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The increasing distance between jobs and workers in Northeast Ohio and why it matters for future growth

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The vitality of a region's economy depends on its ability to connect people to good jobs, and firms to workers with the appropriate skill set.



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Introduction

The vitality of a region's economy depends on its ability to connect people to good jobs and connect firms to workers with the appropriate skill set. Spatially—on both these counts—Northeast Ohio is falling short relative to other regions in the U.S. and relative to its potential to be globally competitive. Since the end of the recession in 2009, the Northeast Ohio economy has been gearing up for the future—undergoing a transition that's about new products, new companies, new industries, and new opportunities. The region has countless assets on which to build. Jobs are coming back. But Northeast Ohio still isn't creating enough good jobs, and the jobs are more dispersed and harder to reach.

In this slow-growth context, spatial dimensions of job growth often get overlooked. Emphasis is naturally placed on job development strategies, without considering factors such as the quality, location and accessibility of those jobs (Garr Pacetti 2013). If the disconnect between where jobs are and where people who need jobs live perpetuates, especially in an environ-

ment of stagnant population, Northeast Ohio won't be able to sustain its nascent recovery.

Issues of sprawl and spatial access to jobs are not new problems. But the conversation about the "geography of jobs" is still largely absent in business development discussions and/or seldom makes the list of top civic priorities. Job access may be the most important issue no one is talking about. That needs to change.

As jobs in Northeast Ohio climb back to pre-recession levels, understanding job growth patterns is critical to avoiding the pitfalls of promoting isolated pockets of limited growth. Particularly if the region's population remains flat, the focus should be on investing strategically in Northeast Ohio's existing infrastructure and assets to ensure its long-term economic competitiveness in the global economy.

Given the urgency of this issue, and to jumpstart the conversation, the Fund for Our Economic Future (the Fund) took a closer look at

“Job access may be the most important issue no one is talking about. That needs to change.”

what’s happening to job access in Northeast Ohio. This briefing paper synthesizes evidence on where jobs are located in the region, who has access to them, and how current trends may affect future growth. The evidence is drawn primarily from the most recent research available at the local level, and is supplemented by original, region-wide analysis where appropriate. The main findings from this exercise are:

1.) Job growth over the past 20 years occurred predominantly in suburbs and the conversion of rural areas, continuing a long-term trend since the 1950s.

2.) Outward job growth affects all Northeast Ohio residents regardless of where they live.

3.) Outward job growth disproportionately affects residents who need jobs the most, particularly the 200,000 residents living in the region’s economically distressed neighborhoods.

Ultimately, the goal of this paper is to bring the issue of spatial access to jobs to the fore and equip decision makers with the data to make smart job development decisions now and in the future.

About the Data

Jobs data, often referred to as “payroll data,” is reported by firms according to where workers are employed rather than where they live. It is highly variable at the local level and usually lagged (i.e., based on data from two to three years prior to release). Until recently, local data on jobs has been limited to metros, counties or zip codes through the Current Employment Statistics, Quarterly Census of Employment and Wages, and Zip Code Business Patterns, respectively. It is now available at the tract or neighborhood level through the Longitudinal Employer-Household Dynamics (LEHD) program of the Census. Payroll data should not be confused with household employment data that is reported by workers from their place of residence (e.g. the American Community Survey). Only when commuting patterns are discussed do we introduce data on where workers live, based on an integrated database provided by LEHD.

This paper references a number of datasets, including those mentioned above, in order to get the most complete picture of job growth at a local level in Northeast Ohio today. For more information on each dataset, and how to access it, please see Appendix A.



Job access refers to the level of connectivity between where a person lives and where a person works. Access can be defined economically, socially, culturally, and politically. In this paper, we focus on geographic distance (measured in time or miles), as this factor has been and remains a critical contributor to economic performance.

