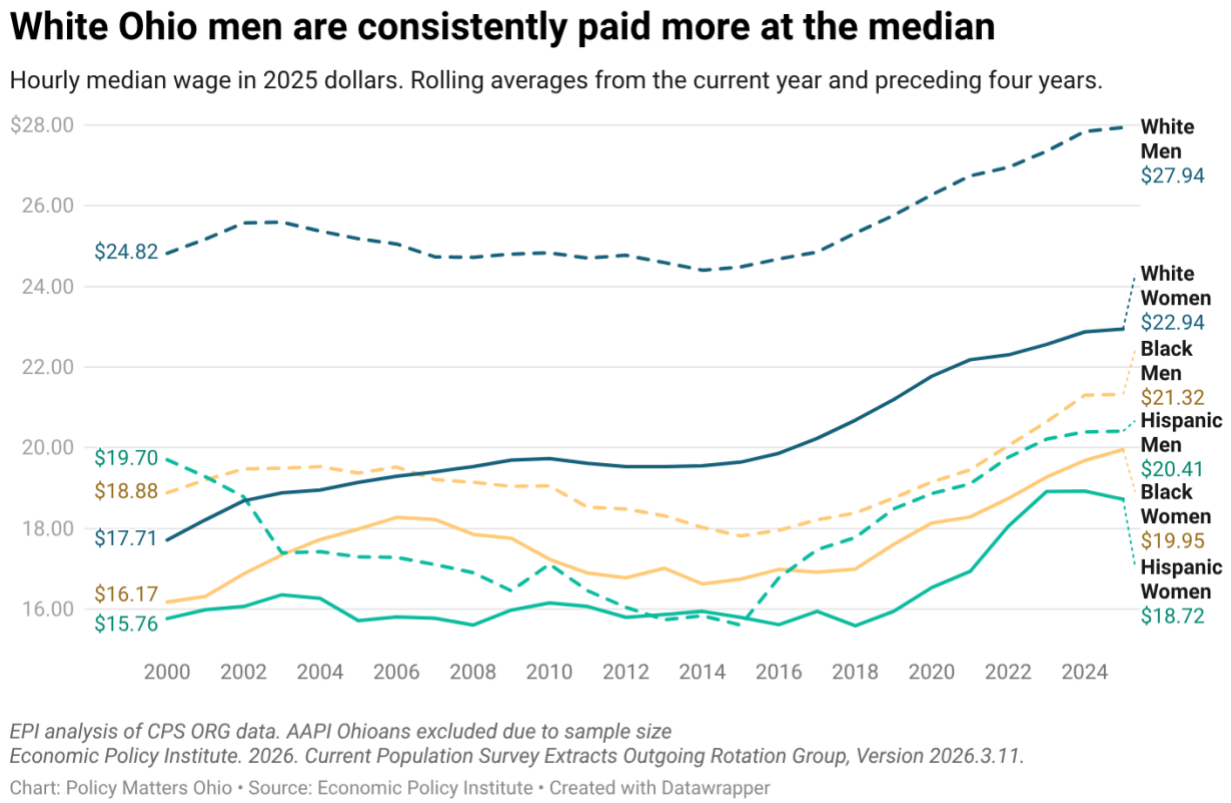
**See: CPS Response Rates. Bureau of Labor Statistics. Modified July 17, 2025.*

For example, rolling averages from the past five years show modest median wage growth for nearly all race/gender combinations[67] — see Figure 2.3. But using 2025 data alone, wages were down across the board. This disparity suggests the modest wage growth demonstrated in Figure 2.3 likely reflects gains made during the tight post-pandemic labor market, *not* in the past year.

The only exception to the 5-year rolling wage increases is Hispanic / Latina Ohioans: The two-year decline in their rolling averaged wage means that wage suppression has been bad enough to offset the wage gains in 2021 and 2022.

[66] Source: EPI analysis of CPS ORG data.
[67] Not including AAPI Ohioans, whose sample sizes were too inconsistent to determine wage changes reliably.

Figure 2.3



These data show a long-term and well-established trend of pay inequity impacting Ohio women and people of color especially. Systemic racism[68] and sexism[69] perpetuate these trends — a result of inaction from legislators to redress long-standing harmful policy. Ohio women and people of color are still facing pay inequity, with only white women coming within $5 of white men's averaged hourly median wage. Societal biases embedded in our economic systems cause disproportionate representation of some demographic groups within an industry or occupation, like women and especially Black women in the childcare field.[70] Nationally, even when controlling for occupation, women, Black, and Hispanic/Latine workers are paid substantially less: the U.S. Department of Labor reported that in Service occupations, white women made $0.69 to the white, non-Hispanic man's dollar, Black women $0.67, Asian women $0.66, and Hispanic women only $0.59.[71]

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[68] "Minimum Wages and Racial Inequality," Ellora Derenoncourt and Claire Montialoux. *The Quarterly Journal of Economics*. Vol. 136, Issue 1. February 2021.
[69] Equal Pay Act of 1963. *U.S. Equal Employment Opportunity Commission.*
[70] Ohio's childcare crisis, 2025. Kathryn Poe, Ali Smith, and Heather Smith. *Policy Matters Ohio.* April 15, 2025.
[71] Earnings and earnings ratios by sex, race, and occupation group. *U.S. Department of Labor Women's Bureau.* Updated April 2026.

Union protections can serve as an equalizer.[72] When workers are able to organize and bargain without undue barriers, they can implement pay structures and policies in their collective bargaining agreements (CBAs) that greatly reduce and potentially eliminate wage gaps. In a CBA, workers can bargain for wage minimums, wage brackets for each position, salary transparency, and the process for distributing raises.

Unions can also influence wages for nonunion workers too. When workers at unionized workplaces bargain for higher wages for their members, employers of nonunion workplaces must raise their wages to remain competitive in the hiring market. National data shows that unionization declined from 1979 to 2024, but where it declined less, median wages rose *more*.[73] In other words, states with more unionized workers have stronger wage growth.

Lessons from other states: Stronger unions help workers earn more

Having a union can make all the difference in wages and quality of work. States with "right-to-work" (RTW) laws — a misnomer prohibiting workplaces from requiring union membership or dues payment as a condition of employment — have lower median wages and union representation rates on average.[74] For the 26 states with RTW laws, the average union representation is 6.9% and average median hourly wage is $24.04. For the 24 states and District of Columbia that do not have RTW laws, including Ohio, the average union representation is 14.8% and average median hourly wage is $27.98.

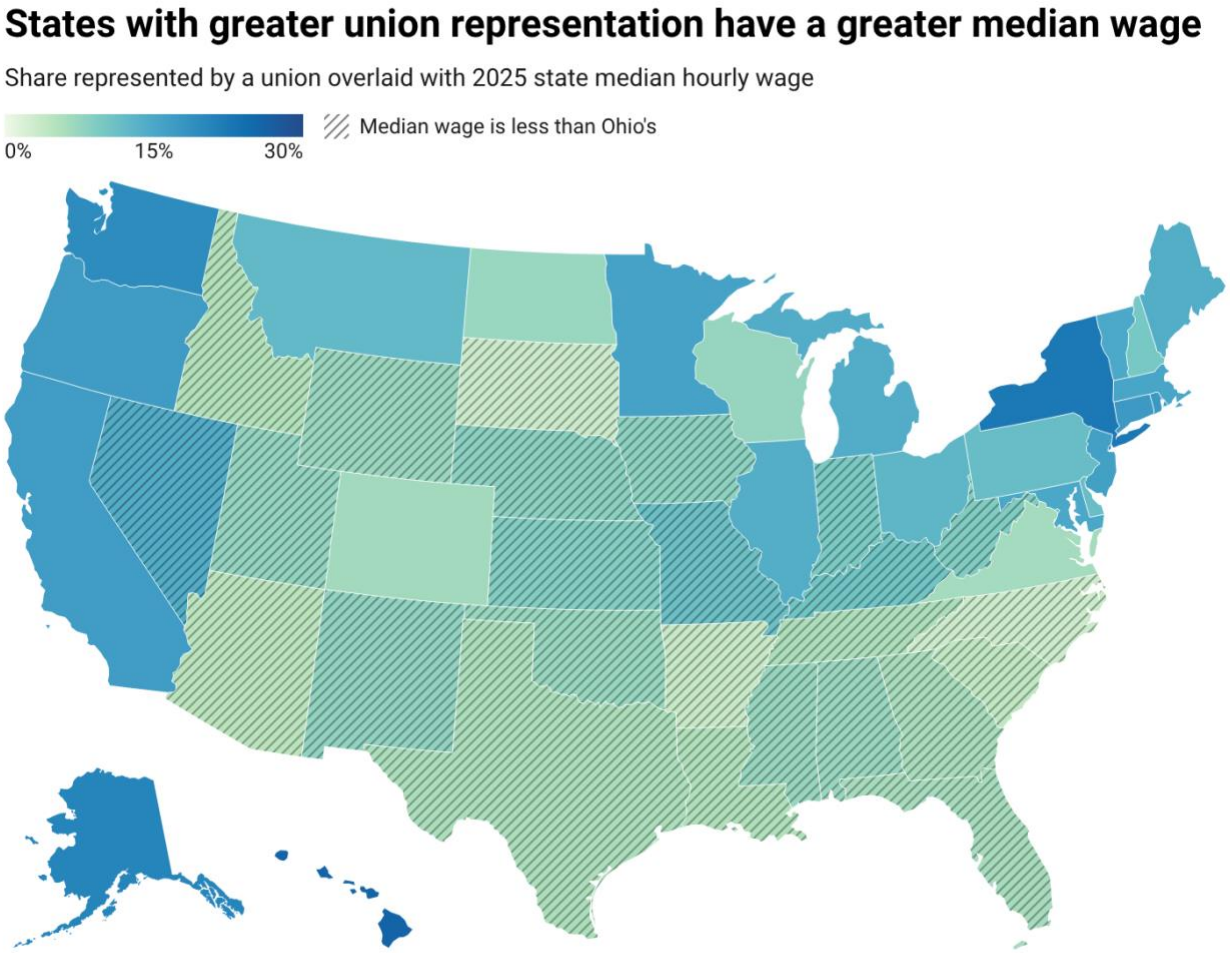
Illinois is one example of a non-RTW state that also has additional protections in place for workers. In 2022, Illinois voters passed the Worker's Rights Amendment declaring "no law shall be passed that interferes with, negates, or diminishes the right of employees to organize and bargain collectively."[75] Last year, Illinois legislators amended existing law to set a first contract timeline for newly formed unions,[76] an important piece of legislation closing a loophole for employers indefinitely pushing off bargaining.

Figure 2.4 illustrates union representation across the United States, with dark blue indicating greater union representation and light green indicating low union representation. States with diagonal shading have a lower statewide median wage than Ohio's. Of the 25 states with a median wage higher than Ohio's, 16 also have greater union representation.

