

Unwin-Wilbume.

Thursday

February 4, 1999

Prosperity passes over 'the other San Diego'

Economic report tells the story of a widening gap

By Uri Berliner
STAFF WRITER

San Diego's impressive economic growth over the past generation hasn't benefited everyone; in fact, the county faces rising income inequality, increasing poverty and a dearth of high-paying jobs for residents without a college degree, according to a new study.

The report outlines a "tale of two cities" phenomenon in which the highly skilled and well-educated prosper, while typical workers struggle and one in three children lives in poverty.

"The other San Diego is often ignored by policy-makers and the media," said labor economist Enrico Marcelli, who wrote the report for a think tank launched by local labor leaders, with funding from the Rockefeller Foundation and other organizations. "Our findings suggest that all is not well in America's finest city."

From 1980 to 1997, San Diego's inflation-adjusted output of goods and services nearly doubled. At the same time, according to the study, the proportion of county residents living in poverty climbed from 11 percent to 19 percent, leaving the region with a higher poverty rate than California and the nation. Meanwhile, the income gap between the highest income earners (top 5 percent) and the lowest (bot-

tom 5 percent) widened by 22 percent.

The Center on Policy Initiatives study argues that traditional economic indicators — gross regional product, unemployment and inflation rates, and average income levels — offer bird's-eye views, but overlook ground-level travails endured by much of the population.

"Instead of a single prospering economy, it appears that multiple economies — separated by race, ethnicity, gender and level of education — coexist," the study notes. "Alongside a thriving high-tech, high-wage economy is a rapidly growing low-wage service sector."

While the "haves and have-nots" critique of the new economy has often been put forth by liberals, and labor unions in particular, this report is apparently the first attempt to quantify the argument locally.

It contends that families are working longer hours, and that the median worker's annual income remained essentially stagnant from 1980 to the mid-1990s, inching up from \$19,429 to \$22,000.

"The majority of workers in San Diego County are working harder and longer, but earning less," said Donald Cohen, co-founder of the Center on Policy Initiatives and political director of the San Diego-Imperial Counties Labor Council.

Marcelli said these developments are not necessarily worse in San Diego than elsewhere; in fact, a similar labor-backed study was released recently describing similar problems in fast-growing Silicon Valley.

Though it may be easier than ever before to find a job in San Diego — unemployment is at a modern-era low of 3 percent — health care and housing remain chronic problems for many working families, the study notes.

Just 47 percent of San Diego's population is covered by employer-paid health care, compared with 72 percent nationally.

Ross Starr, an economist at UCSD, said while reports of rising income inequality are "broadly correct," they don't take into account several factors that narrow the gap: welfare payments, Medi-Cal, and earned income tax credits that benefit low-income workers.

And he added that the level of poverty in San Diego is probably affected more by demographics — immigration and the rise of single-parent households — than by economic policy or prevailing wage levels.

"With our low unemployment rate it's not practical for San Diego employers to undercompensate relative to employers elsewhere."

But Marcelli, the study's author, said wage levels at the bottom are simply too low, noting that one of every 10 working San Diegians isn't earning enough to escape the federal standard for poverty.

"We're really being hypocritical for not compensating working people highly enough for them to get out of poverty."

Perhaps the most unsettling figure cited in the report is that one of every three San Diego children lives at or below the poverty level.

Marcelli said he reached the conclusion using U.S. Census Bureau data. The federal government's poverty threshold in 1997 was \$16,276 for a family of four.

Several local economists queried yesterday about the child poverty rate did not dispute the study's finding.

"It sounds about right," said Kelly

Cunningham, research director of the Chamber of Commerce's Economic Research Bureau.

He noted, however, that the region's burgeoning high-tech hub is yielding benefits.

"Those high-wage, highly skilled jobs filter into other areas of the economy. There are jobs that depend on those jobs."

Alan Gin, a University of San Diego economist who compiles a monthly index of regional economic indicators, said the income gap has leveled off somewhat during the past two years of strong growth.

But he added that wealth continues to rise to the top because of the booming stock market and rising home prices.

Other findings in the Center on Policy Initiatives report:

- The proportion of women in the labor market has increased from 60 percent in 1980 to 71 percent in 1997.
- The foreign-born population grew six times as fast as the native-born population during the same time period and now accounts for 25 percent of county residents.
- Members of ethnic and racial minority groups account for 58 percent of San Diegians under the age of 18.
- The proportion of residents from 18 to 64 who have attended or completed college climbed from 48.7 percent to 59 percent. The share of those with college degrees, however, rose only from 20 to 24 percent.
- White and Latino males earned more in 1997 than in 1980, but African-American and Asian males earned less.
- Women in all ethnic and racial groups except Latinos experienced income gains. While white women and Latinos earn significantly less than their male counterparts, African-American and women of Asian descent have significantly narrowed the gap.



Working but poor

Historically low unemployment levels in San Diego County do not mean everyone here is well-off financially.

■ 59 percent of those living in poverty are working

■ Latinos and African-Americans are significantly more likely to be poor

Source: Center on Policy Initiatives