

The Columbus Dispatch

Dividing Lines | Minimum-wage hike, job training are focus of efforts to close pay gap

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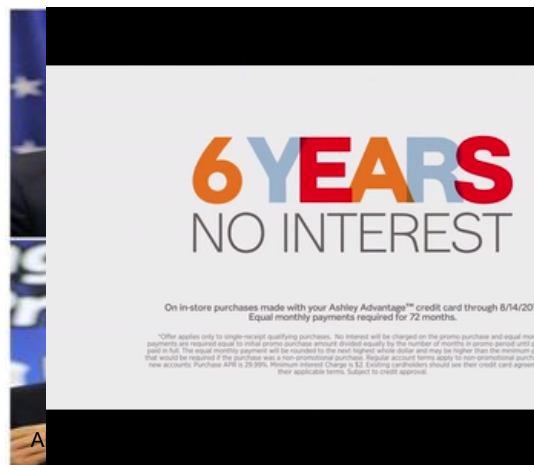
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Business leaders don't want workers teetering on the edge of poverty, but they don't want to be pushed to pay them more.

Government and civic leaders want all neighborhoods to thrive, but research shows that economic divides have worsened in the past several years.

Everyone likes the promise of education, job training and apprenticeships. But those opportunities have yet to rebuild a middle class that, in Columbus and cities across the United States, continues to shrink.

"Is it even possible in this economy?" said Lisa Hamler-Fugitt, who heads the Ohio Association of Foodbanks. "Let's face it: Corporations have been posting record profits for a very long time. Those benefits have not transferred to their employees."



Dispatch - Daily Highlight

Researchers say that communities must find effective ways to confront economic segregation — a problem that local officials and business leaders acknowledge has deepened here — or face an increasingly uneven future.

Columbus, in particular, is creating jobs but appears to have a “high-low growth strategy” that feeds the top and the bottom. That leaves out the middle by adding professional, financial, IT and corporate jobs along with lots of lower-wage positions, said Richard Shearer, a senior research associate at the Brookings Institution.

The Washington, D.C.-based public-policy group released a report this month tracking the economic progress of the top 100 metro areas from 2010 to 2015. Researchers found that 42 percent of the jobs created in the Columbus area during that time were low-wage, Shearer said.

“It’s a crisis not of economic development. It’s how it’s distributed,” said Richard Florida, a University of Toronto professor who has written about the rise of cities.

Cities, he said, can find ways to turn low-paying jobs into better-paying jobs, which is what happened in manufacturing in the 1930s and ’40s.

“If there’s a will to address it, it can be addressed,” said Florida, whose research found that Columbus is second only to Austin, Texas, when it comes to economic segregation — the concentration of the poor and wealthy in distinct neighborhoods — in American metro areas that have more than 1 million people.

Unions aren’t likely to be the primary vehicle for lifting low-wage workers. Just 6.7 percent of private-sector workers nationwide are part of bargaining units, down from 16.8 percent in 1983, according to the U.S. Bureau of Labor Statistics.

“That’s why we have to find new ways to reach workers,” said Anthony Caldwell, public-affairs director of the Service Employees International Union District 1199. “The wages that many people are making in this community are not allowing them to enjoy all that Columbus has — the great sports facilities, theater, restaurants — you name it.”

Too many workers don’t feel a sense of hope, he said. Workers who have higher pay often can negotiate wages and perks, but among low-wage employees, “there’s this weird general understanding that what you’re offered is what you get.”

Still, Caldwell and others see momentum in a national movement to raise the minimum wage to \$15 an hour. “The recession should not continue for the middle class and those who aspire to the middle class while wages at the top rise,” he said. “There are people making a lot of money. It’s not getting down to the employees. That’s what this campaign is all about.”

Considering minimum wage

The “Fight for \$15” campaign has resulted in minimum-wage increases in at least 40 cities and states, many along the West Coast and in New York state. New York fast-food workers now make at least \$12 an hour.

But Columbus and other Ohio communities aren’t allowed to raise the minimum wage on their own.

In December, after an attempt to boost the minimum in Cleveland to \$15 an hour, state legislators passed a bill that blocks cities from raising the wage floor higher than the state’s hourly rate, currently \$8.15. The federal minimum wage is \$7.25 an hour and hasn’t increased since 2009.

The state rate is higher because in 2006, Ohio voters approved a constitutional amendment that set the state’s minimum at \$6.85 an hour and indexed the rate so that it rises with inflation.

“The state solely has the ability to set the minimum wage,” said state Rep. Kent Smith, a Democrat from the Cleveland suburb of Euclid who wants to reintroduce a measure for a statewide minimum wage, perhaps at \$10.10 an hour.

“All 99 state representatives need to take a look at whether wages are increasing or decreasing, whether the economic recovery is helping their district,” he said.



Joshua A. Bickel/Dispatch

John Harris, 19, right, an apprentice electrician with Superior Group, shows Miles Balfour, 15, center, a sophomore at Fort Hayes Metropolitan Education Center, how to correctly wire a three-way switch during a construction trades job fair.

There's little chance the Republican-controlled Statehouse would clear the way for that. House Speaker Cliff Rosenberger, a Republican from Clarksville, said it would be “drastic” if the state were to set a \$15 minimum.

“That’s a pretty substantial increase in a small amount of time,” Rosenberger said. “When you increase wages exponentially, you have an impact on (the price of) widgets being created at the same time.”

Mandated wage hikes also could lead to harmful effects on the labor market, such as employers moving more quickly to automation, said Edward “Ned” Hill, an economics and policy professor at Ohio State University.

“There is a desire to ask for minimum wages that provide a living salary for everybody,” he said. “But are they providing a return for their employer?”