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[72] Workers' resolve drives increase in unionization in 2025. Celine McNicholas, Margaret Poydock, and Heidi Shierholz. *Economic Policy Institute.* February 19, 2026.
[73] Unions aren't just good for workers—they also benefit communities and democracy. Celine McNicholas, Margaret Poydock, Heidi Shierholz, and Hilary Wething. *Economic Policy Institute.* August 20, 2025.
[74] Author's calculations using data from EPI's State of Working America Data Library: "Hourly wage, median - Median real hourly wage (2025$)," 2026; Union membership - Share represented by a union," 2026. See also Data show anti-union 'right-to-work' laws damage state economies. Jennifer Sherer & Elise Gould. *EPI.* February 13, 2024.
[75] Illinois Workers' Rights Amendment sets new bar for state worker power policy. Jennifer Sherer. *EPI.* Dec. 7, 2022.
[76] Senate Bill 453. *Illinois 104th General Assembly.* Effective August 15, 2025.

Figure 2.4



It is generally the case that states with greater union density have greater median wages, as illustrated in Figure 2.4 above. For example, Illinois has a union representation of 14%, 1.2 percentage points more than Ohio's 12.8% union representation.[77] Illinois' lead over Ohio union representation is reflected in the difference in statewide median wage: Illinois' 2025 median wage was $27.03, while Ohio's was $24.90.[78]

By strengthening protections for unions and rejecting efforts to undermine collective bargaining, Ohio legislators could increase wages up and down the pay scale.

[77] EPI, State of Working America Data Library, "Union membership - Share represented by a union," 2026.
[78] EPI, State of Working America Data Library, "Hourly wage, median - Median real hourly wage (2025$)," 2026.

Federal landscape: Policies are weakening workers' bargaining power

The tight labor market resulting from the COVID-19 pandemic gave low-paid workers leverage in the short term, but policy choices — especially at the federal level — gave that leverage back to employers. Poorly targeted tariffs[79] and the gutting of federal agencies[80] has injected uncertainty to business forecasting, causing hiring slowdowns and mass layoffs. When workers have to compete for jobs, rather than employers for workers, employers have the upper hand in wage setting.

Ohio workers are producing more wealth than ever, but it's not showing up in their paychecks. Since 1979, productivity[81] in Ohio increased 84% while median compensation increased only 22%, as shown in Figure 2.5.[82]

Driven by the median wage's loss in value, Ohio's median compensation (which includes wages and benefits) also lost value over the last year, dropping 2 percentage points since 2024.

While some of the change in productivity is due to technological innovation, decades of policy transferring wealth from the middle class to the top 1% through excessive tax cuts, offshoring union jobs,[83] and unrestricted corporate power has allowed employers to undercut workers. The staggering difference in growth between productivity and compensation is evidence that hard work does not necessarily mean greater economic prosperity — especially when policy is rigged against the typical American worker.

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[79] "Uncertainty over (Trade) Policy Will Cut Hiring and Investment, Say Business Execs," J. Maria Barrero, N. Boom., S. Davis, K. Foster, A. Jalca, B. Meyer. *Federal Reserve Bank of Atlanta.* May 15, 2025.

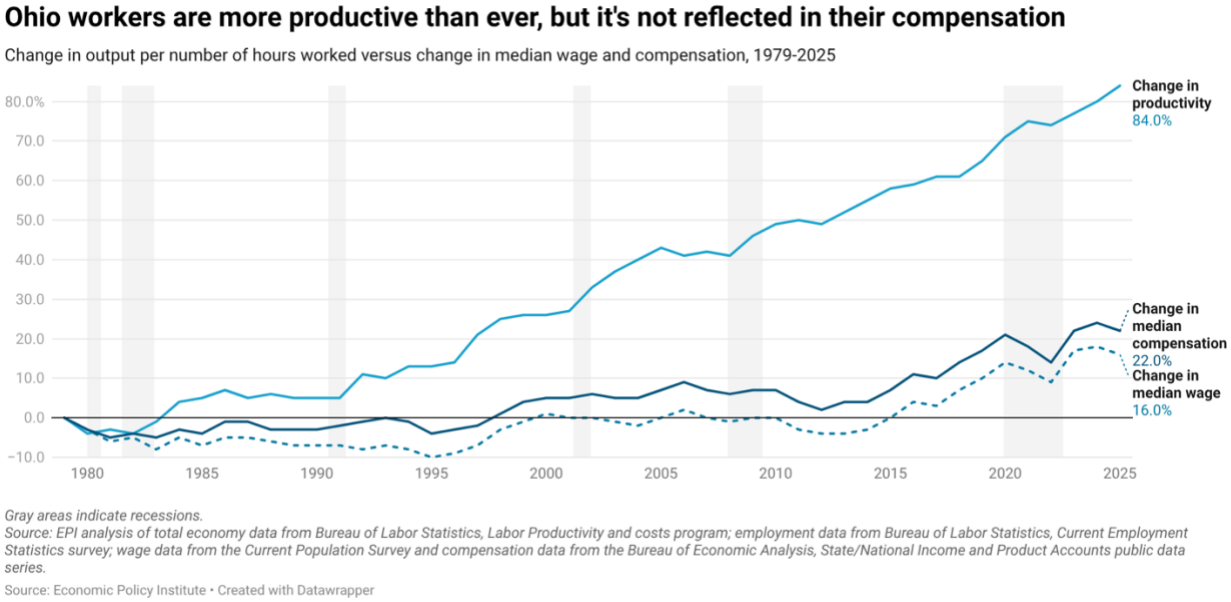
[80] "Trump administration says about 4,200 federal employees face layoffs," S. Fowler, A. Hsu, S. Simmons-Duffin, S. Gringlas, D. Shivaram. *NPR.* October 10, 2025.

[81] In previous years, Policy Matters has measured change in productivity using the gross state product divided by the *number of workers* in the state. Going forward, we will align with the Economic Policy Institute's methodology, which divides the gross state product by the state's share of *hours worked.* In addition to better capturing the impact of part- and full-time workers on the state's productivity, the new methodology also incorporates capital depreciation, ensuring the change in productivity is not overstated. Additionally, we now include the change in median compensation, not just change in median wage, to illustrate the impact of employment benefits like health care. See EPI analysis of total economy data from Bureau of Labor Statistics, Labor Productivity and costs program; employment data from Bureau of Labor Statistics, Current Employment Statistics survey; wage data from the Current Population Survey and compensation data from the Bureau of Economic Analysis, State/National Income and Product Accounts public data series.

[82] Source: EPI analysis of total economy data from Bureau of Labor Statistics, Labor Productivity and costs program; employment data from Bureau of Labor Statistics, Current Employment Statistics survey; wage data from the Current Population Survey and compensation data from the Bureau of Economic Analysis, State/National Income and Product Accounts public data series.

[83] A quarter century of working in Ohio. Heather Smith, Hannah Halbert, and Ali Smith. *Policy Matters Ohio.* September 11, 2025.

Figure 2.5



Unprecedented federal attacks on unions have also helped hold down wages.[84] In 2025, the Trump administration put collective bargaining rights at risk for more than one million federal workers,[85] 81,074 of them in Ohio.[86] The administration has also gutted the offerings of the Federal Mediation and Conciliation Service, preventing unions from accessing free mediation services to resolve labor disputes.

In short, pay is a policy choice. Anti-worker policies at the federal level make it even more crucial for Ohio legislators to step up for the people they represent.

The cost of inaction: Declining union power costs Ohio workers billions

Ohio had peak union representation in 1979, with 35.5% of the workforce (1.57 million) represented by a union.[87] Through decades of offshoring traditionally union work, union-

[84] Ohio falls behind on union representation. Heather Smith. *Policy Matters Ohio.* April 29, 2026.
[85] Trump is the biggest union-buster in U.S. history. Patrick Oakford and Margaret Poydock. *Economic Policy Institute.* September 2, 2025.
[86] Analysis of 2023 American Community Survey and 2025 Current Employment Statistics data. Ben Zipperer. *Economic Policy Institute.* March 5, 2025.
[87] Applying Ohio's peak union density (35.5%) to the 2025 Ohio workforce of 5,196,000, we estimate 1,844,580 Ohioans would be represented by a union. Subtracting the current number of union-represented workers of 665,818, an additional 1,178,762 Ohio workers would be represented by a union. The median wage is a representation of the typical worker – half of workers make more and half make less. Using this wage as a comparison point cannot fully capture the impact of the union wage premium across industries, occupations, and demographic differences. However, due to data availability, using the state median wage produces the best estimate. If a worker was working full-time, year-round, the state median wage equates to $51,792 annually. Applying a 14.2% union wage premium to that wage, gives an estimated additional $7,354.46 to union-represented workers for an annualized wage of $59,146.46. We then multiplied the annualized union wage premium of $7,354.46 by the additional number of union-

busting, and collective bargaining attacks, Ohio's union representation is now 12.8% as of 2025, or less than 666,000 workers.[88]

In 2025, the **union wage premium** — how much more a union worker makes than a non-union worker — was 14.2%.[89] If a non-union worker was paid the Ohio median wage of $24.90, a 14.2% wage premium would equate to $28.44 per hour for union-represented workers. Over the course of a year, that's upwards of $7,000 more in the pockets of union-represented workers.[90]

If in 2025 Ohio had the same share of union representation that it did in 1979, nearly 1.2 million more Ohio workers would be represented by a union, and that 14.2% union premium would mean an additional **$8.67 billion** a year for working Ohioans.

Policy recommendations

The Ohio median wage is just enough to cover the basics for a single adult in most counties. That means half of working Ohioans are paid too little to get by, even without any children. Add a child to the mix and the state median wage is simply inadequate. Ohio legislators have a variety of policy solutions to choose from, any of which would improve Ohioans' bottom line:

- Prevent the passage of Ohio House Bills 510, 512, 513, and 965, all of which weaken union and worker protections.
- Require first contracts to be bargained within a certain timeframe after union recognition, like Illinois did.
- Address worker misclassification. Too often, workers are misclassified as independent contractors or salaried employees, allowing unscrupulous employers to skirt labor law.[91]
- Require development projects receiving subsidies and tax incentives to pay all workers involved in the construction and operation of the development a livable wage.[92]
- At the federal level, Congress should pass the Protecting America's Workforce Act. This piece of legislation would reinstate collective bargaining rights for federal workers. It has passed the U.S. House of Representatives and is with the Senate now.

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represented workers, were Ohio at peak union density, and calculated an estimated annual wage bill increase of $8,669,161,562.71. See: Economic Policy Institute, State of Working America Data Library, "Union membership - Share represented by a union," 2026.
"Union Members in Ohio — 2025." *Bureau of Labor Statistics.* March 6, 2026.

