

# **Income Inequality: Despite thriving economy, many in central Ohio struggle in low-wage jobs**

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Cathi Steele led a group of canvassers along Azelda Avenue in a North Linden neighborhood as raw as the winter morning. Worn bungalows and ranches, some boarded up, line the streets in the area where Steele searched for low-wage workers who need help with bills.

Jackie Day, still sleepy after a 12-hour shift sorting recyclables, came to the door and listened. "I'm having a hard time with my water bill," she told Steele.

Aaron and Jessica Sheldon and their young son were in the Linden area that day, too. The family drove from their suburban home to a food pantry near Interstate 71, a north-south artery that divides many affluent and struggling neighborhoods. Their Subaru was loaded with toilet paper, much of it collected by 5-year-old Harrison, to donate to a pantry on East 11th Avenue.

Linden is 4 miles and a world away from their Upper Arlington neighborhood.

"We're in a bubble, and we're very conscious of that," said Mr. Sheldon, a real-estate photographer.

The economic segregation that afflicts most urban areas in the United States is especially stark in Columbus. Research conducted by Ohio State University for The Dispatch reveals striking contrasts that have persisted, and by some measures worsened, even as the Columbus area recovered from the Great Recession more quickly than many other cities.

"It's so sharp and it's so profound," said Jason Reece, an OSU professor who led the research and has long studied disparity in the area.

## **Among the troubling trends:**

- Unemployment in Franklin County sits at 4.6 percent, yet the share of residents officially poor or nearly so — a population that surged during the recession — has stayed roughly the same. About one in three live at or below 200 percent of the poverty line, which is now \$49,200 a year for a family of four. The measure includes the working poor and is only slightly lower than the county's median household annual income of \$52,341.
- Work remains tenuous for many. From 2009 to 2015, the number of temporary jobs in Franklin County grew by 49 percent, nearly five times the rate of overall job growth.
- Several national studies show the Columbus area is among the most economically segregated cities in the country, with disparities that keep poor children from moving up.

The divide is clear: Median household incomes in two census tracts less than 2 miles apart can easily differ by more than \$70,000. One tract in Clintonville, west of I-71 and north of North Broadway, has distinct and pricey homes, leafy streets, and a median annual household income of \$100,284. In a tract just to the east across the interstate in North Linden, northeast of Oakland Park Avenue and Karl Road, many of the houses stand empty or have been turned into rentals. The median household income there: \$27,702.

"You see the intensity of the issue," Reece said. "Is this a permanent underclass that's going to be created in this community?" And with that, will these neighborhoods continue to struggle with crime and blight, infant mortality and reduced life expectancy, as residents continue to need public assistance?

Reece and OSU graduate students created maps and charts for The Dispatch that sought to go beyond overall poverty statistics and shed light on income inequality. Although the region has been producing lots of jobs, both the city and the broader Columbus metro area saw a decline beginning in 2000 in workers who earned at least \$15 an hour.

"For the most part, this community is doing really well," Reece said. "This has kind of risen in the shadow of that."

The Dispatch interviewed dozens of residents and community leaders, workers, public officials and national researchers to gain insight into the struggles and divisions. They spoke of the difficulties of life after switching from one low-wage position to another, of job fairs and outsourcing and temporary hiring, of divides that must be overcome if everyone is to share in metro Columbus' economy.

As Steele walked through the North Linden neighborhood with the Mid-Ohio Workers Association, she talked and empathized with fast-food workers, call-center employees and laborers.

### **By the Numbers:**

**1 in 3** - Franklin County residents whose household income is at or below twice the poverty level

**57 percent** - Columbus families with less than \$2,000 in savings

**7** - Decline, in percentage points, from 2000 to 2014 of central Ohio adults considered middle class

**\$22.51** - Hourly living wage for a Franklin County household of two adults (one working), two children

**35 percent** - Columbus workers who earn \$15 an hour or less

**No. 2** - Columbus' ranking on a list of America's most economically segregated metro areas

Day wasn't yet sure she'd found a secure job, although she said she'd been at the recycling center for four months, working six days a week, from 4:30 p.m. until 4:30 a.m. The job came through a staffing agency.

Steele is executive director of the 14,000-member group, which canvasses neighborhoods seeking low-wage workers needing help paying rent and bills, obtaining emergency food and legal advice, and getting medical and dental care.

But she's looking for one thing in particular.

