

Behind the Numbers



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PER CAPITA EFFECTIVE BUYING INCOME

One of the indicators that the FCFC tracks is per capita Effective Buying Income (EBI). The indicator is designed to measure discretionary income per capita after taxes and other non-tax payments have been made. When adjusted for inflation, it provides a longitudinal measure of whether, on average, the economic resources of Montgomery County residents are increasing or decreasing and how Montgomery County residents are doing relative to the rest of the country and Ohio. As the indicator shows (page 68), Montgomery County residents benefited economically from the overall expansion of the late 1990s. Real per capita EBI rose from \$20,000 in 1996 to \$21,600 in 1999. However, the onset of the recession in 2001 precipitated a decline from which Montgomery County has not substantially recovered. Further, that decline and stagnation have resulted in Montgomery County's per capita effective buying income falling relative to that for the United States as a whole. In 1999, Montgomery County's per capita EBI

was 5.5% above that for the United States. By 2003 it was 1.4% below that for the United States.

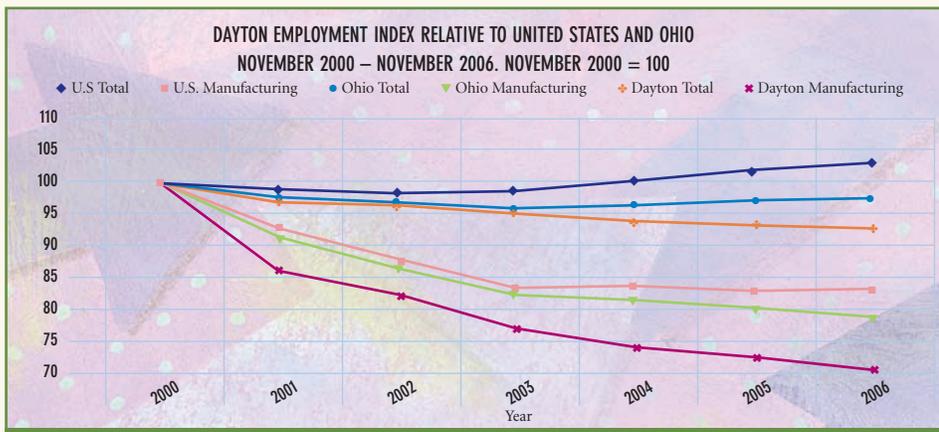
To explore what lies behind the numbers, it is useful to start with its associated outcome, Economic Self-Sufficiency. (See page 62.) By "Economic Self-Sufficiency" the FCFC means four things:

- Residents have access to employment that provides a living wage and benefits.
- Barriers to employment, including transportation and day care issues, are minimized.
- Adequate opportunities for lifelong learning help prepare the workforce for the realities of 21st-century jobs.
- Educational, vocational training, and worker retraining services are readily available to support the needs of residents and employers.

The current indicator under discussion is designed to help measure that first aspect

– "access to employment that provides a living wage and benefits." The last five years have put substantial pressure on some families' ability to find such employment. Most Montgomery County residents (93%) find their work in the Dayton Metropolitan Statistical Area (Montgomery, Greene, Miami and Preble Counties)¹. Overall employment and its structure have changed dramatically in the last five years in the Metropolitan Area. In November 2000, overall employment peaked at 441,800². In November, 2006 it was 31,900 jobs lower at 409,900. More than two-thirds of that decline was associated with lost manufacturing jobs. In November 2000 there were 80,500 manufacturing jobs in the metropolitan area. In November 2006, there were 56,700 manufacturing jobs, a loss of 23,800.

The chart below compares changes in total and manufacturing employment for the Dayton Metropolitan area to that for the United States and Ohio for the period from November 2000 to November 2006, with the November 2000 value set at 100



¹Journey to Work data, 2000 Census.

²All employment and weekly earning values from the U.S. Bureau of Labor Statistics.

Strategic



for each employment series. Dayton's total employment index is at 92.8 in November, 2006, a decline of 7.2%. By contrast, the total employment index for the United States was at 102.8 (up 2.8%) and Ohio was at 96.9 (down 3.1%). The decline in manufacturing in Dayton has been more severe than the decline in manufacturing in the rest of the country. For the United States as a whole, manufacturing declined 17.6% from November, 2000 to November, 2006 (Index at 82.4 in November, 2006). In the Dayton MSA, the decline was 29.6% (Index at 70.4 in November, 2006).

Unemployment in the Dayton metropolitan area had been 3.9% in 2000, rose to 6.1% by 2005 and was still at 5.6% in November 2006. The job loss and attendant rise in the unemployment rate help to explain the substantial increase in public assistance groups per 1,000 documented from 2001 to 2003 and the relative persistence at a higher level (page 67).

The EBI obscures part of the economic self-sufficiency issue because it is an average. Job loss and unemployment have occurred differentially for lower skilled workers. The decline and then relative stagnation in the EBI is associated with greater hardship for lower skilled/less educated workers than for higher skilled/more educated workers. The concentration of lost jobs in manufacturing leads to substantially greater hardship precisely because those jobs paid wages that were higher than average. In the Dayton Metropolitan Area in November 2006, average weekly earnings in manufacturing were \$805 while in Financial Activities and Health Care and Social Assistance (growing sources of employment) they were \$600 and \$442 respectively (see Table below). The loss of manufacturing employment makes it more difficult for lower skilled workers to provide for their families.

In 1999 the Family and Children First Council introduced three Strategic Community Initiatives (SCI) designed to take specific action to identify issues at hand, analyze concerns, research data, identify best practices, and propose approaches toward improvement.

Average Weekly Earnings (November 2006) in Particular Sectors	
Manufacturing	\$805
Wholesale	\$611
Retail	\$322
Financial Activities	\$600
Health Care & Social Assistance	\$442

The challenge for Montgomery County is three-fold:

- ✳ Increase the total job base in the metropolitan area.
- ✳ Increase the number of jobs that can pay low-skill workers a decent wage.
- ✳ Increase the skills of low-wage workers.