[88] EPI, State of Working America Data Library, "Union membership - Share represented by a union," 2026.

[89] EPI, State of Working America Data Library, "Union wage premium - Union wage premium, average (regression-based)," 2026.

[90] A recent report from EPI supports this finding at the national level: If the U.S. had 30% union density (as opposed to the current 10% national union density), a full-time, year-round worker paid the median wage would see an annual raise by more than $7,700.

[91] Honest Day's Pay. Michael Shields. *Policy Matters Ohio.* May 18, 2022.

[92] Data Centers Policy Platform. Molly Bryden. *Policy Matters Ohio.* February 24, 2026.

Unemployment Compensation

Workers and businesses alike have an interest in strengthening Ohio's unemployment compensation (UC) system. When properly funded and adequately staffed, the UC system allows jobless Ohioans to find jobs that match their skills and allows employers to find workers that fit their needs. But when legislators fail to maintain the UC fund, the consequences can be disastrous.

In 2020, Ohio's UC fund went broke. Legislators had neglected the fund for decades: It had not met generally accepted solvency standards since 1974.[93] It still doesn't.

The UC system ran dry due to the sudden surge of unemployment claims in the early months of the COVID pandemic.[94] Ohio required a $1.5-billion loan from the federal government to cover the claims of Ohioans who found themselves unemployed through no fault of their own.

Ohio wasn't alone: 27 states had to borrow to meet the unprecedented level of claims caused by the pandemic.[95] But Ohio struggled more than other states because Ohio legislators had neglected UC reforms for so long. They continue to do so.

How it works

State unemployment systems temporarily provide workers with a portion of their wages after they have lost their job through no fault of their own. In Ohio, unemployed workers can collect benefits for up to 26 weeks. To qualify for benefits, a worker must meet the following minimum conditions:[96]

- They are unemployed through no fault of their own (i.e., they haven't quit or been fired for cause).
- They can show proof that they are actively seeking work.
- They worked at least 20 weeks in the 12-18 months[97] before becoming unemployed. This is known as the "base period."
- During the minimum of 20 weeks of employment, they were paid a weekly average of at least $352 (in 2026) weekly.

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[93] "How Ohio Has Underfunded Unemployment Compensation." Zach Schiller. *Policy Matters Ohio*. Nov.14, 2014.
[94] "Jobless Benefits Fund Broke." Karen Kasler. *Statehouse News Bureau*. June 16, 2020. See also, "COVID-19: Impacts on Workforce & Education." *Ohio Education Research Center*, John Glenn College of Public Affairs.
[95] "ARPA State Fiscal Recovery Fund Allocations Dashboard." *National Conference of State Legislatures.*
[96] "How Unemployment Insurance Works." *Ohio Department of Job & Family Services (ODJFS).*
[97] "Base Period: The first four of the last five completed calendar quarters before you apply for unemployment benefits." Depending on when someone files in the calendar quarter, up to 18 months can be considered the base period. ODJFS Worker's Guide to Unemployment Insurance.

Once their application has been approved, an unemployed worker must meet three eligibility requirements to maintain their benefits:

- Be mentally, physically, and legally allowed to work and available to accept work if they are offered a position.
- Complete at least two "work search activities" per week.
- Complete a resumé and profile on OhioMeansJobs.com

Typically, an unemployed worker is paid one half of the average weekly wage they were paid during the base period, but the state caps weekly benefits. Caps are set annually and vary based on the number of dependents a worker has. In 2026, a worker with no dependents may receive no more than $624 a week; with one or two dependents, $757 a week; with three or more, the maximum weekly payment is $842.[98]

Affordability: Ohio's unemployment system leaves too many workers without support

In Ohio, unemployed workers only qualify for UC benefits if they were paid enough while they *were* employed. Specifically, unemployed Ohioans must have made at least 27.5% of the statewide average wage over at least 20 weeks.[99] In 2026, that amounted to $352 a week[100] — more than a minimum wage worker makes working 30 hours a week. That means thousands of Ohio workers will never be eligible for benefits despite their employer paying into the unemployment system.

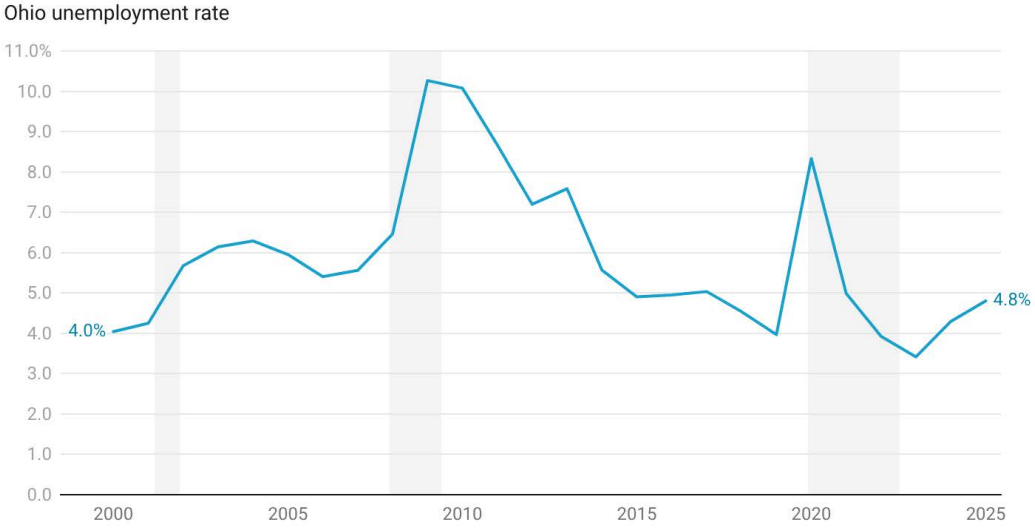
That is by design, a way for legislators to exclude Ohioans from UC eligibility because the UC system is too underfunded to adequately cover the people who *do* qualify. If the system were solvent, Ohio could lower the earnings threshold, ensuring more working people had UC as a backstop to get them through tough times.

Figure 3.1 below shows the unemployment rate from December 2000 to December 2025. During times of economic stability, the unemployment rate stays relatively consistent but during a recession, unemployment spikes significantly and can take several years to level out again.

[98] "How UI Benefits are Calculated." *ODJFS*.
[99] "Members Brief: Unemployment Benefit Eligibility and Amount." Christina Hambleton. *Legislative Service Commission*. August 11, 2022.
[100] "How Unemployment Insurance Works." *ODJFS*.

Figure 3.1

Unemployment trends over 25 years



Gray areas indicate recessions

Source: Economic Policy Institute • Created with Datawrapper

UC isn't "getting paid to stay home"

Ohio workers don't want to be idle. Compared to US workers in general, Ohioans get back to work quickly: The average unemployed worker in Ohio collects payments for just 14.8 weeks; the nationwide average is 15.4.[101] Fewer than 30% of Ohioans who tap into their unemployment benefits use the full number of weeks that they are entitled to.[102]

It is dishonest to suggest (as some politicians and business owners do) that UC benefits encourage workers to remain unemployed. Unemployed Ohioans lose access to their UC benefits if they cannot prove they are actively looking for work or if they turn down any offer of suitable work without good cause.[103]

The benefits themselves are relatively modest: In Ohio, the average weekly UC benefit in 2026 ranges between $176 to $842, depending on previous wages and number of dependents. (The full 26 weeks of payments in that range would total between $4,576 and $21,892.)

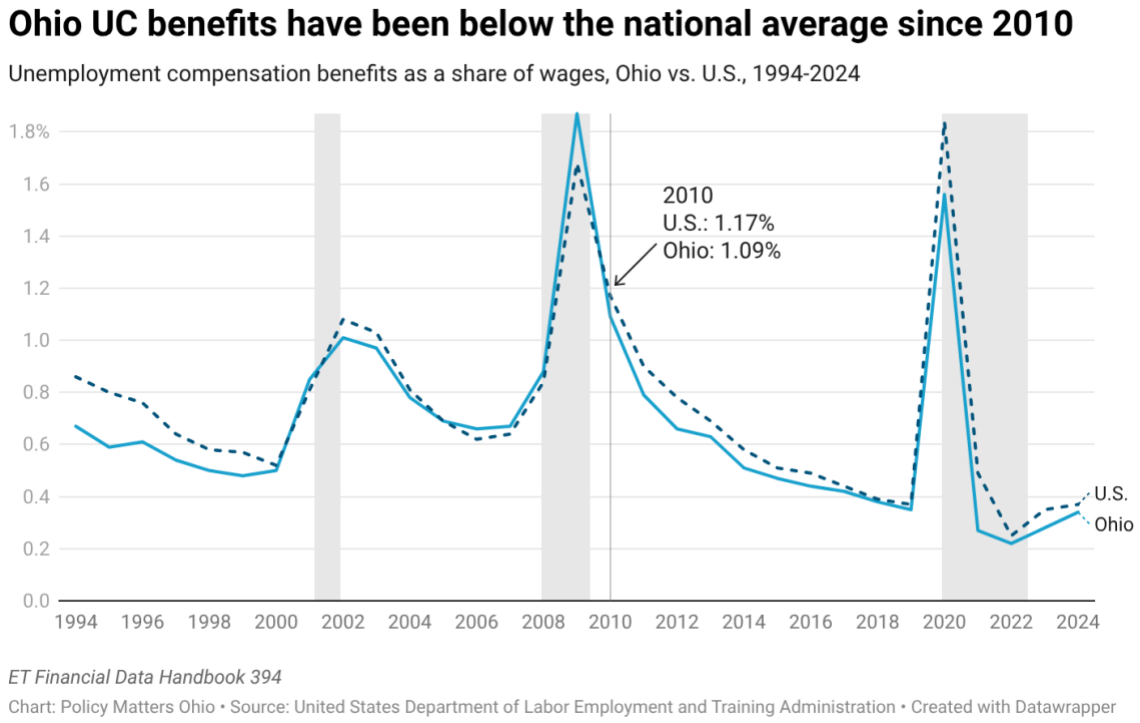
Since 2010, unemployed Ohioans have drawn slightly less than the national average in UC payments.[104] Figure 3.2 expresses unemployment benefits paid out per year as a share of the wages paid, comparing the rate in Ohio to the national rate. Even during the

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[101] "Unemployment Insurance Data." *Employment & Training* Administration, U.S. Dept. of Labor. 1st Quarter, 2026.
[102] "Regular Benefits Information By State." *Employment & Training Administration*, U.S. Dept of Labor. 2026.
[103] See ORC Section 4141.29 (D)(2)(b)
[104] "Unemployment Insurance Financial Data Handbook." *Employment & Training Administration*, U.S. Dept of Labor.

COVID-19 pandemic, Ohioans received less UC benefits relative to their wages than the U.S. average.