Growth & Opportunity

The Fund has suggested that “Growth & Opportunity,” or the mutual reinforcement of economic growth alongside economic opportunity for all residents, be a community imperative. In its work with civic leaders across sectors, the Fund has identified a framework by which it aims to strengthen the Northeast Ohio economy through “good” job growth (job creation), a workforce prepared for the jobs of today and tomorrow (job preparation), and tighter connectivity between jobs and workers (job access) (Garr Pacetti 2014).

This trifold Growth & Opportunity approach is at the core of the Fund’s work. Its members—foundations, businesses, individuals, and educational, financial and health care institutions—take that mandate seriously and have identified specific areas in which the region can improve (Whitehead, Schweitzer et al. 2014).

To be clear, job creation, job preparation and job access are not standalone priorities; all three must intersect and advance through collaborative, cross-sector strategies. This paper focuses on job access—the level of connectivity between where a person lives and where a person works—because we’d argue it receives the least attention in traditional economic development circles despite its key function in any economic development system.

Access can be defined economically, socially, culturally, politically. For the purpose of this briefing paper, we focus on the spatial aspect of job access. The geographic distance between jobs and workers, measured in time (minutes) and distance (miles), has been and remains a critical contributor to economic performance, weak and strong.



“Cities with less sprawl, as measured by commutes of 15 minutes or less, have ‘significantly higher rates of upward mobility’ (Chetty 2014).”

Both human resource development and business development depend on connectivity between jobs and workers. Without it, trained workers may not be able to get to jobs; and employers may not be able to find the people they need to expand their production and grow their business.

Job access is also critical to ensuring that all people have the opportunity to get, maintain and excel at a job. Limited or lack of access to employers makes it harder for workers to hold steady, full-time positions, especially those workers who are already disadvantaged economically (Andersson et al. 2014). Cities with less sprawl, as measured by commutes of 15 minutes or less, have “significantly higher rates of upward mobility,” according to a recent study. In fact, a resident’s commute time to work is one of the strongest correlates to social mobility (e.g., ability to advance up the income ladder), even more than racial or income segregation (Chetty 2014: 36).¹

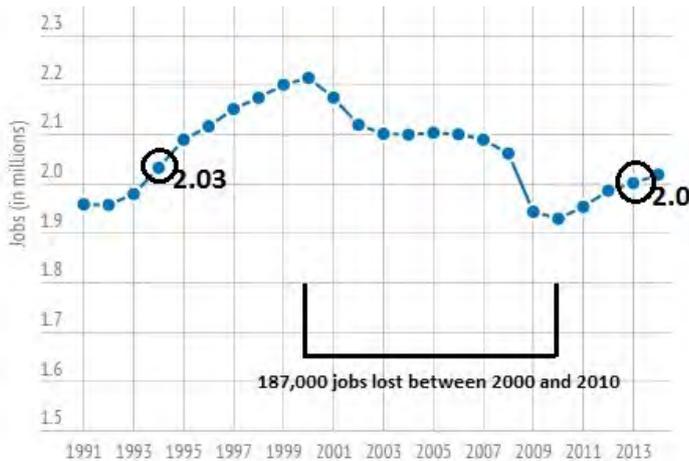
The Fund’s Growth & Opportunity framework hinges on the belief that the Northeast Ohio economy will be stronger and more

sustainable when all people participate in and benefit from economic growth. Roughly 200,000 people—or one in 20—in Northeast Ohio reside in low-income neighborhoods where less than 65 percent of working-age residents are either employed or looking for work. While these neighborhoods are disproportionately located in the region’s core cities of Cleveland, Akron, Youngstown, and Canton, economic distress touches suburban and rural areas as well. Indeed, 10 of the 18 counties in Northeast Ohio have neighborhoods of economic distress.²

The Fund and its partners are committed to connecting low-income people to the labor market, with a goal of increasing labor force participation in economically distressed areas. The Fund believes ensuring all residents, particularly low-income residents, have access to good jobs is an achievable goal. Reaching that goal begins with a baseline understanding of the current landscape of job growth.

The Landscape of Job Growth

Northeast Ohio Employment in 18 counties (in millions)



Although 88,000 jobs have been added to the region's economy since 2010, progress in bringing jobs back has been slow. The number of jobs gained since 2010 add up to only about 31 percent of the 187,000 jobs lost since 2000.

