Area workers learn to stretch dollars further in Ohio's uneven economy

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Staff Writers

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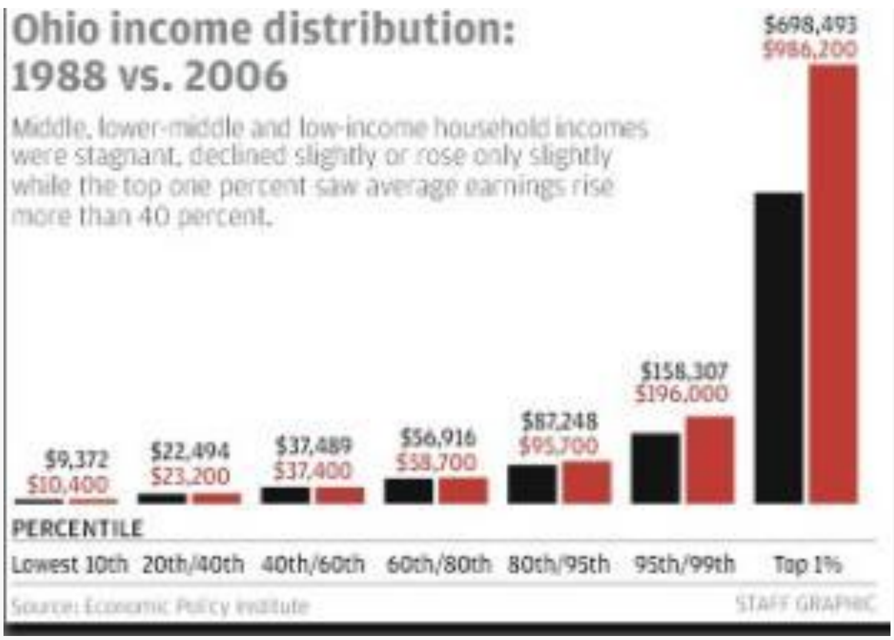
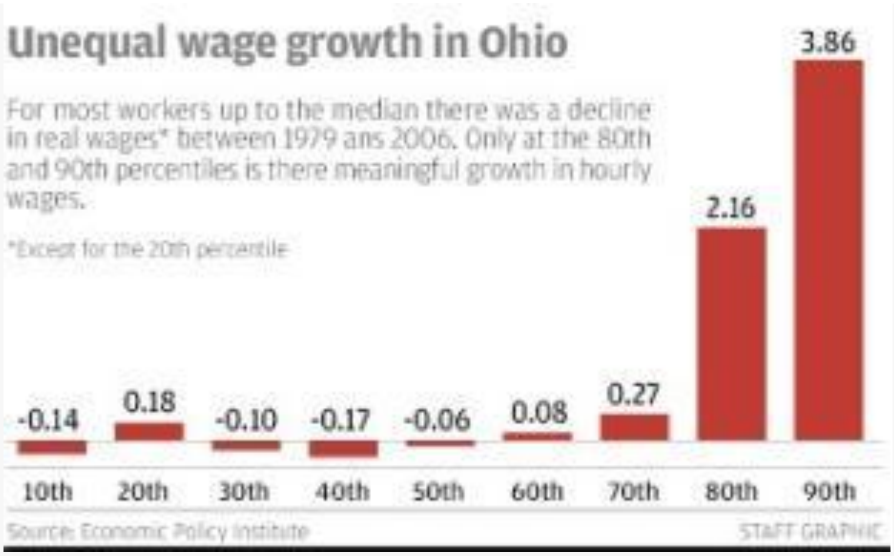
JEFFERSON TWP., Montgomery County — Donald Roberts has worked all his life, often two jobs at a time. But the past 12 years have been a rough ride financially for the 49-year-old Jefferson Twp. man and his disabled wife, and it's getting rougher all the time.

Like many unskilled workers in the Dayton area, Roberts went through a series of layoffs and plant closings beginning in 1996 before working two jobs that paid little more than minimum wage to keep his family of three afloat.





But now it seems nothing will keep them from sinking. Roberts learned recently that his wife no longer qualifies for Medicaid coverage because he earns too much working 72 hours a week as a security guard and Pizza Hut employee. Even if he pays the $200 to $300 a month for one of his employers' health insurance plans, they won't cover his wife because of a pre-existing lung condition that keeps her on oxygen 24 hours a day.

"I guess I could quit a job, keep the (Medicaid) insurance and not have a place to live or enough to pay my bills," Roberts said. "They make it practically impossible these days for a person busting his butt trying to provide for his family."

