The economy is one of the top issues on the minds of working families this Labor Day. With higher food and gas prices, instability in the housing market, layoffs, and tightening public and private sector budgets, East Bay residents—particularly working families—face significant challenges in the current economy.

This data summary outlines the stark conditions that plague East Bay residents in the current economic crisis. Nationally, the economic growth that we began to see after the 2001 recession came to a halt in 2007. Even so, the economic growth has not been broadly shared across all income levels. Here in the East Bay, conditions in 2007 have “flatlined” for area residents, and we expect the data to show economic conditions worsening in 2008.

### MAJOR FINDINGS

#### 1. INCOME DISPARITIES SHOW GAP BETWEEN RICH AND POOR

- The lowest income households in the East Bay earned only 6.5 cents for every $1 earned by the richest households.
- Top-income households earned a combined $41 billion in 2007 (49%), while bottom-income households earned only a combined $2.7 billion (3.2%) of the region’s overall total income.

#### 2. HUNDREDS OF THOUSANDS EAST BAY RESIDENTS BURDENED BY POVERTY

- In 2007, a total of 247,410 people (10.1%) in the East Bay were in poverty.
- A total of 570,142 individuals (23%) of the East Bay population earned twice the federal poverty rate and are considered economically disadvantaged.
- In Oakland, the poverty rate in 2007 was 17.6% and nearly 40% of Oaklanders earned less than twice the federal poverty rate.

#### 3. SOME MORE BURDENED THAN OTHERS BY POVERTY AND INEQUALITY

- This Labor Day, 40.7% of those in poverty in the East Bay are working full or part-time (72,835 people).
- African Americans had a poverty rate twice that of the overall population, with household incomes $30,000 less than the overall population ($39,732 versus $71,745 respectively).

#### 4. GROWTH IN LOW-QUALITY JOBS EXACERBATE ANEMIC ECONOMY, FAIL TO PROVIDE PATH OUT OF POVERTY

- Median household incomes in both the East Bay ($71,745) and Oakland ($46,475) were less than what is needed to allow a family of four to make ends meet ($77,069). In Oakland, the median household income was nearly $30,000 less than the Basic Family Wage.
- Between 2000-2006, low-wage jobs grew twice as much as all jobs (10% growth in low-wage jobs, versus almost 5% growth in jobs overall).
1. INCOME DISPARITIES SHOW GAP BETWEEN RICH AND POOR

In past economic cycles, productivity—a main indicator of economic growth—resulted in broadly shared prosperity. Increases in the national Gross Domestic Product (GDP) used to mean progress and better conditions for a majority of workers—from low-wage workers on up to CEO’s.

National statistics show that overall economic productivity has increased steadily by 19% since the year 2000. However, instead of broadly shared prosperity, the early 2000s has shown persistent and stark income disparities, with many working families still struggling to make ends meet. In 2007, the lowest income households in the East Bay earned only 6.5 cents for every $1 earned by the richest households.

The top-income households received a combined $41 billion in 2007 (49% of the aggregate household income), while the bottom-income households received a combined $2.7 billion (or 3.2% of the aggregate household income).

2. HUNDREDS OF THOUSANDS EAST BAY RESIDENTS BURDENED BY POVERTY

In 2007, a total of 247,410 people (10.1%) in the East Bay were in poverty. An individual under the federal poverty line earned less than $10,210 per year, and less than $20,650 for a family of four.

The poverty rate in 2007 was basically the same as that in 2006, given that the change in the poverty rate was not more than the margin of error (9.8% versus 10.1%). Nationally, the poverty rate was also not more than the margin of error, and therefore stayed relatively the same between 2006-2007. This shows that both the regional and national economy flatlined between the years 2006 to 2007.

Given the higher cost of living in the Bay Area, a more realistic measure of economic disadvantage are those at the 200% of the Federal Poverty threshold. A total of 570,142 individuals (23%) of the East Bay population earned twice the federal poverty rate, and are considered economically disadvantaged.

When we examine conditions in Oakland, one of the poorest cities in the East Bay, the rates of poverty are even starker—up to almost 8 percentage points more than the East Bay (17.6% for Oakland versus 10.1% for the East Bay). This shows how families in Oakland may suffer even more in this current economic downturn.
3. SOME MORE BURDENED THAN OTHERS BY POVERTY AND INEQUALITY

THIS LABOR DAY, 40.7% of those in poverty in the East Bay are working full or part-time (72,835 people)—a harsh indictment of jobs that do not provide enough hours or do not pay enough to help make ends meet. This means that many people who are working may not have enough hours or may not be earning a wage that lifts them out of poverty.