Figure 3.2



Ohio's UC system is funded with taxes paid by employers, but those taxes are assessed based on *workers'* pay: The work they do generates the revenue that funds the UC system. UC isn't only a crucial support for working people and families *and* a tool to help employers find employees with the right skills — it's also a resource funded by workers themselves, and a benefit they have earned.

Solvency shouldn't come at workers' expense

Legislators can make the UC fund solvent without raising taxes on workers. One option is to increase the **taxable wage base:** the amount of wages on which employers pay unemployment tax.[105] Ohio's taxable wage base is $9,000: Employers in our state pay no unemployment tax on wages over that amount. It's one big reason employment taxes — which fund Ohio's UC system — are near record lows when compared to the total amount of wages paid in Ohio, as shown in Figure 3.3.

[105] "Taxable Wage Base." Definition found on the ODJFS website under Unemployment Services for Employers > File Unemployment Taxes > Tax Help.

Figure 3.3



Except for a temporary two-year period, Ohio legislators have held the taxable wage base at $9,000 for the past 30 years.[106] If it had increased with inflation, it would now be over $17,500,[107] which is in line with the norm nationwide. For comparison, the 2026 taxable wage base for Social Security — which at its inception had the same wage base as UC[108] — is $184,500.[109]

Tax experts overwhelmingly agree that taxes should have a broad base.[110] Ohio legislators should listen to those experts and broaden the UC taxable wage base to at least $17,500 to not only account for inflation, but to put Ohio on par with the rest of the

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[106] "Comparison of State Unemployment Insurance Laws." *Employment & Training Administration*, U.S. Dept of Labor. Page 2-5.

[107] The last time the taxable wage base was increased in Ohio was 1995. In 2025 dollars, the $9,000 taxable wage base set then would be worth $17,683. EPI, State of Working America Data Library, "Price indexes - Extended chained CPI-U (Base = Dec 1999)," 2026.

[108] "The Fundamentals of Unemployment Compensation." Katelin P. Isaacs and Julie M. Whittaker. *Congressional Research Service*. January 12, 2026.

[109] "What is the current maximum amount of taxable earnings for Social Security?" Frequently Asked Questions, *United States Social Security Administration*. January 2, 2026.

[110] "Strong and equitable unemployment insurance systems require broadening the UI tax base." Marokey Sawo and Jennifer Sherer. *Economic Policy Institute*. May 6, 2022.

country. Doing so would help stabilize Ohio's system and preserve benefits for unemployed Ohioans.

Instead, the Ohio legislators are considering cutting the number of weeks unemployed Ohioans can access UC payments after a layoff.[111] It's a direct attack on unemployed workers — who depend on UC payments to cover the basics while they get back on their feet — and it's bad for business: Employers who struggle to find qualified employes will struggle even more if skilled workers are forced to take jobs where they can't put those skills to use.

The current proposal, HB 376, would cut the number of benefit weeks from 26 to 20.[112] Thirty-four states plus D.C. and Puerto Rico provide 26 weeks of benefits.[113] One other, Massachusetts, permits more than that. All of Ohio's neighbors except Kentucky provide up to 26 weeks; that includes Michigan, which recently restored that maximum.[114]

Unequal impacts: Unemployment remains uneven across Ohio's workforce

Economists agree that even a strong economy will have some unemployment as new businesses open, others close, and workers move from one job to another. The consensus is that a "healthy" unemployment rate is between 4% and 5%.[115] That's one reason UC is critical: It supports workers as they search for suitable jobs, and makes it easier for employers to find qualified candidates — both of which are necessary for a strong economy.

In 2025, Ohio's unemployment rate was 4.8%.[116] That's in the "healthy" range, but high enough to raise concerns — especially because it's gone up in each of the preceding two years. (In 2023, Ohio's unemployment rate was just 3.4%.) It's too early to know whether that consistency is the start of a trend, but an upward trajectory is the wrong direction for Ohio workers.

For some groups, unemployment is already well outside the acceptable range: Among Black Ohioans, the unemployment rate reached 8.2% last year. That's an improvement over 2024, when it reached 9.4%. (Nationwide, the unemployment rate for Black Americans increased from 5.7% in 2023 to 6.2% in 2024, and again to 6.9% in 2025.[117]) About 43,000 Black Ohioans entered the workforce between 2024 and 2025, a 5.4% increase — three times the rate for white Ohioans. The number of unemployed Black Ohioans dropped by 4,600 in that same span.

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[111] Ohio House Bill 376. *136th General Assembly.*
[112] Ohio House Bill 376. *136th General Assembly.*
[113] "How Many Weeks of Unemployment Compensation Are Available?" *CBPP*. May 4, 2026.
[114] "Michigan House Approves Increasing Unemployment Benefits to 26 Weeks." *LIUNA*. June 2024.
[115] "Unemployment Rate 101." Monica Haynes & Ben Palmquist. *Labovitz School of Business & Economics*. May 5, 2022.
[116] EPI, State of Working America Data Library, "Unemployment rate."
[117] Same as above.

White Ohioans saw the largest change in unemployment over the last year. Nearly 84,000 white Ohioans entered the labor market between 2024 and 2025, but nearly 40,000 became unemployed – a 25% increase. This relatively large change led to an increase in the unemployment rate from 3.4% to 4.2% for white Ohioans, which is still well within economists' "healthy" range.

For most of the last 47 years, the unemployment rate for Black Ohioans has been at least double that of white Ohioans.[118] The same is true nationally: Between 1979 and 2025, unemployment among Black American workers was at least twice as common as among white workers in all but 6 years.

Unemployment rate measures the share of workers in the labor force who (1) don't currently have a job, *and* (2) are actively seeking work. It does *not* include people who are out of work but haven't searched for a job in the past four weeks.

The unemployment rate includes some people who are *not* eligible for UC. For example, someone who quits or is fired for cause cannot collect UC, but if they're searching for work, they *are* included in the unemployment rate.

An increase in the unemployment rate isn't necessarily bad. An improving economy might encourage someone who is out of work to start looking for a job. When that happens, they are added to the unemployment rate until they start working.

The unemployment rate for Hispanic Ohioans ticked up 0.1 percentage point in 2025. That small statistical change belies a large population shift: 50,000 Hispanic Ohioans left the state last year,[119] driving an 11.4% decrease in the number of Hispanic Ohioans in the labor force. The Trump administration's deportation campaign was likely a significant factor: Between January 2025 and March 2026, 7,765 individuals were detained by US Immigration and Customs Enforcement (ICE) in Ohio.[120] These detentions and the resulting deportations directly removed people from the workforce and communities and created an atmosphere of intimidation that likely drove out many more who reasonably feared harassment regardless of immigration status.

More female Ohioans were unemployed in 2025 than entered the labor market, leading to an increase in the unemployment rate from 4.25% to 4.6%. Nationally, over 455,000 women[121] left the US workforce between January and August 2025. Mothers[122] were a driving force in this decline with January to June 2025 data showing the steepest drop in their workforce participation in 40 years. In a national survey conducted by Catalyst, 58%

[118] *EPI*, State of Working America Data Library, "Unemployment - Unemployment rate," 2026.
[119] *EPI*, State of Working America Data Library, "Count of civilian population, 16+," 2026.
[120] "Ohio Immigration & Customs Enforcement Activity Report," *Ohio Immigration Alliance*. May 28, 2026.
[121] EPI, State of Working America Data Library, "Labor force participation - Number of labor force participants, 12-month average," 2026.
[122] "Mothers" in this data set are considered women aged 25 to 44 living with children under age 5.

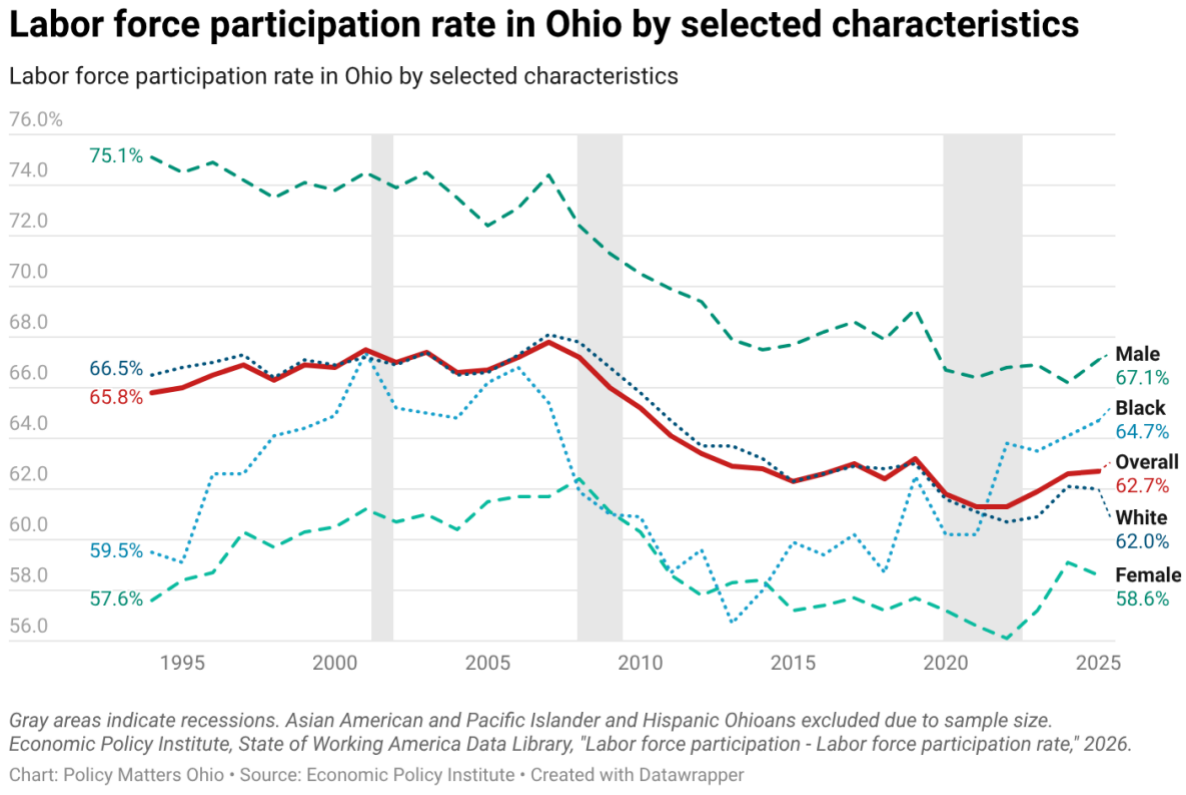
of women who left the workforce did so voluntarily — meaning they would not qualify for unemployment benefits. Of those women, 42% cited the cost of childcare and caregiving responsibilities as the main reason for leaving.