"What we need are jobs we can live on," she said.

### **'A crisis of success'**

Columbus turns up among the worst cities for neighborhood disparity and income mobility in recent national reports, say researchers who study the problem. That runs counter to the city's image as a thriving and welcoming magnet for young professionals, immigrants and the LGBT community.

"In a place like Columbus, it's a crisis of success," said Richard Florida, a University of Toronto professor.

For his upcoming book, "The New Urban Crisis," Florida's research found that Columbus is second only to Austin, Texas, when it comes to economic segregation — the concentration of



the poor and the wealthy in distinct neighborhoods — in American metro areas of more than 1 million people.

Gentrified neighborhoods in and around Downtown are thriving, as are wealthy suburbs such as Dublin and New Albany.

Columbus' low-income households, meanwhile, are concentrated east of I-71, spreading north of Downtown in the Linden and Northland areas, and south of I-70 west of Downtown through the Hilltop. They also are disproportionately black.

"We're very inclusive, but we're very segregated as well," said Jennifer Adair, who leads the North Linden Area Commission. "Segregated by class and race."

Alice Gardner traverses both of those divides as she drives from the North Linden home she shares with her sister to her job at a private school in Powell, a bedroom community with one of the state's highest median household incomes. Gardner has been a food-service worker for almost 10 years at a company that contracts with the school.

Gardner started at \$9.15 an hour. A decade later, she makes \$11, working 20 hours per week. At age 60, she still moves 50-pound boxes of fruit.

"Believe me, I don't lift them too far," said Gardner, who suffers from carpal tunnel syndrome and had surgery last summer to repair a torn rotator cuff.

Her income is so low that she qualifies for Medicaid. But Gardner fears taking a second job and losing the health benefit, an eligibility cliff familiar to many low-wage workers. Her sister, a retired home-health aide, pays most of their rent.

Like Gardner, at least 40 percent of the workers who live in a Linden census tract near Oakland Park hold service jobs or are employed in production, transportation or material handling, sectors that often feature low wages and part-time hours but have boomed as the Columbus population grows and the region develops as a hub for the logistics industry.

Across the interstate to the west, barely 13 percent of workers in the Clintonville census tract work in those sectors. Nearly 70 percent of them have some type of business or management job, or work in the arts and sciences.

"One question going forward is the nature of economic growth," said Rachel Dwyer, an OSU associate professor who focuses on rising inequality and stratification. "How do we provide a job ladder to the middle class?"

For children, the question is crucial long before they enter the workforce.

A nationwide study by economists from Harvard University and the University of California at Berkeley in 2013 found that low-income children in metro Columbus had just a 5.1 percent chance of reaching the top fifth of household income by age 30, making Columbus one of the least-promising places in the nation for kids who start near the bottom to climb the financial ladder.

Aaron Sheldon, the Upper Arlington parent who brought his son to the pantry, said he and his wife rent a condominium and hope to buy a home in the northwest suburb, largely because of the educational opportunities for their child.

"Our last home was two houses outside of the Upper Arlington school district," Sheldon said. Its neighborhood school had a C-minus grade on the state report card; the one over the line in the suburb posted an A.

But Sheldon thinks about the lack of diversity. He wants Harrison to know all parts of the city and its people.

"We went to kindergarten open house last week, and you definitely notice the demographic," he said. "You see what's there and you see what's missing."

## Hopes for a permanent job

After a series of low-wage jobs since she graduated from Westerville North High School, Deborah Gilmore's visit to the job fair paid off. Hollywood Casino hired her as a \$12.50-an-hour cashier.

Gilmore, 26, is too young to recall the heyday, when the West Side casino site was a Delphi auto-parts factory, where workers could take home \$70,000 a year with overtime. But after 15-hour weeks at a Walmart for \$10 an hour, she figures the casino is a step in the right direction.

"From the way I've been talking to everyone, it's definitely a career for me," said Gilmore, who lives with her mother in a rental home in the Sharon Woods neighborhood in the Northland area, east of I-71.

Business and political leaders have pledged to create more and better-paying jobs. But here, as elsewhere, the promise isn't easily kept. According to new research from the Brookings Institution, lower-wage jobs — in sectors such as health care, administrative and temporary services, and hospitality — accounted for 42 percent of the job gains in metro Columbus from 2000 to 2015.