Source of chart at left: Fund and Team NEO analysis of Moody's Economy.com data for 18 Northeast Ohio counties.

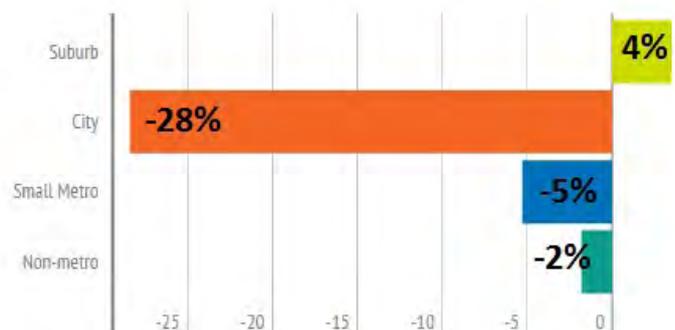
number of jobs gained since 2010 add up to only about 31 percent of the 187,000 jobs lost since 2000.

Job growth over the past 20 years in Northeast Ohio occurred predominantly in suburbs and the conversion of rural areas, continuing a long-term trend since the 1950s.³ Between 2000 and 2010 alone, regional job growth declined within and around Northeast Ohio's central business districts more so than other places in the country, as jobs became more dispersed and harder to get to (Murray 2015, Kneebone 2013). Implications of this outward growth are particularly acute given a stagnant population.

Although 88,000 jobs have been added to the region's economy since 2010, progress in bringing jobs back to the region has been slow, with growth rates about 1 percent per year compared to 2 percent nationally. The

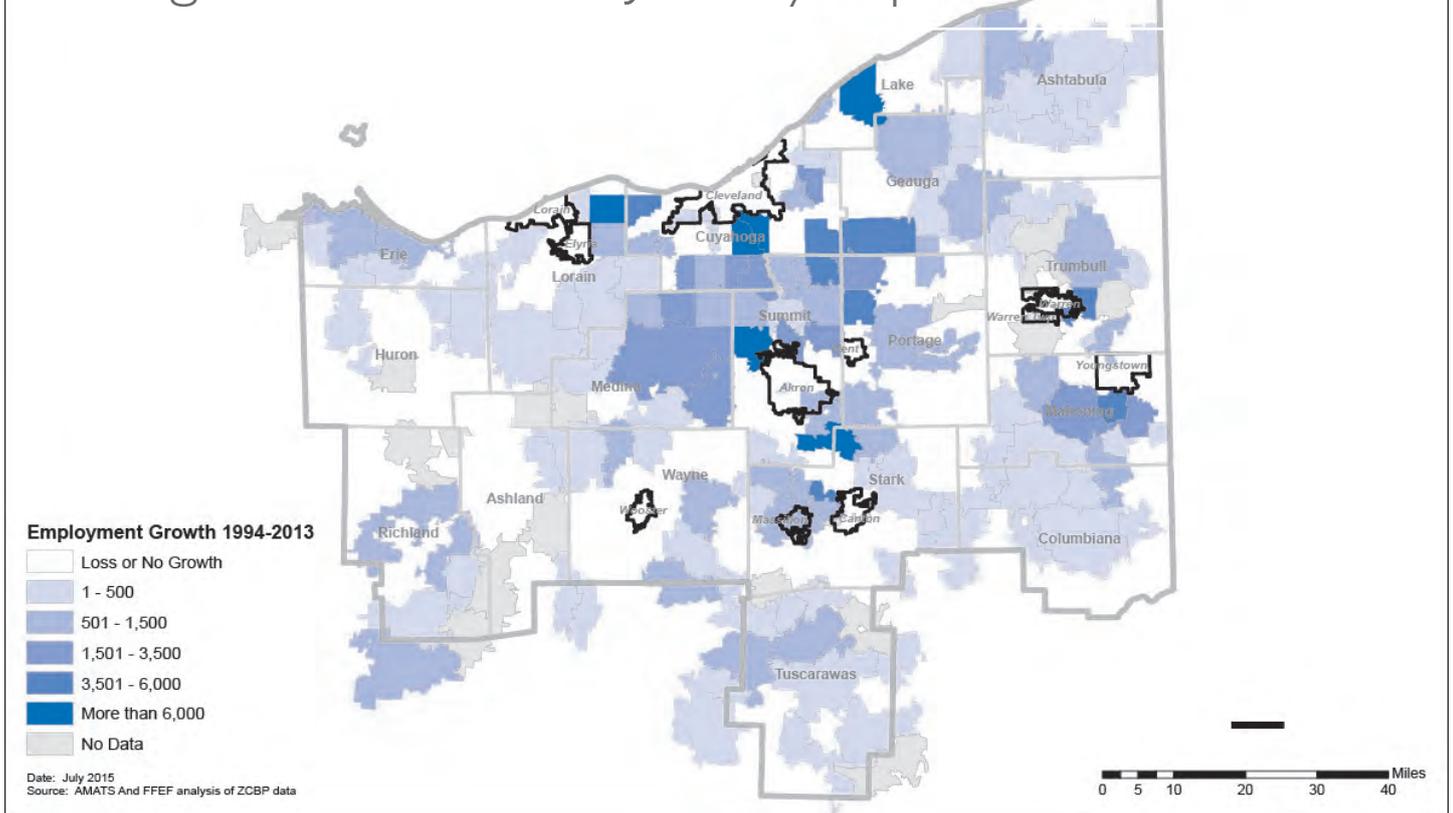
In order to understand if and how the spatial distribution of jobs has shifted over time, we use the latest data available to compare two

