

Jobless rate is low; so is pay

Area unemployment down to 2006 level, but wages also sliding.

By Randy Tucker
Staff Writer

Unemployment in Ohio has plummeted to the lowest level since before the Great Recession, but the precipitous drop in the jobless rate hasn't translated into higher wages for most workers across the state.

Average weekly wages in this area fell about 6 percent since April 2013, even as the local unemployment rate nosedived from 7.3 percent to 5.2 percent over the same period, according to the Ohio Department of Job and Family Services.

Area unemployment is now the lowest it has been since May 2006, more than a year before the Great Recession began in December 2007.

Despite the pick up in hiring, local wages fell from an average of \$764.65 a week in April 2013 to \$721.59 in April this year, throwing a wet towel on consumer spending, which

drives the economy and accounts for about 70 percent of overall economic growth in the United States.

Instead of buying new clothes, cars and appliances to stimulate the economy, many local workers are struggling to pay rent and put food on the table.

"Don't get me wrong, I'm happy to have a job because I know a lot of people are still out of work," said 42-year-old Sandy Osmon of Kettering, who has been working at a local Wendy's for the past eight years. "But I make \$7.95 an hour and haven't had a raise in quite awhile. It's hard to make ends meet with my paycheck. I can't even think about shopping at the mall."

Even in areas where wages have grown, pay increases have fallen short or barely kept up with inflation, which has been rising just under 2 percent a year, according to the U.S. Commerce Department.

For all of Montgomery County, average weekly wages for the first nine months of last year – the most recent period for which figures are available – rose a mere 1 percent from the same period a year earlier to about \$814, according to the U.S. Bureau of Labor Statistics.

Across the state, average weekly wages rose 1.3 percent to approximately \$850, while unemployment fell from 7.3 percent at end of 2012 to 7.1 at the end of last year and 5.7 in April – the same as

the state unemployment rate before the recession began.

The slow growth in wages has held back the pace of recovery, said Jim Brock, an economics professor at Miami University. But as the labor market improves, employers will eventually face more pressure to raise wages to attract and retain the best workers, which should accelerate growth.

"It's a two-way street," Brock said. "The condition of the general economy affects pay and employment. The economy is recovering slowly, and that means pay and employment are recovering slowly. But over the long haul, barring anything crazy happening, the economy will get stronger, and that will be reflected in the labor market and wages."

Recent jobs data has shown encouraging trends in the demand for labor.

The U.S. economy added 217,000 jobs in May, lifting payrolls to their highest level in nearly six years and pushing unemployment down to 6.3 percent – the lowest it's been since 2008. Meanwhile, the pace of hiring has picked up to an average of more than 200,000 jobs a month over the past four months, up from about 150,000 jobs a month in the previous four months.

Ohio added 12,600 jobs in April – nearly three times the average number of jobs gained for the 12 months ended in April, according to the state's most recent jobs report. Ohio's May jobs report is expected to be released

LOWER UNEMPLOYMENT DOESN'T MEAN HIGHER WAGES

While more Miami Valley workers have jobs, paychecks have inched up only marginally since the recovery began in 2009, and inflation has gobbled up most of the wage gains.

	Average weekly wages			Average annual unemployment		
	2012	2013	%Chg.	2012	2013	Chg.
Champaign	\$694.00	\$723.00	4.2	7.2	6.7	-0.5
Miami	\$721.00	\$702.00	-2.6	7.1	7.2	0.1
Clark	\$664.00	\$674.00	1.5	7.4	7	-0.4
Warren	\$795.00	\$807.00	1.5	6.5	6.3	-0.2
Butler	\$806.00	\$816.00	1.2	7.3	6.9	-0.4
Hamilton	\$1,029.00	\$1,040.00	1.1	7.2	7.1	-0.1
Montgomery	\$806.00	\$814.00	1	8	8	0
Greene	\$954.00	\$946.00	0.8	7.2	7.2	0
Preble	\$630.00	\$627.00	0.5	7.8	7.7	-0.1
Darke	\$649.00	\$648.00	0.2	6.9	6.6	-0.3
Ohio	\$839.00	\$850.00	1.3	7.4	7.4	0

Note: Average weekly wages are for the first nine months of 2012, compared to the first nine months of 2013.

SOURCE: U.S. BUREAU OF LABOR STATISTICS

Friday.

Meanwhile, the hiring outlook has also improved in the Miami Valley, where 21 percent of local employers plan to add workers over the next three months, compared to 18 percent who planned to add new employees in the previous quarter, according to the latest employment survey from Manpower of Dayton Inc.

"We are seeing a continuing increase in demand for individuals in a variety of types of businesses with fairly wide ranging skill requirements," said Manpower CEO Tom Maher. "Manufacturing, logistics, customer service and business-to-business services, are all quite active."

Still, many of the jobs gained in the state and across the nation have been in lower-paying industries.

The occupations that have grown fastest in Ohio — where Wal-Mart is the state's biggest employer — include retail sales,

food preparation, waiters and waitresses, personal and home care aides, and office clerks and customer service representatives.

In addition, many of the new jobs in better-paying industries now pay less than they did before the recession. That includes manufacturing, which has been touted for leading the jobs recovery in Ohio.

But manufacturers, including such giant employers as General Electric Co., have established new pay scales for many of their new employees.

Under an agreement with the union local in Louisville, Ky., new hires earn \$14 an hour assembling refrigerators and washing machines at the GE plant, compared with a starting wage of about \$22 for those who began before 2005.

The two-tiered pay scale is part of the reason that average weekly earnings for private sector non-supervisory and production workers have declined 0.2 percent, when

adjusted for inflation, since the recovery began in June 2009, according to the BLS.

Still, employment is up, layoffs are down, and more workers are bringing home paychecks, which is a far cry from the state of the economy at the height of the recession, Miami University's Brock said.

"First you gotta crawl, then you walk, then you run," he said. "We're in the crawl phase right now, which is better than being flat on our backs on the ground, which is where we've been over the past five years."