

THE STATE OF WORK IN THE EAST BAY AND OAKLAND

Wealth concentration amidst bottoming out for low and middle-income families

Income inequality, Poverty, and Low-wage jobs in 2010



MAJOR FINDINGS

Severe economic pressures continue to push the region's low-income families into unemployment, low-wage jobs, and poverty, leading to a "bottoming out" of the region's economy.

1. INCREASING INCOME AND WEALTH INEQUALITY LOCALLY, STATEWIDE, AND NATIONALLY

- In the East Bay, the share of total income going to the top fifth households was 49%, while the middle fifth—or the "average households"—received only 15%.
- When adjusted for inflation, real median household income in the East Bay *dropped* -\$7,267 between 2000 to 2010.
- The wealthiest Californians also increased their share of total income from 13% to 18% between 1987 and 2009, versus the bottom 80% of taxpayers who lost their share of total income, going from 47% to 39% in the same time period.

2. MIDDLE CLASS PINCHED, HOUSEHOLD INCOME OF AFRICAN AMERICANS AND LATINOS BOTTOMING OUT

- African Americans and Latino household incomes represent downward slopes, with fewer households at the top and more concentrated at the bottom.

3. POVERTY INCREASES IN THE WAKE OF THE RECESSION

- In 2010, the poverty rate in the East Bay was 11.7% (or 296,611 residents), which is higher than the 9.7% poverty rate in 2000. In Oakland, the largest city in the East Bay, the poverty rate was 22.3% (86,682 people) in 2010, up from 17.2% in 2009.
- Nearly 1 in 7 (15.3%) of children under the age of 18 were living in poverty in 2010, with African American and Latino children experiencing 3.5 times more poverty than Non-Hispanic Whites.

4. WORKERS STUCK BETWEEN UNEMPLOYMENT AND LOW WAGES

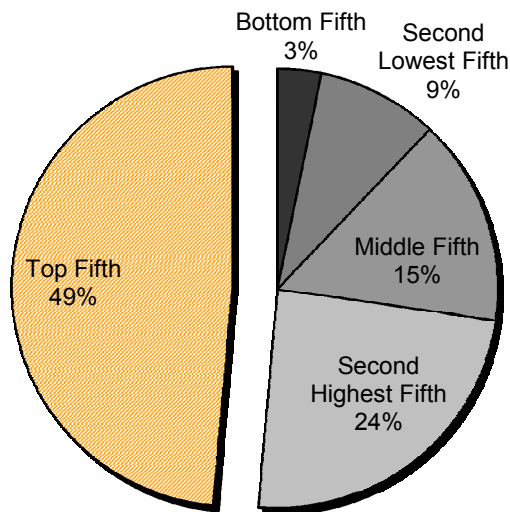
- Unemployment in Alameda County and Contra Costa County in 2010 remained in the double digits: 11.3% and 11.2% respectively, up from 3.5% and 3.6% respectively in 2000. In Oakland, unemployment was at 16.9%, up almost three-times the unemployment rate of 5.6% in 2000.
- In 2010, parts of West Oakland had stark unemployment rates as high as 44-45%, and East Oakland as high as 31-35%.
- In the East Bay, African Americans had unemployment rates nearly twice that of Whites, and over 60% higher than the overall unemployment rate in the East Bay.
- One in 7 workers in the East Bay (13%, over 90,000 workers) toil in the five lowest-paying job categories.
- African Americans and Latinos continue to be over-represented in traditionally middle to lower-paying occupations. African Americans are over-represented in Sales and Office occupations with overall median earnings of \$45,730. Latinos are over-represented in Service occupations, where median earnings are \$30,981.

FINDINGS

1. Increasing Income and Wealth Inequality Locally, Statewide, and Nationally

The Occupy Wall Street movement has generated renewed interest in income inequality in the public eye. The latest economic data shows not only widening

SHARE OF THE PIE IN THE EAST BAY: DISTRIBUTION OF TOTAL HOUSEHOLD INCOME BY FIFTHS (2010)



disparities between rich and poor, but also between average households and corporations.

Who are the top 1%, and how have they fared relative to middle-income workers?

In the East Bay, the share of total income going to the top fifth households was 49%, while the middle fifth—or the “average households”—received only 15%. In Oakland, the top fifth households garnered 54% of total income, while the middle fifth held at 14%.¹ This means for **every dollar of all household income earned, approximately half went**

to the top 20%, leaving the other half to be shared among the remaining 80% of households. Within those at the top fifth by household income in the East Bay, the top 5% by household income held 19% of the total income in the region.