Employment Change by Neighborhood Type, 1994-2013



Source: Authors' analysis of Zip Code Business Patterns data from the U.S. Census Bureau, representing about 90 percent of corresponding tracts and 80 percent of jobs. The analysis was conducted using the same neighborhood typology in Kneebone and Holmes (2015).

Change in Number of Jobs by Zip Code, 1994-2013



Source: AMATS and Fund analysis of Census Zip Code Business Patterns data, 2013 and 1994, when total employment was about 2 million across 18 counties.

years when the region had roughly 2 million jobs, 1994 and 2013 (latest data available at the neighborhood level). In this time period in Northeast Ohio, job growth outside of city centers far surpassed job growth within them (see above map).

Throughout the region, only suburbs experienced a net increase in jobs (albeit a modest one) over the period studied, while jobs in the cities declined 28 percent. (see chart at left).⁴ Job losses were especially acute in economically distressed neighborhoods. These neighborhoods account for only about 5 percent of jobs in the region, but 26 percent of the jobs lost.

Let's take a closer look at what this looks like on the ground. For a resident living in an economically distressed area of the Kinsman neighborhood of Cleveland—where the average labor force participation rate is around 55 percent and median household income is \$15,788—the number of jobs within his or her vicinity declined

by 35 percent from 1998 to 2013.⁵

The discrepancy between city and suburban growth is not just an artifact of history. Data suggest that the outward growth of jobs in Northeast Ohio continued again after the latest recession. After a brief, recessionary pause between 2006 and 2010, job gains in suburbs once again outpaced those in cities as a share of overall employment between 2010 and 2012.⁶ While some recently published research suggests that job sprawl nationally may have stalled early on in the recovery (Cortright 2015, Kneebone 2013), that does not seem to be the case for Northeast Ohio. The “stall” may have been true for the years immediately following the recession, but a downtown revival—while nascent and certainly plausible—is not enough to offset the overall trends, which swamp the otherwise promising results.

The Cost

Residents and municipalities bear the explicit and (too often) implicit costs of outward growth, particularly in an era of stagnant or declining population. A sobering report released in 2014 by the Northeast Ohio Sustainable Communities Consortium, titled *Vibrant NEO 2040*, underscores the role of redundant or uncoordinated infrastructure costs that are likely to translate to higher fiscal burden and higher taxes for all Northeast Ohio residents.

