Ohio’s Low-Wage Recovery

Post-Recession, Low-Wage Jobs Now Make up Largest Share of State’s Employment

Since the recession, economic recovery at both the national and local level has been slow and inconsistent. In Ohio, feelings on economic progress are decidedly mixed. In a recent survey, the majority of Ohio small business owners – 69% – described the economy as fair or poor. Other surveys find growing confidence and more employers today saying they plan to make capital investments than six months ago, but fewer say they will add jobs.

Ohio’s unemployment rate of 5.7% sits below the national level of 6.2%, but inched up in July from its June level of 5.5%. Discouragingly, last month the state also led the nation in job losses with 12,400 Ohioans reported to be newly out of work. Over the past twelve months and since the start of the recession in January, 2008, Ohio has ranked 41st among the 50 states in job creation. Given these facts, it is not surprising that many Ohioans still feel negatively about the economy. George Zeller, a noted Ohio economist, recently remarked "Everybody in Ohio, employed or not, is suffering from Ohio’s sub-par recovery from the 2007 recession."

Since the state’s economic recovery began, Ohio has only added back approximately two-thirds of the jobs that were lost during the recession. In 2007, prior to the recession’s start, working Ohioans numbered 5.34 million. At its low point in 2010, employment dropped to just under 4.98 million. Employment has since rebounded to just over 5.13 million working Ohioans, just under 140,000 short of pre-recession levels.

1 http://www.dispatch.com/content/stories/business/2014/05/13/ohio-small-business-owners-sour-on-their-local-economies.html
4 http://jfs.ohio.gov/RELEASES/unemp/201408/index.stm
6 https://legacy.wpcarey.asu.edu/bluechip/jobgrowth/jgu_states.cfm
7 http://www.npr.org/blogs/money/2014/07/03/327719641/how-every-u-s-state-has-fared-since-the-recession-in-1-graph
9 http://www.bls.gov/oes/current/oes_oh.htm
Innovation Ohio sought to determine whether the jobs created since the recession’s end are substantively the same as those that were lost in the downturn. Using Occupational Employment data published by the Bureau of Labor Statistics, we calculated the number of jobs in Ohio that paid at low, medium and high wage levels (adjusted to current levels of inflation) for every other calendar year from 2007 through 2013.

**Pre-Recession Wages**
Prior to the start of the recession, in 2007, one-third of the jobs in Ohio paid more than $20 an hour, and nearly two-fifths paid between $13.40 and $19.99 hourly. Only 28% of jobs were in the lowest category, paying between $7.00 and $13.39 an hour.¹⁰

![2007 Ohio employment by wage level](image)

**Post-Recession Wages**
Since the recession ended, those numbers have shifted dramatically. In the most recent release of the Occupational Employment data,¹¹ a full 36% of Ohio jobs paid an hourly wage between $7 and $13.39. Medium wage jobs ($13.40 – $19.99) decreased to 34% of the workforce, and high wage jobs ($20+) decreased to only 31% of the workforce.

![2013 Ohio employment by wage level](image)

While high and medium wage jobs, as a share of the state’s economy dropped from 72% percent to just 64% between 2007 to 2013, low wage jobs grew over the same period from just 28 to 36% of the state’s employment. Table 1 shows employment level changes in each of the three wage categories over the time periods examined. Fully 9 out of 10 jobs lost during the recession were medium or high-wage, but in the recovery that’s followed, all the

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¹⁰ All wages have been adjusted to 2013 levels of inflation, the most recent year for which there is data.

job growth has come from low-wage jobs. High and Medium Wage jobs have continued to decline even since the start of the recovery.

Table 1: Change in Employment by Wage Category

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Low Wage Jobs</th>
<th>Medium Wage Jobs</th>
<th>High Wage Jobs</th>
<th>Net Employment Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 - 2010</td>
<td>-42,270</td>
<td>-293,300</td>
<td>-84,090</td>
<td>-419,670</td>
</tr>
<tr>
<td>share of total change</td>
<td>10%</td>
<td>69%</td>
<td>20%</td>
<td>100%</td>
</tr>
<tr>
<td>2010 - 2013</td>
<td>387,780</td>
<td>-57,340</td>
<td>-126,280</td>
<td>204,160</td>
</tr>
<tr>
<td>share of total change</td>
<td>189%</td>
<td>-28%</td>
<td>-61%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The data show that working Ohioans have been forced to accept low-wage jobs in exchange for the many high and medium wage jobs that were lost during the downturn and have yet to return. It is perhaps unsurprising that many Ohioans continue to be pessimistic about the state of the economy. In 2013, for the first time since 2007, there were more low wage jobs than either medium or high wage jobs.

The shift in the pay level of available jobs means that even though Ohio employment is growing, it is doing so by adding jobs that do not pay enough to support a family. The types of jobs available, combined with a job creation rate in the bottom fifth of all states, suggest that the recovery thus far is insufficient to provide Ohio’s citizens with economic security.

Acknowledgements

Heather Madonia, Ph.D. candidate, Northwestern University served as principal researcher in preparing this analysis.

Questions should be directed to Innovation Ohio.