While income and wealth continue to be concentrated at the top, the **median or average household in the East Bay actually lost real income over the past decade**, with even steeper declines for certain racial and ethnic groups. When adjusted for inflation, real **median household income in the East Bay dropped -\$7,267 between 2000 to 2010**. Hispanic/Latino households and Asian households lost the most ground, with incomes decreasing by a median of -\$11,489 and -\$11,329 respectively in inflation adjusted dollars between 2000-2010. Black or African American households lost -\$7,438 during the same time period, due in part to a lower starting median household income, while Non-Hispanic Whites lost -\$5,052. In Oakland, Non-Hispanic White households on average had small gains in real household income over the past decade, while Hispanic/Latino, Black or African American, and Asian households all lost ground.²

Data for individual and corporate wealth are more accessible at the national and state level, and parallel the income and wealth inequality observed locally. While incomes have declined for the average household in the East Bay over the past decade, **nationally CEO compensation ballooned to over 298.5 times that of the average production worker**. This is after the ratio of CEO to

average worker pay was fairly flat and under 100 between 1965-1990.³

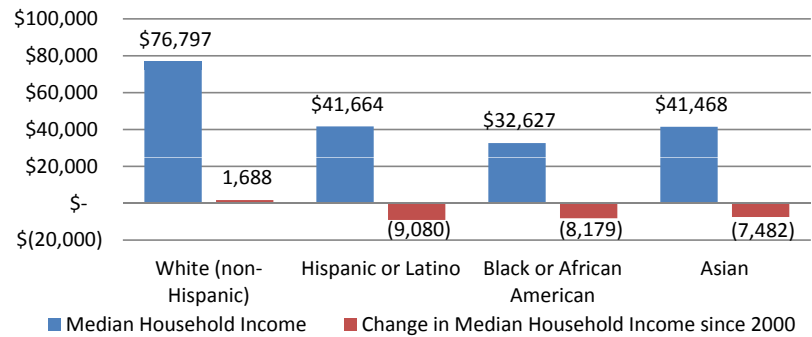
Recent national studies have also established the intersection between CEO pay and corporations that fail to pay their share of taxes. Out of the top 100 corporations with the highest CEO compensations, **a quarter of the companies actually paid their executives more than they paid Uncle Sam through federal corporate income taxes.**⁴

In California, the top 1% enjoyed income *gains* of 50% between 1987 and 2009, while the average income of middle-income Californians *dropped* by 15%. The **wealthiest Californians also increased their share of total income** from 13% to 18% between 1987 and 2009, versus the bottom 80% of taxpayers who lost their share of total income, going from 47% to 39% in the same time period.⁵

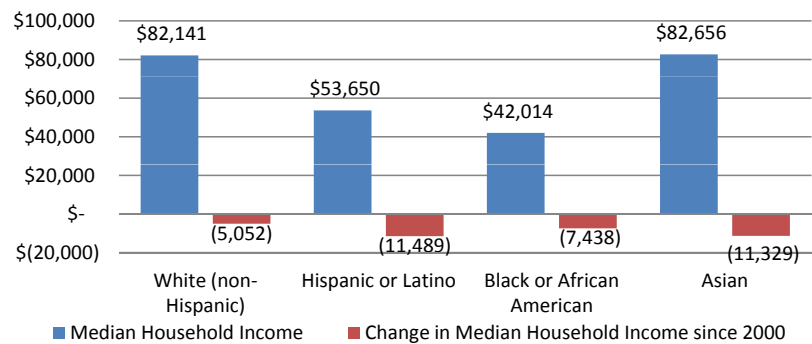
California corporations have also generated profits amidst the economic recovery, but paid only a few percentage points in taxes. One study found that of the 33 California-based Fortune 500 companies by profit, the top two companies—Wells Fargo Bank and Intel Corporation—paid 0.7% in state taxes and zero state taxes respectively.⁶

Anecdotally, Oakland-based firms are also not immune to corporate tax dodging and debt.

OAKLAND MEDIAN HOUSEHOLD INCOME BY RACE, VERSUS CHANGE IN HOUSEHOLD INCOME FROM 2000-2010 (infl adj)



EAST BAY MEDIAN HOUSEHOLD INCOME BY RACE, VERSUS CHANGE IN HOUSEHOLD INCOME FROM 2000-2010 (infl adj)