Male Ohioans added about 73,000 to the labor market and 23,000 to the number unemployed, leading to an unemployment rate increase from 4.3% to 5% between 2024 and 2025.

Ohioans aged 55 and older saw increases in labor force participants and unemployment over the last year, increasing the unemployment rate from 2.5% to 3%. Individuals 55 and older have been making up a larger share of the workforce with the percentage of older workers increased from 15% to 23% over the last 20 years nationwide. This is largely attributed to longer life expectancy, a phased-in increase to retirement age for full Social Security benefits, needing to save more money for retirement, and maintaining health insurance.

Figure 3.4 breaks down labor force participation by race and gender. Men (regardless of race) and Black Ohioans (regardless of gender) increased their labor force participation in the last year while women and white Ohioans experienced a decrease.

Figure 3.4



Lessons from other states: Better-funded systems provide broader access to benefits

To be eligible for UC, Ohioans must have been paid at least $7,040 over 20 weeks before becoming unemployed.[123] That is more money in less time than required across the border in Indiana, where workers qualify by making just $4,200 in the last four out of five quarters.[124] Indiana's UC fund is significantly closer to solvency than Ohio's, though is still falls short of minimum solvency standards.[125]

Two states in the Midwest, North Dakota and Iowa, have a taxable wage base that is above this paper's recommendation of $17,500.[126] Those states generate more employer contributions and help maintain healthier unemployment trust fund reserves, improving their ability to pay benefits.

Federal landscape: Pressure threatens unemployment protections

Federal policy shapes Ohio's unemployment system, but it doesn't fully explain why it falls short for workers. The federal government sets basic rules[127] that all states must follow; state legislators decide who qualifies, how much support workers get, and how the system is funded.

Recently, the Trump administration has used allegations of fraud as justification for threating to withhold federal UC funds from states. The acting US secretary of labor has issued a letter "officially putting governors on notice"[128] and demanding action to "combat waste, fraud, and abuse."[129]

The letter mentions three states as "the most glaring examples," including New York's improper payment rate of over 20%, and Illinois' improper payment rate of approximately 14%. (The federal improper payment rate is 14.9%.[130]) But improper payments *are not* the same as fraud.

Fraud requires willful misrepresentation. Improper payments include any that are made at an incorrect amount, whether too much or too little. They are typically the result of

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[123] In 2026 an individual would have to make at least $352 per week over 20 weeks to qualify. 352 x 20 = 7,040

[124] In Indiana, UC eligibility also requires pay of at least $2,500 in the last six months of the base period and the earnings during the entire base period must be at least 1.5 times higher than the highest single quarter earnings during the base period. "Unemployment Insurance Claimant Handbook." *Indiana Workforce Development.* See also "What to expect when a former employee files a claim" from the same source.

[125] Only 18 states have a reserve ratio between 1.5% and 3% — the standard recommended for solvency. Indiana's is 1.06%; Ohio's is 0.69%. *State Unemployment Insurance Trust Fund Solvency Report*, U.S. Dept. of Labor, 2025.

[126] *Comparison of State Unemployment Insurance Laws*. *U.S. Dept. of Labor.*

[127] "Unemployment insurance: State solutions to the U.S. worker rights crisis." Daniel Perez. *Economic Policy Institute.* September 29, 2025.

[128] "Trump's Department of Labor claims without data that states defrauded government." Michael Sainato. *The Guardian*. June 17, 2026.

[129] "US Department of Labor Demands Immediate Action From Governors On Unemployment Insurance Fraud." *U.S. Dept. of Labor.* June 17, 2026.

[130] "Improper payments rose to $183B in 2025, but it's not all bad news." Jason Miller. *Federal News Network.* Apr. 27, 2026.

errors by administrators or workers, and can be recouped or waived depending on the reason.[131] To quote the US Government Accountability Office, "all fraudulent payments are considered improper, not all improper payments are due to fraud."[132]

New York's fraud rate is 15.4%, the highest in the nation but significantly lower than its improper payment rate. Illinois's fraud rate is just 3.45%. (Ohio's is 1.72%.)[133] These disparities show that what the administration decries as "fraud" is in fact largely due to errors, often brought about antiquated UC systems.[134] The solution to that "waste" is more funding, not less.

The cost of inaction: Cutting benefits would hurt workers and the economy

If lawmakers don't move towards solvency, stability of the UC fund remains at risk, especially during economic downturns. But policymakers should not sacrifice unemployed workers in the name of solvency.

HB 376 would do just that by reducing the number of weeks Ohioans can collect UC benefits, from 26 to 20.[135] Doing so would harm workers and remove between $1,056 and $5,052 per person from the economy. Cutting weeks does more harm to business and workers than is warranted by the little progress it would make toward solvency.

The full 26-week benefit period is a critical safety net for workers whose job hunts take longer than average — especially for those in the trades who may face longer periods between jobs. Those benefits are necessary for laid-off workers to pay their mortgages, eat, and still have some purchasing power in the economy, all while looking, applying, and interviewing for jobs — a process than can take weeks, especially for jobs with family-sustaining wages.

A system that rushes job-seekers into the first job they can find means we'll have skilled millwrights or nurses working at Dollar General — among the most common employers posting jobs in the OhioMeansJobs system[136] — instead of on jobs that require their skills and training. Bad labor market matching is bad for workers and employers.

Policy recommendations

For Ohio's economy to truly work for working people, we need a strong UC system, which will benefit businesses and workers alike. To get there, Ohioans need our legislators to reform the UC code to make the system solvent — without undermining

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[131] "Unemployment Insurance (UI) Overpayments and Waivers." *National Employment Law Project*. Nov. 2023.
[132] "Fraud & Improper Payments: GAO examines fraud and improper payments in federal programs." *U.S. Government Accountability Office.*
[133] "Unemployment Insurance Payment Accuracy Datasets." *Employment & Training Administration, U.S. Dept. of Labor*. 2025 Calendar Year.
[134] "Our Unemployment System Needs Modernizing. Trump Is Doing the Opposite." Julie Su, Andrew Stettner, Michele Evermore. *The Century Foundation.* Sept. 2025.
[135] Ohio House Bill 376. *136th General Assembly.*
[136] "Online Job Postings." *Ohio Department of Jobs & Family Services*. December 2025.

benefits for working Ohioans. They should begin by increasing the taxable wage base to at least $17,500 to account for inflation.[137] That would create a strong foundation to allow for other measures like a small employee contribution to act as supplemental means towards solvency.

The legislature must also maintain 26 weeks of benefits, to ensure that workers — especially those in the trades and others with specialized skills — have the economic flexibility necessary to find the job that best matches their qualifications. The legislature should reject HB 376, and any other proposals to cut benefits for Ohio workers.

[137] "Testimony to the House Public Insurance and Pensions Committee on HB 321." Bailey Sandin. *Policy Matters Ohio.* June 11, 2025.

Childcare

Childcare is vital infrastructure. It allows parents to participate in the workforce and higher education, supports healthy child development, and enables employers to recruit and train workers. Yet Ohio's policymakers continue to underfund care, restrict access for families, and undervalue the early childhood educators that provide care.

Ohio's childcare crisis is the direct result of policy choices made by legislators and other policymakers.[138] Lawmakers have neglected to treat childcare as essential public infrastructure, pushing costs onto families and providers while failing to invest public dollars at the scale required to make the system work for Ohio families.

Temporary federal relief dollars during the pandemic brought some stability to the sector, but only briefly.[139] As those funds expired, policymakers did not replace them with durable state investments. The result is an increasingly fragile system stretched beyond capacity that cannot meet the needs of children, families, workers, or the broader economy.

As the crisis continues to deepen, rural communities, low-income families, and women are impacted most severely. Ohioans across the state encounter unaffordable costs and large areas of the state do not have sufficient access to licensed care options.

Affordability: Childcare is unaffordable for families and unsustainable for providers

Ohio's childcare crisis involves three interlocking policy failures: very low eligibility for publicly funded childcare (PFCC), extraordinarily high costs for families, and chronically low wages for childcare workers. These failures reinforce each other, creating a system that is simultaneously inaccessible, unaffordable, and unstable.

Ohio has one of the most restrictive initial eligibility levels for childcare subsidy in the nation.[140] Families only qualify for PFCC if their incomes fall at or below 145%[141] of the federal poverty level ($39,614 a year for a family of three).[142] This threshold excludes thousands of working families who earn too much to qualify for assistance but far too little to afford average costs of childcare.

For families that do not qualify for assistance, childcare costs are prohibitive. As shown in the table below, the average annual cost of infant care in our state exceeds $10,000, far above what most families can afford. To meet federal affordability standards,[143] a family

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[138] "Ohio's childcare crisis, 2025." Ali Smith, Kathryn Poe, and Heather Smith. *Policy Matters Ohio*. Apr. 2025.
[139] "Ohio's Response to COVID-19: Child Care Actions." *Bipartisan Policy Center*. Jan. 2021.
[140] "How Ohio's Publicly Funded Child Care measures up." Heather Smith. *Policy Matters Ohio*. Mar. 2025.
[141] "Who can get child care assistance?" *Ohio Department of Children & Youth*. November 2025.
[142] "2026 Poverty Guidelines: 48 Contiguous States (all states except Alaska and Hawaii)." *Office of the Assistant Secretary for Planning and Evaluations, U.S. Dept. of Health and Human Services.*
[143] "Ohio's childcare crisis, 2025." Ali Smith, Kathryn Poe, and Heather Smith. *Policy Matters Ohio*. Apr. 2025.

would need to earn nearly $150,000 a year to comfortably afford care for a single infant.[144] These costs force families into impossible trade-offs: reducing work hours to keep childcare costs down, one parent leaving the workforce entirely because their salary is less than childcare costs, parents working opposite shifts to reduce their need for childcare or relying on unstable or informal care arrangements that are free.