Job growth has major implications for commuters, specifically the costs in the time it takes to get to work and the distance between workers and their job.

Measured by distance

Northeast Ohio residents—urban, suburban and rural—have experienced a steep decline in the number of jobs around them, with the average distance between jobs and workers increasing over the past decade (Kneebone and Holmes 2015, Murray 2015).⁷ Between 2000 and 2012, the number of jobs within the typical commute distance of Northeast Ohio residents declined by 22 percent, meaning that one in five jobs disappeared within the typical commute range.⁸ Comparatively, the number of jobs also declined in the nation's largest metros, but by a significantly lesser extent (7 percent, or about one in 15 jobs).

In fact, residents of the greater Cleveland area experienced the largest decline in access of any large metro in the country. Intuitively, it is harder to get to jobs if there are fewer of them. But in Northeast Ohio, one can also attribute

the decline in access to the location or relocation of jobs further out from city centers.

Proximity to jobs is especially dismal in high poverty neighborhoods—the places where people live who arguably need jobs the most. More than a quarter of “accessible” jobs have disappeared for residents in high poverty neighborhoods.⁹ These are the residents who are often in need of jobs, but seem to be the farthest away from where the growth (if any) is occurring.

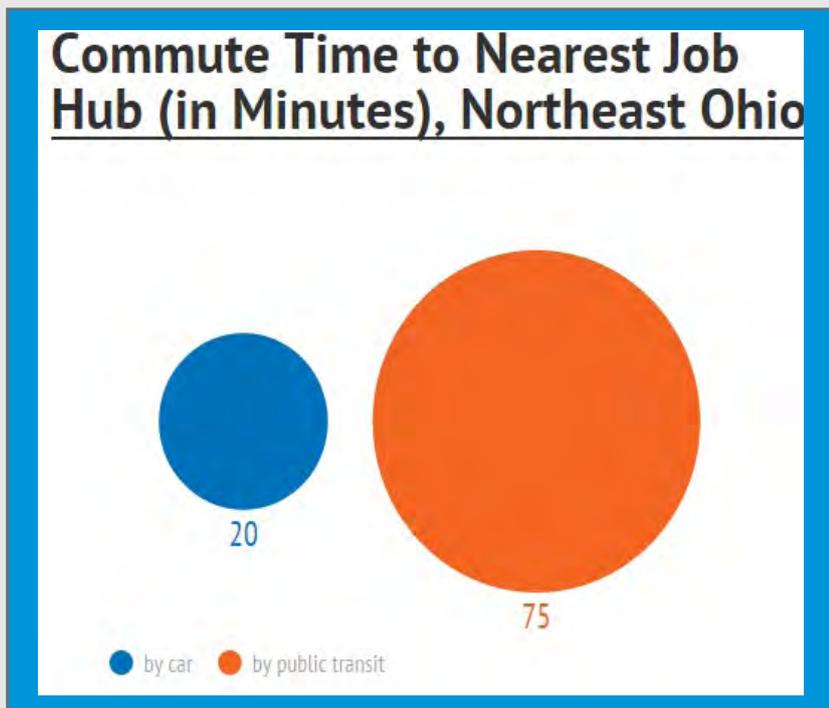
It is important to note that the suburbanization of jobs does not by itself lead to a decline in job access, if people are also moving closer to the jobs. Unfortunately, while all Northeast Ohio residents, and increasingly low-income residents, concentrate in the suburbs (Kneebone 2014), access for everyone has still declined.

Research points us to an important finding: job access has declined for everyone—in cities, suburbs and rural areas, constraining workers' and firms' ability to reach each other. Even given the outward movement of the population to the suburbs, these data illustrate that it is still harder to get to a job today than it was in 2000.

Measured by time

Outward job growth disproportionately affects low-income people, and that is especially true when commute time is considered; that is, the time it takes for an individual to get to work from their home and back again.