Inequality by race still continues to play a major role in determining economic outcomes—limiting mobility and creating barriers to education, social networks, and sustainable job opportunities. African American and Latino households benefited less from economic growth during “peak” economic times and will likely suffer the greatest during an economic recession.

African Americans had a poverty rate twice that of the overall population, with household incomes $30,000 less than the overall population ($39,732 versus $71,745 respectively). These disparities by race constrain economic opportunities for households in the East Bay and in Oakland.

4. GROWTH IN LOW-QUALITY JOBS EXACERBATE ANEMIC ECONOMY, FAIL TO PROVIDE PATH OUT OF POVERTY

A LACK OF GOOD PAYING JOBS means more East Bay residents are economically disadvantaged. Most of the job growth for residents in the East Bay has been within jobs that do not meet the Basic Family Wage—the wage needed for a two-working-parent household to support two children without public assistance. In the Bay Area in 2007, the Basic Family Wage was $18.53 per hour, or approximately $77,069 for a two-wage earning household per year to support two kids.

Median household incomes in both the East Bay and Oakland were less than what is needed to allow a family of four to make ends meet. In Oakland, the median household income was nearly $30,000 less than the Basic Family Wage.

<table>
<thead>
<tr>
<th>Table 5: Incomes are Not Keeping Pace with Cost of Living</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2007 Median Household Income</td>
</tr>
<tr>
<td>2007 Bay Area Basic Family Wage</td>
</tr>
</tbody>
</table>
Furthermore, job opportunities for East Bay families are also constrained because even where East Bay residents saw job growth between 2000-2006, low-wage jobs grew twice as much as all jobs (10% growth in low-wage jobs, versus almost 5% growth in jobs overall). These low-wage jobs include jobs in food service, janitorial jobs, homecare aides, and nursing aides. In 2007, these low-wage occupations have a median earning of $30,113, lower than the Basic Family wage of $77,069.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Food preparation and serving related occupations</td>
<td>50,774</td>
<td>19.52%</td>
<td>$23,067</td>
</tr>
<tr>
<td>2</td>
<td>Building and grounds cleaning and maintenance occupations</td>
<td>41,150</td>
<td>19.24%</td>
<td>$26,391</td>
</tr>
<tr>
<td>3</td>
<td>Personal care and service occupations</td>
<td>39,117</td>
<td>19.53%</td>
<td>$31,476</td>
</tr>
<tr>
<td>4</td>
<td>Production occupations</td>
<td>56,164</td>
<td>-14.29%</td>
<td>$34,223</td>
</tr>
<tr>
<td>5</td>
<td>Healthcare support occupations</td>
<td>22,349</td>
<td>18.14%</td>
<td>$35,409</td>
</tr>
<tr>
<td></td>
<td>Average of Low Wage Occupations</td>
<td>41,911</td>
<td>10.26%</td>
<td>$30,113</td>
</tr>
<tr>
<td></td>
<td>All Occupations</td>
<td>1,202,618</td>
<td>-4.66%</td>
<td>$54,486</td>
</tr>
</tbody>
</table>

4. **GROWTH IN LOW-QUALITY JOBS EXACERBATE ANEMIC ECONOMY, FAIL TO PROVIDE PATH OUT OF POVERTY (CONTINUED)**

## Background Information

### About the Data

We define the East Bay region as Alameda and Contra Costa counties, which had a combined population of 2.4 million and 1.4 million workers in 2007. We use the U.S. Census’ Oakland-Fremont-Hayward, CA Metropolitan Division, which combines Alameda and Contra Costa Counties, as our main geographic area.

The data analyzed in this summary are from the American Community Survey’s annual release of data which occurred on August 26, 2008. The American Community Survey is one of the few datasets released annually on poverty, income, and earnings. Comparisons to 2000 data are mainly from SF-3 of the decennial Census 2000.

### About EBASE

The East Bay Alliance for a Sustainable Economy raises standards and improves conditions for working families in the San Francisco East Bay. Website: www.workingeastbay.org. For more information, contact: Nick Peraino, Policy Analyst, 510-893-7106 x330, nick@workingeastbay.org or Jennifer Lin, Research Director, 510-893-7106 x321, jenny@workingeastbay.org.

### Notes

2. Federal Register: January 24, 2007 (Volume 72, Number 15).
3. California Budget Project. "Making Ends meet: How Much Does it Cost to Raise a Family in California?" October 2007. This wage is for the broader San Francisco Bay Area region, which include Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma. Given the data available, this is the best approximation of a "Basic Family Wage" for the East Bay. The annual salary assumes full-time, full year work.
4. 2007 data on employment by industries and occupation are not released by the Census Bureau until September. Therefore, we use the latest data from 2006.