Table 4.1

The high cost of childcare in Ohio

Average costs of childcare by age of child and type of provider

Age	Childcare Center	Family Childcare Home-based Provider
Infants 12 months or younger	$13,859	$10,548
Toddlers ages 13-36 months	$12,452	$10,033
Preschoolers ages 37 months–5 years	$11,261	$9,026

Source: "2024 Annual Report." Ohio Child Care Resource & Referral Association. • Created with Datawrapper

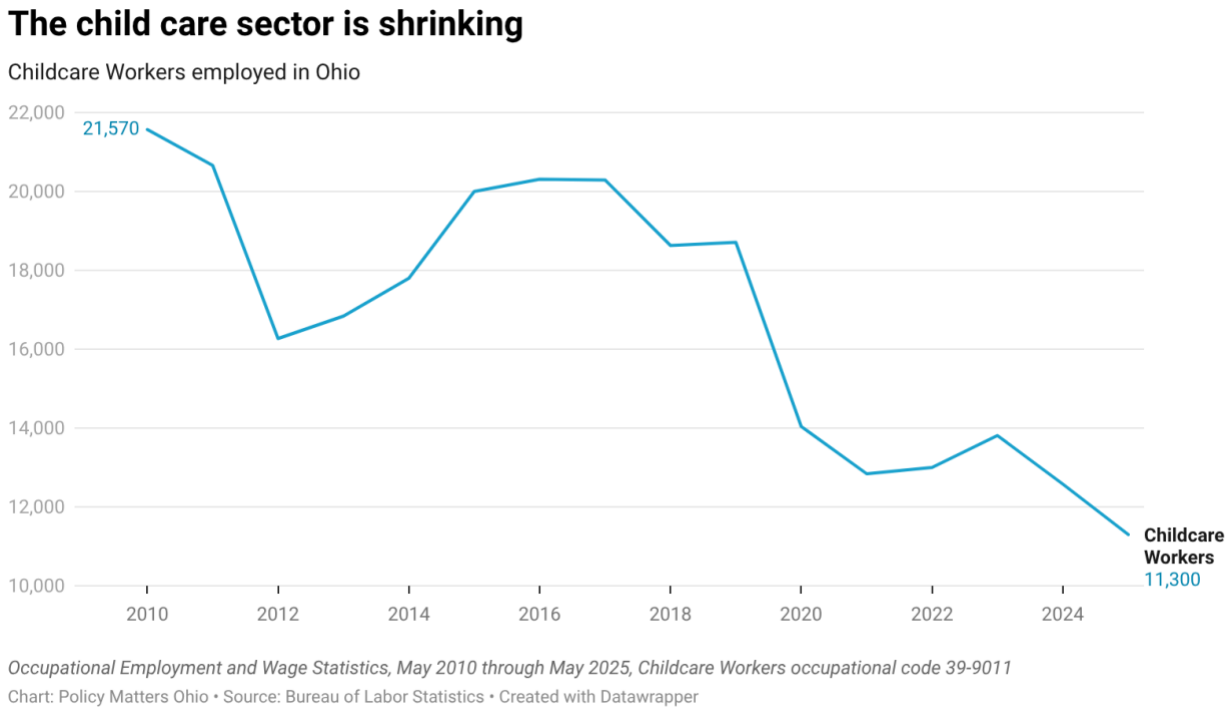
Simply put, the high-quality childcare that every Ohio baby and child deserves is not cheap. But high costs do not translate into big profits for providers. Instead, they reflect structural underfunding and the labor-intensive nature of high-quality care. Babies and children thrive with consistent caregivers and low classroom ratios.[145] Early childhood education is key to long-term success, and many educators have degrees and decades of experience. They deserve to be paid like the professionals they are, and to earn good wages for their own families.[146]

Ohio's childcare workforce is among the lowest-paid in the state's economy. The median wage for childcare workers is just $14.27 per hour.[147] Early childhood education is a high-skill, high-responsibility field and these educators need and deserve higher wages. Low wages in the sector drive constant turnover and a shrinking labor force.[148] Workers leave for higher-paying jobs with better schedules and less stress. This drains providers of

[144] This measure of affordability relies on the federal government's standard of 7%. Other sections of this paper use different affordability measures. In the Median Wage section we rely on the Economic Policy Institute's Family Budget Calculator, which measures an adequate, yet modest standard of living.
[145] "Ratios and Group Sizes in Child Care Matter for Babies." Zero to Three.
[146] "Child care payment changes could stabilize a sector in crisis." Ali Smith. *Policy Matters Ohio*. January 13, 2026.
[147] Occupational Employment and Wage Statistics. United States Bureau of Labor Statistics. Accessed June 10, 2026.
[148] "Examining teacher turnover in early care and education." Rob Grunewald, Ryan Nunn, and Vanessa Palmer. *Federal Reserve Bank of Minneapolis*. April 29, 2022.

experienced staff and undermines program quality for Ohio children. As shown in Figure 4.1, from 2019 to 2025 the number of childcare workers in Ohio dropped by 39.6%.[149]

Figure 4.1



When families cannot afford care, providers struggle to fill seats. When providers operate with razor-thin margins, they cannot raise wages. When wages remain low, workers leave the field, driving shortages that further reduce supply and raise costs. State policy plays a decisive role at every step, and Ohio lawmakers continue choosing not to intervene at the scale required to break this cycle.

Unequal impacts: Women, caregivers, and children bear the greatest burdens

The impacts of Ohio's childcare crisis are not evenly distributed. Women, especially mothers of young children, are far more likely to reduce work hours or exit the workforce due to lack of care.[150] Families of color face additional barriers due to historic underinvestment, discrimination, and lower wages.[151]

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[149] Occupational Employment and Wage Statistics. U.S. Bureau of Labor Statistics. Accessed June 10, 2026.
[150] "The Child Care Crisis Is Keeping Women Out of the Workforce." Leila Schochet. *CAP*. March 28, 2019.
[151] Delesiya Davis took a closer look at this issue in the July 27, 2023 Equal Rights Advocates article, "Black Women's Equal Pay Day: Pay Disparities Compounded by Occupational Segregation." The original research is available in a Center for American Progress report from March 29, 2022 titled "Occupational Segregation in America."

Low wages in the childcare sector also disproportionately impact women, particularly Black women. A full 95% of the childcare workforce is made up of women[152] and Black Ohioans are more likely to be childcare workers than their counterparts of other races, making up 17.7% of the childcare workforce[153] but just 12.5% of the state's population.[154] Chronic undervaluation of care work reflects long-standing structural racism[155] and sexism[156] baked into labor markets and public policy.

Instability in early care disrupts development, undermines school readiness, and compounds inequities. Children with disabilities or medical needs, or those needing care outside typical day-shift hours are particularly vulnerable to the harms of this crisis.[157]

Lessons from other states: Public investment can stabilize the childcare system

Across the country, lawmakers are responding to the childcare crisis with real policy change and investment. Ohio must catch up.

Kentucky policymakers implemented a program to provide free childcare for childcare workers.[158] This program has been effective at solving staffing gaps, increasing available childcare slots, and beginning to address the larger crisis.[159]

West Virginia's policymakers recently moved to stabilize providers by shifting to enrollment-based, prospective payments.[160] This payment method aligns state subsidies with the private market and has been clearly identified as a best practice because it makes revenue more predictable for providers, keeping classrooms open for working parents.[161] Ohio's policymakers are going back on their promise to move to this payment method.[162]

New Mexico policymakers have gone further than those in any other state, implementing near universal free childcare with no income cap in 2025. This was the

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[152] According to American Community Survey 2024 5-year estimate PUMS data, accessed August 21, 2026. Out of 42,163 childcare workers in the state, 39,908 are designated as female.
[153] American Community Survey 2024 5-year estimate PUMS data, accessed January 28, 2025. Out of 42,163 childcare workers in the state, 7,475 are designated as Black or African American alone.
[154] US Census Data, Ohio's 2020 State Profile.
[155] "Minimum Wages and Racial Inequality," Ellora Derenoncourt and Claire Montialoux. *The Quarterly Journal of Economics*. Vol. 136, Issue 1. February 2021.
[156] Equal Pay Act of 1963. *U.S. Equal Employment Opportunity Commission*.
[157] "Ohio's childcare crisis, 2025." Ali Smith, Kathryn Poe, and Heather Smith. *Policy Matters Ohio*. April 15, 2025.
[158] Kentucky Administrative Regulations Title 922 Chapter 2 Regulation 160 Section 4(4)
[159] "Kentucky Had an Outside-the-Box Idea to Fix Child Care Worker Shortages. It's Working." Hei-Ock Kim. *Kim Center for Social Balance*. April 3, 2025.
[160] *West Virginia Legislature*, 2026 Regular Session, House Bill 4191.
[161] "Child care bill raises hopes for parents, businesses." Faith Abdullah. *The Dominion Post*. May 1, 2026.
[162] "Child care surveillance bills are cause for concern." Ali Smith. *Policy Matters Ohio*. February 3, 2026.

result of years of deliberate policymaking, including expanding eligibility, eliminating copays, and investing hundreds of millions of state dollars in the system.[163]

As of August 2026, there are 55 voter-approved funds for children across the country. These funds are generally dedicated, public funding streams that state and local governments use to invest in childcare and the needs of children in their communities. These funds are overwhelmingly popular: Voters have consistently reauthorized funding after implementation.[164]

Federal landscape: Rollbacks are worsening Ohio's childcare crisis

Federal policy choices are deepening the childcare crisis rather than addressing it. In May 2026, the Administration for Children & Families finalized a federal rule rolling back key protections in the Childcare and Development Fund that plays a crucial role in Ohio's PFCC program.[165] This includes removing requirements to limit family copayments to 7% of household income and to pay providers based on enrollment rather than attendance.

Some states have implemented the changes rescinded in the federal rule regardless because they recognize the importance of investing in the sector.[166] However, in states like Ohio where policymakers choose to do the bare minimum required for childcare programs, this will mean ongoing instability, more closures, and increasing costs for families.[167]

The cost of inaction: Ohio loses billions each year to childcare failures

Ohio's failure to invest in childcare results in enormous economic costs. A 2025 report by the U.S. Chamber of Commerce Foundation found that Ohio loses approximately **$5.48 billion every year due to childcare breakdowns**.[168] The report characterizes the estimate as conservative, meaning that the true cost may be even higher.

When parents leave the workforce or reduce hours, the state loses income-tax revenue, payroll tax contributions, and consumer spending resulting in sales-tax revenue. The report estimates $1.52 billion annually in forgone tax revenue tied directly to childcare barriers.

Employers also pay a heavy price for Ohio's underfunded system. Businesses in the state lose nearly $4 billion annually due to childcare-related absenteeism, employee turnover, and reduced productivity. The Chamber's analysis clearly shows that childcare is now a

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[163] Universal Child Care. *New Mexico Early Childhood Education & Care Department.*
[164] "Voter-Approved Children's Funds Nationwide," *Children's Funding Project.* August 13, 2026.
[165] "CCDF Final Rule is a Blow to Access and Stability for Families and Child Care Providers." Wendy Chun-Hoon. *Center for Law and Social Policy*. May 11, 2026.
[166] "Warning Signs: State Child Care Assistance Policies 2025." Karen Schulman. *Nat'l Women's Law Center*. May 2026.
[167] "Federal Childcare Changes May Leave Providers, Families in the Lurch." Emily Tate Sullivan. *Zero 2 Eight, The 74*. May 14, 2026.
[168] "Untapped Potential in OH." *United States Chamber of Commerce*. 2025.

central workforce issue affecting recruitment and retention across industries. As labor shortages persist, childcare constraints continue to remove workers from the labor market altogether. This dynamic harms small businesses and large employers alike.