Commuters by public transit are “substantially longer” than commutes by car affecting low-income people who may not have access to a vehicle. Relative to other metro areas across the country, Northeast Ohio residents consistently fare worse on access to public transit (Tomer 2012). In a recent analysis of access to job hubs (with hubs being defined as census tracts with twice as many jobs as residents), the nearest hub for the average resident by transit is 75 minutes away, versus 20 minutes by car. In fact, the nearest hub is less than 45 minutes away by transit for only a quarter of Northeast Ohio neighborhoods (Murray 2015: 42).¹⁰ Limited or lack of access to employers makes it harder for workers to hold steady, full-time positions, particularly if workers are already disadvantaged economically (Andersson 2014). This is likely the case for the 200,000 people living in the region’s economically distressed neighborhoods.



Source: Murray (2015) analysis of 12 Northeast Ohio counties using LEHD (2011) Origin-Destination data. Job hubs refer to tracts with twice as many jobs as residents.

Solon, a suburb approximately 18 miles southeast of Cleveland in Cuyahoga County, has added more jobs between 2010 and 2012 than any other city in Northeast Ohio. For a resident living in the Central neighborhood of Cleveland, a low-income neighborhood just south of the city center where more than half of residents don’t have access to a car, it would take 89 minutes by bus on a Monday morning (more precisely, two buses and 88 stops later) to arrive at his or her destination.¹¹ Now imagine that was a part-time job, or there were family responsibilities added to that commute. This is not a singular experience. For the roughly 15,000 working-age residents in and around the Central neighborhood,

47 percent of those employed work outside of nearby Cleveland but within Cuyahoga County, with Solon among the top employment locations for these residents. Regardless of where residents in and around the Central neighborhood work, incomes are extraordinarily low, with more than 80 percent of employed area residents earning less than \$40,000 a year. Conversely, 80 percent of people who work in and around the Central neighborhood live outside of nearby Cleveland and consume nearly all of

the high-paying jobs in this area.¹²

The spatial disconnect between jobs and workers has real implications for an individual’s opportunity to provide for his or her family, apply his or her talents and excel in his or her trade. The inability for thousands of residents to access these opportunities, however, is not just a problem for the individual. Ultimately it is the region that loses its competitive edge.



Continuing the Conversation

As a region, Northeast Ohio must do more to ensure growth not only accelerates but is strategic and shared broadly across income groups. The answers are not easy and they are certainly not limited to, nor solved by, one sector.

Certainly, more research is needed about the connection between the types of jobs and where they are located. For example, lower skill jobs are harder to access than higher skill jobs that tend to be centrally located and better served by transit (Tomer et al. 2011, Marlay and Gardner 2010, Murray 2015: 36).¹³ This is an issue for unskilled workers who need to travel farther to get to a job, but also businesses, who compete for a new generation of talent that is increasingly attracted to the urban core.

Northeast Ohio civic leaders must focus efforts on bringing people to jobs (transit) in the short-to-medium term, but also be strategic about where and how the public, private and nonprofit sectors incentivize business development over the long term.

Some considerations for the short-term: In 2014, the region completed a three-year-long planning process which resulted in a number of goals and corresponding “aggressive yet feasible” targets the region should work toward

as it approaches the year 2040. Among the targets: at least 55 percent of jobs should be near frequent transit service (currently 50 percent) and 38 percent of residents should be near frequent transit service (currently 33 percent). If we continue to increase population and jobs, the hope would be that these shares increase over the subsequent two decades (Vibrant NEO 2040 2014: 96).

To speed up the recovery and ensure that it is sustained over the long term, decision makers in all sectors must envision an economy that takes the spatial landscape of jobs into account. That economy would be more broadly shared across the 18-county region, infrastructure investments would be more strategic, and job growth less diffuse. How can this be done? For one, establish more job hubs proximate to distressed neighborhoods, and get rid of market distortions that subsidize outward growth to level the playing field.

What else can be done? Over the next few months, the Fund for Our Economic Future and PolicyBridge are working together to engage public, private and nonprofit leaders to better understand exactly how these issues are playing out and to solicit feedback on what can be done to address them. It’s time job access received its due.