Many Ohioans apparently feel the same way, according to a study by Policy Matters Ohio, a liberal-leaning, nonpartisan research institute based in Cleveland. The study found that the top 20 percent of wage earners in Ohio have realized an average gain of $2.16 to $3.86 per hour in the past three decades. Meanwhile, the other 80 percent have seen their wages stagnate, lose ground or rise only slightly.

The widening gap in household incomes has been even more dramatic, according to the study. From 1988 to 2006, the top 1 percent of families saw their average earnings rise more than 40 percent when adjusted for inflation — from $698,000 to $986,200. Families in the bottom 20 percent saw an average increase of less than $1,100, from $9,372 in 1988 to $10,400 in 2006.

The middle 40 percent of families fared even worse, seeing either a decrease or only slight increase in income. Even upper middle income families (60th to 80th percentile, with incomes of about $58,700) realized only a modest gain of less than $2,000.

The numbers improve for wealthier families — those in the 80th to 95th percentile, with an average increase of $8,000 — then take off dramatically for the wealthiest families in the

95th to 99th percentile. While education is associated with higher earnings (workers with at least a four-year college degree earned more than twice as much as those without a high school diploma), the wages of college graduates have fallen slightly since 1999, the study found.

Ohio's stagnant economy since the 2001 recession has been a key factor in squeezing household incomes, the study said. While most of the nation has long recovered from the recession, Ohio has 2.8 percent fewer jobs than when the recession began. The state lost 21 percent of its manufacturing jobs alone in those six years.

David Hansen, president of the Buckeye Institute for Public Policy Solutions, a conservative-leaning Columbus-based nonpartisan research institute, agreed with the study's gloomy findings on jobs. "We're all paying for the fact the state is not growing," said Hansen.

However, he downplayed the inequality findings in the Policy Matters Ohio study. He said that some high earnings came from business owners who filed their federal income tax returns as individuals and included business income in their filings.

Besides, he said, it's important that people still believe that our society rewards risk and hard work. "As long as we do that, people don't believe they're trapped," said Hansen.

That's not much encouragement to the thousands of workers at Delphi Corp. who have been laid off or have seen their wages and benefits reduced in the past five years.

Larry Jarusiewic, 50, will take a 30 percent pay cut to $20 an hour and lose his benefits as part of the takeover of Delphi's Kettering plant by its new owner, Tenneco Inc. Jarusiewic expects he'll have to sell the house he and his wife, Mary, built four years ago in Beavercreek when times were more flush and living expenses were lower.

"Four years ago, gas wasn't that high, food wasn't that high," Jarusiewic said. "I got a bill from the phone company yesterday, and even their rates are going up. Everybody is raising their rates, but wages are going down."

Fewer jobs have meant less tax revenue for some localities, so many public employees, too, are feeling the economic pinch. M.D. Richberg, who holds a bachelor's degree in social work, had 22 years experience in corrections with the city of Dayton when city officials closed the Dayton Rehabilitation Center in 2002 and eliminated his and 88 other positions there.

Richberg, 53, said he took a $12,000 pay cut to be transferred to the city's security operations, with no hope of promotion in his new job. "It's been devastating. My son had to drop out of college and I consolidated a lot of credit card debt," he said. "It's a blessing to still be employed ... but now there's no upward mobility and no overtime and I'm barely holding on."

Retirees say their pensions, like the state's economy, are stagnant and can't keep up with the growing costs of gas, food, property taxes and insurance.

Constance Moore, 66, who retired in 2002 on disability after 23 years with Time Warner Cable, said she has had to learn to economize as her living expenses climb. "I go to Goodwill and lots of flea markets," she said. "I don't know the last time I went to an Elder-Beerman or a Macy's."

She's also discovered midnight sales at Wal-Mart and half-price discounts at the Meijer deli counter just prior to closing, she said.

"People make fun of me for bending over and picking up a penny. You have to. It spends!"

Recommendations for progress

In its "State of Working Ohio" report, Policy Matters Ohio, a nonpartisan research institute based in Cleveland, concludes that Ohio must innovate in these five areas where other states have bypassed us:

• **Invest in the future by requiring** electricity providers to obtain a minimum percentage of their power from renewable energy resources and putting in place universal pre-kindergarten and statewide all-day kindergarten.

• **Create more opportunity** by targeting economic development dollars wisely and getting a handle on development spending through a unified development budget.

• **Construct on-ramps to the middle class** by working with neighboring states to establish universal health care and giving all workers in Ohio the ability to earn paid sick days.

• **Build and protect people's assets** by blocking exploitative payday lending; restoring the non-economic damages provisions in the consumer sales practices act; and enacting a state Earned Income Tax Credit.

• **Retain strong public structures** by restoring the income tax cuts for Ohio's most affluent taxpayers and keeping public services public.