

Ohio Job Climate Even Worse Than We Thought

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THE Ohio job market is in tatters. It has been weak for two decades. New unemployment data suggest an even more troubling outlook.

If Ohioans want a vibrant job market, we must start making tough choices to defang entrenched interests, notably labor unions and big government. The failure to act will only ensure that more Ohio businesses move to states where they can create jobs free of artificially expensive labor costs and inflexibility, and an overly burdensome government.

The Buckeye Institute's new report, "State of the State: Two Decades of Weak Job Growth and Skyrocketing Government Costs Pose Daunting Challenges to Ohioans" states that when the U.S. economy boomed in the 1990s, Ohio's job growth was just the 37th best in America. And when the economy went bust after the dotcom/technology crashes in 2000, the Sept. 11, 2001, terrorist attacks, and the housing/financial crash in 2008, Ohio lost more jobs than every other state except Michigan.

Between 1990 and last year, Ohio had the third-worst job market in the United States. Over two decades, the number of nonfarm, nongovernment jobs in our state increased by a mere 79,900 - fewer than 4,000 jobs a year in a state of more than 11.4 million people.

One reason for Ohio's weak job market is its pro-union policies. The 28 states that force workers to join a union had average increases in jobs from 1990 until now of 16 percent, or less than 1 percent per year. The 22 states that protect a worker's economic freedom had average increases in jobs of 36 percent, more than twice the rate of pro-union states.

The 15 states with the worst job growth over the past two decades are pro-union states, including Ohio. By contrast, 10 of the 15 states with the strongest and most sustainable job growth are right-to-work states. Since 1999, 20 companies have moved from Ohio to Georgia - three in the past eight months. Ohio just can't compete.

As the private sector has shrunk since 1990, government employment in Ohio has grown by 9.4 percent, to 789,100 workers. Government budgets also accelerated at a pace far in excess of inflation, driven in part by gold-plated compensation packages for government employees.

In 2008, federal workers made significantly more than their private-sector counterparts in all but one of Ohio's 88 counties. State workers made much more than their private-sector neighbors in 85 counties.

Local government workers made more than their private-sector neighbors in 57 counties. Those government workers also have better and cheaper health care, enjoy job security, and can retire early on pensions that are disconnected from economic reality.

As a stunning point of reference: In 2003, 288 state workers made more than \$100,000. They grossed \$36.2 million and would require an aggregate pension payout of more than \$430 million. Just five years later, the number of state workers making more than \$100,000 increased by 514 percent, to 1,767. Their aggregate gross pay skyrocketed to more than \$205 million. And the pension pay for just these workers would explode to \$2.4 billion.

Such government costs make Ohio's overall tax burden among the most oppressive in America. Ohio's state and local tax burden is seventh highest in the United States - a significant jump from its No. 29 ranking in 1990. Our business-tax climate is the 47th worst. Our economic outlook is ranked 45th.

Greater Toledo has taken a beating over the past decade. Employment in the region dropped by 10.8 percent between 2000 and 2008. In January 2010, Lucas County's unemployment rate was 13.2 percent, and Toledo's was 13.8 percent. Neighboring Ottawa County was worst in the state, with a jobless rate of 19.8 percent - the highest in 27 years.

Between 2000 and 2008, Fulton County lost 12.1 percent of its private-sector jobs, while government employment grew by 23.3 percent. In Lucas County, the average private-sector worker earned \$37,769 in 2008, while the average wage was \$46,381 for local government workers, \$48,004 for state employees, and \$58,963 for federal workers.

Ohio is in bad shape. More government, higher taxes, and greater unionization will not fix our Main Streets. To do that, we need businesses that can offer the best goods and services at the lowest cost.

Business growth leads to job growth. It's basic economics.

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