“Decision makers in all sectors must envision an economy that takes the spatial landscape of jobs into account.”

Endnotes

(1.) Chetty finds the correlation between commute times and upward mobility is 0.605.

(2.) For more information on economically distressed neighborhoods in Northeast Ohio, please refer to the neighborhood profiles on the Fund’s [website](#).

(3.) For historical documentation of sprawl, refer to Jaquay (1993, 1994); Bogard and Ferry (1999) for the Cleveland metro area specifically.

(4.) Metro areas are defined by population density and commuting patterns. They include urban, suburban and rural areas in large metros like Cleveland, Akron and Youngstown, and small metros like Canton, Massillon and Mansfield. In order to compare the distribution of jobs by neighborhood type, we borrow Kneebone and Holmes (2015) neighborhood typology, where “city” represents only primary cities of Cleveland, Akron and Youngstown and “suburbs” represent the remainder of the metro area outside of the primary city. “Small metro” generally represents metro areas with less than 500,000 in population and includes Canton, Massillon and Mansfield.

(5.) Based on 2013 Zip Code Business Patterns data for the zip code 44104.

(6.) Based on a cursory analysis of 10 years of recently released LEHD data through 2012. Similar to the zip code data, we used the Kneebone and Holmes (2015) neighborhood typology to examine changes among different types of neighborhoods year to year.

(7.) Measured in terms of access to job hubs, rather than individual commuting distance, Murray (2015) finds that the median average distance from NEO census tracts to the nearest 10 job hubs increased

from 1.8 miles to 2.4 miles between 2002 and 2011. (8.) Typical commute distance refers to the median commute distance for metro area residents analyzed in this study. Typical commute distance varies by metro area and is approximately eight miles for Cleveland area residents of Geauga, Cuyahoga, Lake, Medina, and Lorain counties; six miles for Akron area residents of Summit and Portage counties, and six miles for Youngstown area residents of Mahoning and Trumbull counties.

(9.) Access is defined here as those jobs that are within a typical commute distance for that metro, referred to above.

(10.) Based on analysis of nearly 1,200 tracts across 18 counties in Northeast Ohio. Tracts are the closest geographical approximation to what we would consider to be neighborhoods.

(11.) Based on the latest available data from LEHD, jobs by tract, 2010-2012, using current (July 2015) Google Transit data.

(12.) Based on 2012 LODS data. In this example, “in and around the Central neighborhood” is defined as 14 census tracts that encompass Central and the surrounding neighborhoods; “nearby Cleveland” extends beyond that and includes the Buckeye-Shaker, Central, Corlett, Downtown, Glenville, Goodrich-Kirtland Park, Hough, Industrial Valley, Mt. Pleasant, North Broadway, Ohio City, South Broadway, St. Clair-Superior, Tremont, Union-Miles, University, and Woodland Hills neighborhoods.

(13.) Across the U.S., about one-quarter of jobs in low and middle skill industries are accessible within 90 minutes for the typical commuter, compared to about one-third of jobs in high-skill industries (Tomer 2012, based on data from 371 transit providers in the nation’s largest 100 metro areas).

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Appendix A

Data sources referenced in the paper, pertaining to payroll or “jobs” data:

Data Source	Geography Covered	Years Available (as of July 2015)	Description
LODES, part of the Longitudinal Employer-Household Dynamics (LEHD) program of the Census.	Tract level, what we use as the best approximation for “neighborhoods”	2002-2012	Comes from unemployment insurance reporting systems by state; Represents 95 percent of private sector employment and most federal employment
Zip Code Business Patterns	Zip Code Note: Highly variable from year to year. In places where zip codes were eliminated or added between 1994 and 2013, we deleted them from the analysis. Approximately 80% of zip codes remained consistent between those two years.	1994-2013	Comes from IRS payroll tax information; ZIP codes are not geographic areas, and change at the discretion of the post office; data for some ZIP codes are given in ranges to protect the operations of an individual employer
Moody's Economy.com	County	1994-2014	Data aggregated by Moody's Analytics

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