These losses reflect parents reducing hours, leaving jobs, or forgoing employment entirely because childcare is unavailable or unaffordable. Lawmakers who continue to underfund childcare are weakening the state's fiscal health.

Policy recommendations

Ohio legislators can fix this crisis, but only by treating childcare as essential public infrastructure and making sustained public investments. Policy recommendations include:

- Expand eligibility for PFCC to 300% so more working families can qualify.
- Reverse harmful last-minute changes in the 2025 budget bill that changed the hours thresholds for PFCC providers.[169]
- Make childcare free for childcare workers, strengthening recruitment and retention in a severely underpaid workforce while stabilizing the sector.[170]
- Raise provider payment rates so they reflect the true cost of delivering high-quality care, enabling providers to raise wages and keep classrooms open.
- Pay providers prospectively based on enrollment rather than attendance.

[169] "Good, bad, and ugly budget outcomes for child care in Ohio." Heather Smith and Ali Smith. *Policy Matters Ohio.* December 9, 2025.
[170] "Free Childcare for Childcare Workers is a better solution to Ohio's childcare crisis." Ali Smith. *Policy Matters Ohio.* February 20, 2025.

Paid Family and Medical Leave

At some point in their career, every Ohio worker will need paid family and/or medical leave (PFML), but only a small percentage of Ohio workers have access to PFML programs. PFML refers to a range of policies mandating at least partial payment to workers taking time off to care for a new child, care for a family member with a medical condition, or address their own health needs.[171] There is no nationwide PFML program; any paid family and medical leave options available to workers are either provided by their employers, or legislated by states or municipalities: 14 states and D.C. have adopted or implemented PFML policies.[172]

More than ten municipalities across Ohio offer parental leave to workers employed by the municipality.[173] In 2023, Cleveland City Council passed legislation providing paid parental leave for full-time municipal employees, including up to 20 hours of paid leave for prenatal or pre-adoption appointments.[174]

While this policy is a huge step forward in raising working standards, it does not include coverage for caregiving or medical leave. According to a 2018 U.S. Department of Labor survey, 75% of those who utilized the Family Medical Leave Act (FMLA, the law that requires workers receive 12 weeks of *un*paid, job-protected leave) did so for the medical leave aspect, not related to the arrival of a new child.[175]

These policies only cover city employees — others who work *in* the municipality but not *for* it are excluded. Ohio needs a statewide PFML policy so all workers, regardless of where they live or who they work for, can care for themselves or their loved ones unencumbered by financial strain.

Affordability: Workers are forced to choose between health and income

Reasons for taking medical leave are varied and common: PFML covers leave due to pregnancy, short-term or long-term illness, old age, surgery recovery, chronic pain, cancer and cancer treatment, and more. PFML also covers leave taken to provide care to a family member or friend with complex medical conditions or disabilities — which nearly a quarter of Ohioans do at some point in their careers.[176] Being able to address family and medical health needs, while maintaining income and a job, is critical to prevent economic disruption for families.

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[171] The Urgent Need for Paid Family Leave in Ohio. *Elevate Advocacy LLC.* Time to Care Ohio. November 2025.
[172] State Paid Family and Medical Leave Programs Cover Nearly 50 Million Workers. J. Mason and K. Gallagher Robbins. *National Partnership for Women and Families.* April 2026.
[173] The Urgent Need for Paid Family Leave in Ohio. *Elevate Advocacy LLC.* Time to Care Ohio. November 2025.
[174] Paid Parental Leave Available to City of Cleveland Employees. *Cleveland City Council.* July 18, 2023.
[175] Employee and Worksite Perspectives of the Family and Medical Leave Act: Results from the 2018 Surveys. Exhibit 4-4. *U.S. Dept. of Labor.* July 2020.
[176] Caregiving in the US 2025: Ohio. *National Alliance for Caregiving.* October 2025.

While the need for PFML is near universal, access to it is a different story. In Ohio roughly 77% of workers are not provided a paid leave policy through their employer.[177] Across the country, low-paid workers are the least likely to have access to PFML benefits: 5% of the lowest decile of wage earners ($14/hour or less) have access to paid family leave through their employer while 51% of the highest decile of wage earners ($55.29/hour or more) have access, as of 2023.[178] More employers have begun to recognize the importance of PFML: from 2013 to 2022, the share of private sector workers with access to paid leave doubled from 12% to 24%. Still, a majority of workers remain without PFML from their employers.[179]

Unequal impacts: Women, caregivers, and low-paid workers have the least access to leave

Lack of access to PFML has far-reaching implications for the economy, public health, and family life. We know women and people of color are disproportionately represented among minimum-wage and low-paid workers.[180] Minimum- and low-wage jobs also tend to not have employer-sponsored access to PFML, adding to the many economic disparities among Ohioans.[181] Paid family or medical leave especially impacts women's labor market attachment, low-wage workers, Black workers, and Hispanic workers.

Pew Research Center reports about a quarter of U.S. adults are part of the "sandwich generation": adults who are caring for both their children and aging parents.[182] Ohio's aging population[183] further illustrates the need for widespread access to PFML.

Caregiving responsibilities disproportionately fall to women,[184] which impacts their labor force participation.[185] Research on maternal labor market attachment post-birth in states with paid family leave policies found that the implementation of a policy reduces **labor market detachment** – when workers leave the labor force with no intention of returning

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[177] The Urgent Need for Paid Family Leave in Ohio. *Elevate Advocacy LLC.* Time to Care Ohio. November 2025.
[178] A Nation of Paid Family Leave Have- and Have-Nots Characterizes the United States in 2023. V. Shabo. *New America.* September 21, 2023.
[179] Same as above.
[180] See: "Women's work" and the gender pay gap. Jessica Schieder and Elise Gould. *Economic Policy Institute.* July 20, 2016. Chasing the dream of equity. Adewale A. Maye. *Economic Policy Institute.* August 1, 2023.
[181] "The Paid Family and Medical Leave Opportunity: What Research Tells Us About Designing a Paid Leave Program that Works for All." K. Grant, C. Brumfield, S. Khan, F. Aderonmu, I. Dutta-Gupta. *Georgetown Center on Poverty and Inequality and PL + US.* July 2019.
[182] More than half of Americans in their 40s are 'sandwiched' between an aging parent and their own children. Juliana Menasce Horowitz. *Pew Research Center.* April 8, 2022.
[183] EPI, State of Working America Data Library, "Civilian population - Count of civilian population, ages 16+," 2026.
[184] "Caregiving in the US 2025: Caring Across States." *National Alliance for Caregiving and AARP.* October 2025.
[185] Labor force participation (LFP) describes the share of people who either are working, attached to a job but on leave/vacation, or report actively looking for work. The economic impact of PFML is measured using LFP, since it counts both those working and wanting work, whereas a measure like the employment-to-population ratio only counts those working. Labor force participation can be dependent on PFML availability, especially if someone must leave the labor force to care for themselves or a loved one.

— by 20% in the year of birth.[186] The same study determined this impact can last for up to five years — meaning mothers continued to return to the labor force each year following birth at greater rates after the implementation of a paid family leave policy.

Between 1984 and 2013, 20% of the widening racial wealth gap is due to racial disparities in access to job benefits like PFML.[187] According to analysis of 2011 data from the Bureau of Labor Statistics, while nearly 50% of white and AAPI workers had access to paid parental leave at that time, 43.3% of Black workers and only 25.1% of Hispanic workers had access.[188] Later research from 2021 explored the shares of women who received pay while on leave in the Bay Area.[189] It found 10% of white and 13% of AAPI women receive no pay while on leave, compared to 25% of Hispanic women and 33% of Black women. A statewide PFML program that covers all workers would ensure workers typically left out are given the same opportunity to take paid time off to care for themselves or their loved ones.

Ohioans of color historically have greater unemployment rates than white Ohioans, which may be a byproduct of lack of access to PFML. Without job-protected leave, taking time off can quickly turn into bouts of unemployment for Ohioans who already get the short end of the stick in terms of pay and benefits.

Lessons from other states: Paid leave programs improve worker and family well-being

Massachusetts' PFML policy went into effect in 2021 and grants up to 20 weeks of paid medical leave, 12 weeks for paid family and caregiving leave, and 26 weeks of paid family caregiving leave for covered service members.[190] Weekly benefit payments are based on the individual's average weekly wage, the Massachusetts average weekly wage, when the individual is taking leave, and on what schedule. The median hourly wage in Massachusetts was $31.39 in 2025,[191] or $65,291 working full-time year-round. Using Massachusetts' Benefit Calculator, a family with one income earner at this wage would be eligible to receive $916 weekly—approximately 73% of their normal income.

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[186] Jones, Kelly; Wilcher, Britni (2019). 2019-07 Reducing maternal labor market detachment. American University (Washington, D.C.). Dept. of Economics.

[187] "The Paid Family and Medical Leave Opportunity: What Research Tells Us About Designing a Paid Leave Program that Works for All." K. Grant, C. Brumfield, S. Khan, F. Aderonmu, I. Dutta-Gupta. *Georgetown Center on Poverty and Inequality and PL + US.* July 2019. See also: The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide. T. Shapiro, T. Meschede, S. Osoro. *Institute on Assets and Social Policy.* February 2013.

[188] Latinos Least Likely to Have Paid Leave or Workplace Flexibility. Sarah Jane Glynn and Jane Farrell. *Center for American Progress.* November 20, 2012.

[189] Goodman JM, Williams C, Dow WH. Racial/Ethnic Inequities in Paid Parental Leave Access. Health Equity. 2021 Oct 13;5(1):738-749. doi: 10.1089/heq.2021.0001. PMID: 34909544; PMCID: PMC8665807.

[190] Paid Family and Medical Leave (PFML) overview and benefits. *Massachusetts Department of Family and Medical Leave.* Accessed March 18, 2026.

[191] EPI, State of Working America Data Library, "Hourly wage, median - Median real hourly wage (2025$)," 2026.

Depending on what kind of leave they are taking, they could be eligible for anywhere between 12 and 26 weeks of paid leave.

Massachusetts' policy has resulted in thousands of state residents getting access to PFML. In the first six months of the program, 43,440 applicants received benefits.[192] In 2025, over 130,000 applicants received benefits, some more than once in a fiscal year.[193]

Access to PFML has led to better health outcomes in the state. A report from the National Partnership of Women & Families found workers with depression and coronary heart disease reported fewer poor health days after the implementation of Massachusetts' PFML policy.[194] Emerging research in the U.S. shows that paid family and medical leave policies, specifically paid maternity leave, are correlated with decreases in infant mortality rates;[195] however, more research needs to be done to measure all contributing factors to reducing a state's infant mortality, including safe sleep education, lead abatement programs, and state investment in healthcare access.

Having the ability to take job-protected, paid leave allows Massachusetts workers to participate to their fullest potential in the labor market, while balancing their health needs. For Ohio to improve its residents' health outcomes, break down racial barriers in access to care, and improve labor force participation among its workers, it ought to consider a similar policy.