"It could be better," one young woman said as she headed home from her job as a patient-care assistant at Ohio State University Hospital East. "It's about \$11 an hour. There's a lot of turnover, a lot of people who just leave."

The 1,318 patient-care associates in the OSU health system make \$11.10 to \$16.98 an hour, the university said.

High turnover also plagues the booming logistics industry, which draws many of its workers from inner-city neighborhoods.

The Columbus region has more than 76,000 people working in jobs related to transportation and "material moving" occupations, according to Columbus 2020, the 11-county region's economic-development organization. But full-time hours and permanent positions can be tough to come by.

"More and more companies are going to a temp-to-permanent model," said Bill LaFayette of Regionomics, a local economic forecaster. "That's got big advantages for the company, not necessarily big advantages for the workers."

Businesses pay what they can afford, said Andrew Doehrel, president and CEO of the Ohio Chamber of Commerce. "If I'm a trucking company, I know what other companies pay for truckers," he said. "At the same time, you've got to price a product for service so you can make a buck and keep the doors open."

Jobs also are more technologically driven now. "The skill sets are totally different than they were 30 years ago," he said.

Like other metros, the Columbus area has a shrinking middle, a Pew Research Center study released last year found. In 2014, 25 percent of households were considered upper-income — more than \$124,924 for a family of three — a share that grew 4 percent from 2000.

Lower-income households — those at or below \$41,640 for three people — increased by 3 percent to about 24 percent of all households.

Edward "Ned" Hill, an economic-development and public-policy professor at Ohio State University, said the proliferation of entry-level and low-wage jobs simply reflects the labor market.

"What Columbus did successfully was diversify its economy to provide opportunities for low-skilled and semi-skilled people," Hill said. "Economies don't grow jobs to provide people



with the income they think they need. Economies provide jobs based on what income people can earn for their employer."

But neighborhoods struggling with poverty often are disconnected from areas with job growth, said Kenny McDonald, Columbus 2020's president and CEO. Many of the warehouse jobs, for example, are in the far corners of the county or beyond.

"You have to drive 45 minutes to a job from some of those communities up there," McDonald said.

Still, he said, "Low-wage jobs are not the cause of poverty. Poverty is a complex social issue."

Amy Hanauer, executive director of the labor-backed nonprofit Policy Matters Ohio, said communities can't afford to dismiss the weight of a paycheck. "If families are supported by people in low-wage jobs," she said, "people are in poverty."

### **Concentrations of poverty**

If the most recent poverty rate for metro Columbus stays the same, the area will likely add 142,000 more poor residents by 2050. Michael Wilkos of the Columbus Foundation wants people to think about that.

"Where will they live? If they all live in concentrated neighborhoods of poverty, that's going to be really unsustainable," said Wilkos, director of community research at the foundation.

And those projections, based on the 2015 regional poverty rate of 14.2 percent and a predicted growth of 1 million people, don't reflect the growing numbers who might join the ranks of the working poor. Struggling neighborhoods exact a toll on the people who live there, Wilkos said, and are expensive for the public to serve.

"Place really matters," he said. "It matters more than most people think."

Part of the blueprint for disparity in Columbus was written years ago, researchers say, when black families were kept from many areas through discriminatory lending, housing and real-estate practices, and by freeway development that choked off neighborhoods. Differences in jobs and wages continue to harden the divides.

A recent Federal Reserve Bank of Cleveland report on neighborhood change in Columbus, Cleveland, Pittsburgh and Cincinnati found that 50 percent of Columbus neighborhoods are low-income, the same as Cleveland, a city suffering from decades of deindustrialization and population flight.

"This has been a complicated economic recovery, where the Columbus region is producing a lot of jobs, but the number of households that are economically vulnerable is just not going down," Wilkos said.

North Linden resident Harry Steiniger, a cabdriver since 2003, thinks of a good livelihood as more memory than goal. Steiniger says he used to earn about \$70,000 a year driving a cab. That was after previous jobs as a newspaper courier, a stocker and at Walmart.

"When I first started driving a cab, it was very, very good," Steiniger said. But after Uber came to town, things became tougher. He now works from 3:30 p.m. to 4 or 5 a.m. He goes home, sleeps eight hours, then does it all over again, usually six days a week.

At his current pace, he'll earn about \$27,000 this year, almost exactly the median income in his neighborhood.

As to the living he used to earn, Steiniger was blunt: "We'll never see them days ever again."