U.S. Sen. Sherrod Brown, an Ohio Democrat, rolled out his own enhanced version of the Fight for \$15 this month, calling for a \$15 federal minimum wage, overtime for professionals making less than \$47,476 a year, and at least 12 weeks of paid medical and family leave.

His daughter, Democratic Columbus City Council member Elizabeth Brown, said improving the lives of workers is about more than wage floors.

“Most people would agree the minimum wage is one piece of solving poverty issues,” she said. She is putting together legislation for a family paid-leave policy for city workers. “Are we working on the ability to handle a sick kid without losing their job? Are we giving workers the ability to bring newborns into the world without losing their job?”

Although Columbus city officials can't broadly raise wages, they're considering offering tax abatements and incentives only to those companies that create jobs meeting a certain minimum wage, said Steve Schoeny, Columbus' development director.

Officials haven't come up with a figure yet, but hope to have a policy later this year. Schoeny said the city has to be careful because "we live in a competitive world," where Columbus competes with suburbs as well as other cities for businesses.

"You don't need all engineering jobs, all retail jobs," he said. "You need both."

Columbus Mayor Andrew J. Ginther acknowledged that there is a growing divide here. He said that people who have been "working and playing by the rules have fallen behind the last six to seven years."

One way to address that, he believes, is to bring more employment centers to central-city neighborhoods such as Linden and the Hilltop. He cited Huntington's decision to move 1,400 employees to a vacant Meijer store on Cleveland Avenue, which officials said will benefit both the Linden and Northland areas.

"There is an opportunity in neighborhoods to work at good living-wage jobs," Ginther said.

Training a workforce

Hamler-Fugitt, who heads the state's association of food banks, said Columbus business, government and civic leaders must be willing to have "tough conversations" about work and wages. Too often, she said, discussions focus on support for pantries instead of the reasons so many Columbus-area residents need them.

"We're not going to food- or fund-raise our way out of this problem," Hamler-Fugitt said. "Forty percent of Americans have absolutely nothing saved for retirement. Where are we headed?"

Franklin County still has about one in three residents, including the working poor, who live within 200 percent of the poverty line, a share that hasn't moved much since the Great Recession ended.

"The working poor are the salt of the earth in my opinion," said Beth Gifford of Columbus Works, a nonprofit group that has been around since August. With offices on Parsons Avenue on the South Side, it helps poor people find and keep their jobs.

From the person who serves coffee at Tim Hortons to Wal-Mart workers, they are hard-working people who often juggle multiple jobs, she said.

"You just keep going," said Jeanine Butcher, 42, of the South Side, who went through Columbus Works. She'd been working for \$8.50 an hour as a security guard and now has a full-time job through a temporary agency that pays \$10.50, a welcome boost but one that still

leaves her turning to a church for an occasional free meal.

Advocates for the poor cite Nationwide's decision in 2015 to set a \$15 hourly minimum for all associates as an example of the progress needed.

Nationwide's decision has boosted retention rates and morale among its call-center employees, said Gale King, an executive vice president at the Columbus-based insurance company. "We made the decision that we would have a living wage for all of our associates, regardless of their job," she said. "We decided we could execute it within a year, and we did."

In 2015, when she was chief economist for the U.S. Department of Commerce, Susan Helper co-authored a study for the department showing that higher wages can increase productivity and add other benefits for manufacturing workers.

"Ultimately, companies create a virtuous cycle, paying higher wages and benefits, which in turn increase loyalty and productivity, increasing revenue and making up for higher compensation costs," said Helper, now an economics professor at Case Western Reserve University.

Columbus 2020, the economic-development organization for the 11-county region, has a growth strategy that leaders say aims to boost wages. The plan called for adding 150,000 jobs between 2010 and 2020, and to raise per-capita income by 30 percent.

As of December, Columbus 2020 said it had added 116,107 jobs and seen per-capita income increase by 21 percent.

But that income increase is an average that includes all job levels, including workers on the high end. So though the organization says the average per-person annual income in 2015 was \$46,167, that number also masks disparity.

More straightforward is the need for a trained workforce ready for jobs in high-tech manufacturing and skilled trades, many economic leaders say. Contractors worry that a lack of skilled labor will be "the Achilles' heel of our industry" in future years, said Jim Negron, executive vice president of the local construction company Corna Kokosing.

Apprenticeships are a key. "The challenge I think we have is we need the entire industry to get behind this," Negron said. "Kids could be making \$60,000 to \$80,000 with no college debt."

Columbus City Schools administrators recognize that. In January, the district held a career fair at Fort Hayes Metropolitan Education Center, Downtown, for students who wanted to learn more about training and apprenticeships in the skilled trades.

Ohio has some 15,000 apprentices, second only to California, said Linda O'Connor, assistant director of career and technical education for the Ohio Department of Education. "There's been a lot of effort to educate parents, students, teachers to other pathways," she said.

Kenny McDonald, president and CEO of Columbus 2020, said too many young people have been steered away from the trades and pushed, sometimes unsuccessfully, to four-year colleges.

He met recently with 60 to 70 contractors, all concerned about finding enough workers. “A huge issue,” he said. “There have been generations that say, ‘Don’t go into that.’”

The region has no shortage of opportunities, McDonald said. “We believe that it is a life-changing event to get a full-time job with benefits,” he said. “We have to piece that together.”

Hamler-Fugitt agrees that there are puzzles to solve.

“People who work deserve to earn a wage that keeps them from want,” she said. “And I’m not talking about vacations and going out to dinner. I’m talking about being able to pay your bills without turning to other coping mechanisms.”

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