Federal landscape: Federal inaction leaves Ohio workers behind

In 1993, the FMLA became federal law, mandating 12 weeks of unpaid, job-protected leave and continued health insurance coverage nationally.[196] However, this leave is not a statutory right and approximately 44% of workers are not eligible because of their hours, duration in their position, or size of their employer.[197]

Because FMLA does not require employers to pay workers while they are on leave, many workers simply cannot afford to utilize the program even when they need it: In 2025, about 11.3 million workers needed leave and did not take it. In a survey of those workers,

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[192] FY2021 Annual Report for the Massachusetts Paid Family and Medical Leave (PFML). *Massachusetts Department of Family and Medical Leave.* January 11, 2022.
[193] FY2025 Annual Report for the Massachusetts Paid Family and Medical Leave (PFML). *Massachusetts Department of Family and Medical Leave.* December 1, 2025.
[194] The Impact of Paid Leave on the Health of Massachusetts. A. Majumder and J. Mason. *National Partnership for Women & Families.* February 2025.
[195] Heymann J, Sprague AR, Nandi A, Earle A, Batra P, Schickedanz A, Chung PJ, Raub A. Paid parental leave and family wellbeing in the sustainable development era. Public Health Rev. 2017 Sep 15;38:21. doi: 10.1186/s40985-017-0067-2. PMID: 29450093; PMCID: PMC5810022. See also: Montoya-Williams D, Passarella M, Lorch SA. The impact of paid family leave in the United States on birth outcomes and mortality in the first year of life. *Health Serv Res.* 2020 Oct; 55 Suppl 2(Suppl 2):807-814. doi: 10.1111/1475-6773.13288. Epub 2020 Apr 5. PMID: 32249413; PMCID: PMC7518811. Alyse M. Carlson, James Ebert, Elizabeth Hisle-Gorman; Length of Maternity Leave Impact on Child Health Outcomes. *Pediatrics* February 2022; 149 (1 Meeting Abstracts February 2022): 973.
[196] Fact Sheet #28: The Family and Medical Leave Act. *U.S. Dept. of Labor Wage & Hour Division.* Revised March 2025.
[197] Key Facts: The Family and Medical Leave Act. *National Partnership for Women & Families.* January 2026.

two-thirds of respondents said it was because they could not afford to take unpaid leave.[198]

In 2020, federal workers were granted 12 weeks of Paid Parental Leave (PPL) to use within 12 months after the birth or placement (through adoption or foster care) of a new child.[199] Eligible federal workers receive the same pay they would if using vacation or sick time, with some exceptions. The Office of Personnel Management reported[200] slightly higher usage compared to initial estimates, with 4% of federal employees using PPL sometime between October 2020 and July 2022. Of those employees who used or planned to use PPL, 81% used all 12 weeks available to them. Most notably, PPL had a "great" or “moderate" influence on 55% of workers under 40 years old deciding whether to remain employed with the federal government.

The cost of inaction: Ohio workers lose economic security without paid leave

Paid family and medical leave benefits help families navigate temporary absences from work like welcoming a new baby or recovering from surgery. PFML also helps keep local economies strong by ensuring families can continue to afford the basics, keeping funds flowing through the economy, even when a person takes time to care for themselves or others.

The Center for Law and Social Policy (CLASP) examined government data to determine the total wages lost by workers in Ohio due to unpaid or partially paid leave, breaking it down by those taking leave for their own health, a family member’s health, or a new family addition. They use a model developed by the United States Department of Labor (*Worker Paid Leave Usage Simulation* model) to develop the estimates based on the 2020 5-year American Community Survey. We adjusted their estimates for inflation to 2025 dollars.[201]

According to this model and our inflation adjustments, Ohioans lose out on wages for unpaid or partially paid leave to the tune of **$2.32 billion** per year. Those are wages that could help families stay caught up on bills, cover medical costs, and maintain household economy stability. Below is a breakdown by type of leave:

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[198] Same as above.
[199] Paid Parental Leave. *U.S. Office of Personnel Management.* Accessed March 23, 2026.
[200] Paid Parental Leave: OPM Should Take Steps to Further Raise Awareness of the Program. *U.S. Government Accountability Office.* January 2024.
[201] CLASP inflated 2020 estimates to 2023 dollars using the CPI-U. At Policy Matters Ohio, we prefer to use the C-CPI-U inflation measure for its responsiveness to changes in consumer behavior due to relative price changes. To determine the 2025 value, we deflated the 2023 estimation from CLASP back to its 2020 value using the CPI-U. Then we inflated the 2020 estimate to 2025 dollars using the C-CPI-U. See their methodology here: Working People Need Access to Paid Leave, Emily Andrews, Sapna Mehta, and Jessica Milli. *CLASP.* September 25, 2024.

Table 5.1

Without paid leave, Ohio workers lose out on billions each year

Reason for leave	Annual wages lost
Own Health	$1,323,373,182
Family Caregiving	$214,916,971
Parental	$779,867,832
Total	**$2,318,157,985**

Policy Matters analysis of CLASP date — See note 201.

Policy recommendations

Polling indicates strong support for PFML policy. Eighty-five percent of respondents in battleground states (including Ohio) favor PFML, with 64% strongly in favor.[202] Ohio legislators have the opportunity to pass a statewide PFML policy with Senate Bill 396, the bipartisan legislation introduced by Senators Blessing and Liston in collaboration with the Time to Care Ohio Coalition.

The bill[203] would create a PFML insurance fund that is supported through a small payroll contribution split between employers and employees. Employers with fewer than 15 employees would be exempt from the employer contribution, while their employees would still contribute and remain eligible for leave. Employees would then be able to use up to 14 weeks of paid leave over a 12-month period for their own serious health condition, a loved one's serious health condition, new family addition, or qualifying military-related reason. If an employee has a second qualifying incident in the 12-month period, they could access an additional four weeks of paid leave.

Establishing PFML as an insurance fund is considered a best practice by experts and advocates to spread out costs to fund the program, provide universal access to all workers, and sustain predictability and sustainability of the program. All 14 states and D.C. that have passed PFML policies have structured their policies this way.[204] As the bill is currently written, the payroll contribution rate can be amended by the Department of Jobs and Family Services to ensure the fund's solvency, based on usage and contribution rates.

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[202] Survey Findings Show Broad and Deep Support for Paid Parental, Family and Medical Leave. *Lake Research Partners and Paid Leave for All Action.* November 2023.
[203] Senate Bill 396. Louis Blessing III & Beth Liston. *Ohio Legis. 136th General Assembly.* Introduced Mar. 23, 2026.
[204] Overview of Family Leave Laws in the United States. *A Better Balance.* Accessed May 27, 2026.

The initial proposal[205] suggests 0.8% split evenly between employers and employees, which would cost an Ohio worker earning the median wage less than $210 per year, while paying out crucial benefits during times of leave.

While on PFML, employees would receive up to 85% of their average weekly earnings from the state fund, while being assured their same position or an equivalent one when they return to work. The policy caps wage replacement to families at 90% of the statewide average weekly wage to promote an equitable distribution of public funds.

To ensure millions more Ohioans have access to paid family and medical leave, not just those lucky enough to work at an employer with such a policy, Ohio legislators ought to pass Senate Bill 396, or similar legislation.

[205] Senators Blessing and Liston Introduce Paid Family Leave Legislation. *The Ohio Senate 136th General Assembly.* April 23, 2026.

Conclusion

The costs of inaction on the five important areas described in this report are enormous. Across minimum- and median wages, a weak foundation for unemployment compensation, a childcare system in crisis, and a lack of statewide paid family and medical leave, **policymakers' inaction is costing Ohio billions a year** through lost wages, reduced consumer spending, lower labor force participation, weakened economic security, and more.

The figures presented throughout this report are not comprehensive, but they make one thing glaringly clear: Continued inaction comes with a very high price that workers, families, businesses, and communities all pay.

These outcomes are the result of deliberate, sustained policy choices. Ohio policymakers have made decades of decisions to suppress wages, underfund public systems, weaken worker protections, and shift economic risk onto families. The affordability crisis facing Ohioans in 2026 is not merely a story about rising costs, it's a story about stifled wages, intentional choices, and the priorities of our elected representatives.

Ohioans are working hard, yet too many are falling behind. States across the country have taken action on these issues and more. Ohio policymakers already have the tools necessary to build an economy that provides stability to all Ohioans and treats all workers with the dignity they deserve. The current legislature, the next legislature (to be seated in January), and Ohio's next governor must embrace a proactive vision of shared prosperity across the state — and they must act: strengthen worker power, invest in public systems, and raise the minimum wage. We can't afford not to.

Appendix

Recommendations

Increase wages:

- Raise the regular and tipped minimum wage to at least $15 per hour.
- Eliminate the subminimum wage for youth, disabled workers, and tipped workers.
- Protect the value of the minimum wage by continuing to require annual adjustments for inflation.
- Prevent the passage of Ohio House Bills 510, 512, 513, and 965, all of which weaken union and worker protections.
- Require first contracts to be bargained within a certain timeframe after union recognition, like Illinois did.
- Address worker misclassification. Too often, workers are misclassified as independent contractors or salaried employees, allowing unscrupulous employers to skirt labor law.
- Require development projects receiving subsidies and incentives to pay all workers a livable wage.
- At the federal level, Congress should pass the Protecting America's Workforce Act, which would reinstate collective bargaining rights for federal workers. It has passed the U.S. House of Representatives and is with the Senate now.

Strengthen Unemployment Compensation:

- Reform the UC code to make the system solvent — without undermining benefits for working Ohioans. Increase the taxable wage base for Unemployment Compensation to at least $17,500 to account for inflation.
- Maintain the current 26 weeks of UC benefits, to ensure that workers — especially those in the trades and others with specialized skills — have the economic flexibility necessary to find the job that best matches their qualifications.
- Reject HB 376, and any other proposals to cut UC benefits for Ohio workers.

Expand access to childcare:

- Expand eligibility for PFCC to 300% so more working families can qualify.
- Reverse harmful last-minute changes in the 2025 budget bill that changed the hours thresholds for PFCC providers.
- Make childcare free for childcare workers, strengthening recruitment and retention in a severely underpaid workforce while stabilizing the sector.
- Raise provider payment rates so they reflect the true cost of delivering high-quality care, enabling providers to raise wages and keep classrooms open.
- Pay providers prospectively based on enrollment rather than attendance.

Provide Paid Family Medical Leave to all Ohio workers:

- Create a PFML insurance fund that is supported through a small payroll contribution split between employers and employees, administered like the one proposed in Senate Bill 396, the bipartisan legislation introduced by Senators Blessing and Liston in collaboration with the Time to Care Ohio Coalition.