

Census report shows Greater Cleveland families are feeling the sting of a lost decade

Robert L. Smith, The Plain Dealer



CLEVELAND, Ohio -- Some economists are referring to the last 10 years as the "lost decade" and no doubt tens of thousands of Greater Clevelanders feel something critical has been missing. That something is income.

A new report from the **U.S. Census Bureau** confirms that the region is deeply embedded in a gloomy national trend, one that has seen middle-class incomes steadily erode.

Already-high poverty rates held steady in 2010 in Cleveland, the census bureau will announce today, but household incomes declined again across the region, falling after inflation by a little more than 1 percent, to \$46,021 a year.

That's the third straight year of income decline for the eight-county region and the continuation of a troubling pattern.

Area households have lost, on average, 8 percent of their incomes since the Great Recession began in late 2007 and about 12 percent of their incomes since the start of the new century, according to a Plain Dealer analysis of census data.

The losses have not been spread equally.

While poverty rates grew across much of the region last year and working-class and middle-class families earned less, the most affluent households maintained their standard of living, the latest census report indicates.

For example, the share of households living on more than \$200,000 a year was unchanged from 2009 to 2010. Meanwhile, households getting by on less than \$35,000 a year grew as a share of the area population.

"The rich are getting richer and the poor are getting poorer and the middle class is disappearing," said Raj Aggarwal, a business professor at the **University of Akron** and the former dean of the business school.

Aggarwal spies a worrisome trend.

"Demand for goods and services comes out of the middle class," he said. "If we don't have a strong middle class, we're not going to have demand."

His alarm began well before today's release of the 2010 American Community Survey, which explores incomes, poverty rates, health coverage and employment patterns in communities of more than 65,000 people. The findings resemble those from other recent studies into the status of the American family.

A recent analysis by the research group **Policy Matters Ohio** found that wages for workers in Ohio dropped faster last decade than for workers in any other state. Meanwhile, the gap between the highest paid and lowest paid workers widened.

Coupled with massive job losses in manufacturing, smaller paychecks are stressing the middle class and endangering middle-class lifestyles, observers say.

"Our growth area is the suburbs, what I call the former middle class," said Steve Wertheim, director of 211/First Call for Help, a referral phone service run by **United Way of Greater Cleveland**.

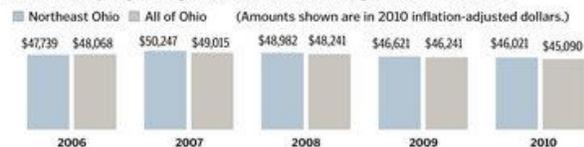
America's poorest big cities of 200,000 or more

Percentage of households earning less than the federal poverty level (\$22,113 for a family of four with two children).



Median household incomes have slipped, here and statewide

Median household incomes for Ohio and the Northeast Ohio region (Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage and Summit counties).



NOTE: Median means half of households had incomes above the total and half had incomes below the number.

cleveland.com/datacentral to find income and poverty estimates for each U.S. state, metro area, county and city with at least 65,000 people.

SOURCE: U.S. Census Bureau American Community Survey

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Calls for help from suburban residents, "once almost not noticeable," surged over the last five years to become about 40 percent of all calls, Wertheim said.

Some people are facing the loss of a home. Some need help keeping an essential utility turned on. Some need directions to a food pantry.

"You all of a sudden have a group of people facing problems they never had to deal with," Wertheim said. "They can't pay their bills."

The Plain Dealer found that inflation-adjusted median incomes fell 16 percent statewide since 2000, from near \$54,000 to \$45,090. They fell 12 percent in the Cleveland-Akron metro area, from just above \$52,000 to \$46,021; and 19 percent in Cuyahoga County, from near \$51,000 to \$41,347. Meanwhile, poverty seeped deeper into the suburbs. Cuyahoga County's poverty rate climbed to 18 percent last year from a pre-recession rate of 15 percent in 2006, and mental health issues became part of job training.

At the **Career Center of the Cuyahoga County Public Library**, job club meetings resemble group therapy. So many of the members have been out of work for so long, counselors say, their problems extend well beyond employment.

"It's not about getting a resume straight anymore," said Jim Hansen, the senior career counselor. "These people have heard it all. We start getting into things like, 'How to relieve the stress in your family.' "

Most who come to the center at the Maple Heights Branch are college-educated professionals, Hansen said. Many lost a job in the Great Recession and have exhausted their unemployment benefits. "What we're seeing now is the prolonged unemployed," he said. "These are people who are perfectly capable of working but they cannot find jobs. And the people who are working, they're scared to death they're going to get laid off."

Hansen cautiously notes that the local employment picture seems to be brightening.

"People are getting more interviews," he said. "More people are coming back to the group announcing they got a job."

George Mokrzan, the director of economics at **Huntington National Bank**, said in his quarterly briefing this week that the Midwest economy, with the exception of Michigan, is outpacing the nation and that he expects steady growth to continue.

That may not help a class of worker for whom Ohio was once renowned.

While concerned about the middle class, Aggarwal said he's alarmed by the prospects for low-skilled workers who could once find decent-paying factory jobs. For many of them, he said, the Great Recession never ended.

According to his analysis, people with professional degrees are enjoying something close to full employment.

"That's why at a nice restaurant, you can't get a table," he said.

Meanwhile, unemployment levels soar for low-skilled and unskilled workers and for minority groups where such workers are prevalent. The local and national unemployment rate of 9 percent more than doubles if you're African-American.

"It's kind of shocking how little people have been talking about this," Aggarwal said.

He said the plight of Ohio's unskilled workers demands new strategies. Aggarwal suggests that re-training become a requirement of unemployment benefits and that vocational training and apprenticeships become a bigger part of the high school experience.

Demand is expected to remain high for software engineers, he said. But also for good plumbers.

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