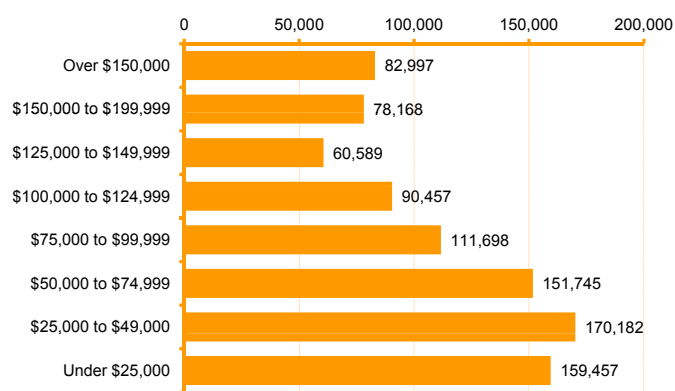
For example, shipping container company C & JD USA was listed by the state Board of Equalization as being delinquent by over \$16 million in tax liens filed in 2006—underscoring the impact on state and local revenues due to ongoing corporate debt.⁷

2. Middle Class Pinched, Household Income of African Americans and Latinos Bottoming Out

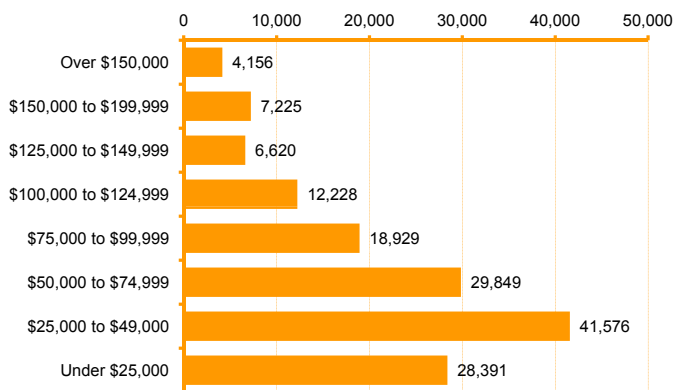
Both the East Bay and Oakland's household income distribution shows a pinching of the middle class, with fewer households with incomes of \$100,000-\$124,000. At the same time, there is a concentration of lower income households—those with incomes of less than \$50,000—and a slight bulge of higher income households over \$150,000.⁸

Household income for African Americans and Latinos in the East Bay and Oakland are bottoming out. While the overall income distribution in the East Bay represents more of an hourglass, **African Americans and Latino household incomes represent slopes, with fewer households at the top and more concentrated at the bottom.**⁹

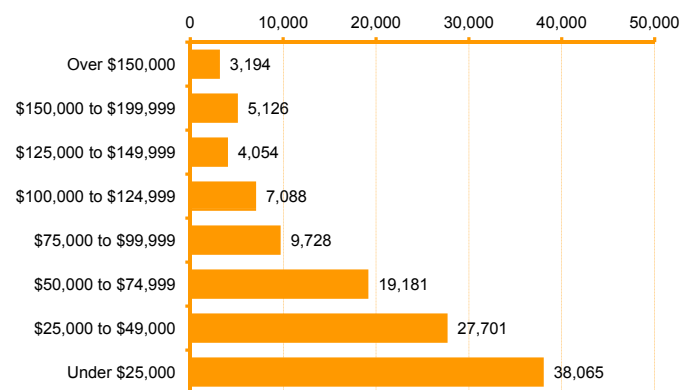
**EAST BAY HOUSEHOLD INCOME DISTRIBUTION
(BELOW \$150,000)**



**EAST BAY LATINO HOUSEHOLD
INCOME DISTRIBUTION (BELOW \$150,000)**



**EAST BAY BLACK OR AFRICAN AMERICAN HOUSEHOLD
INCOME DISTRIBUTION (BELOW \$150,000)**

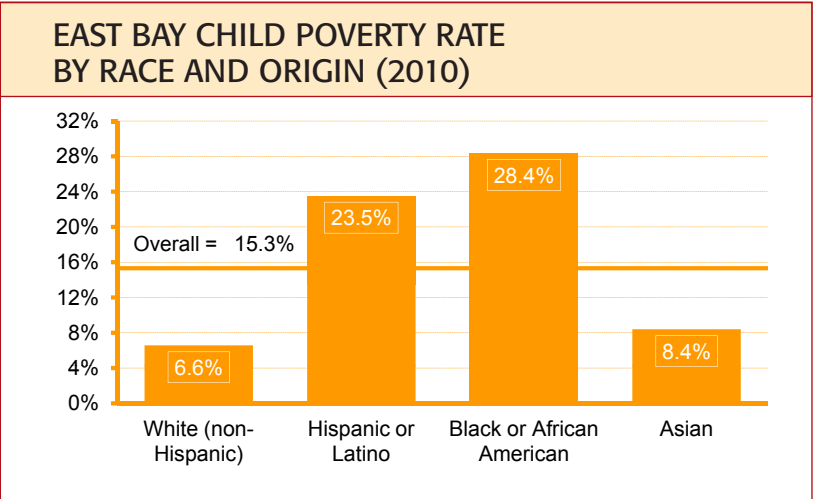
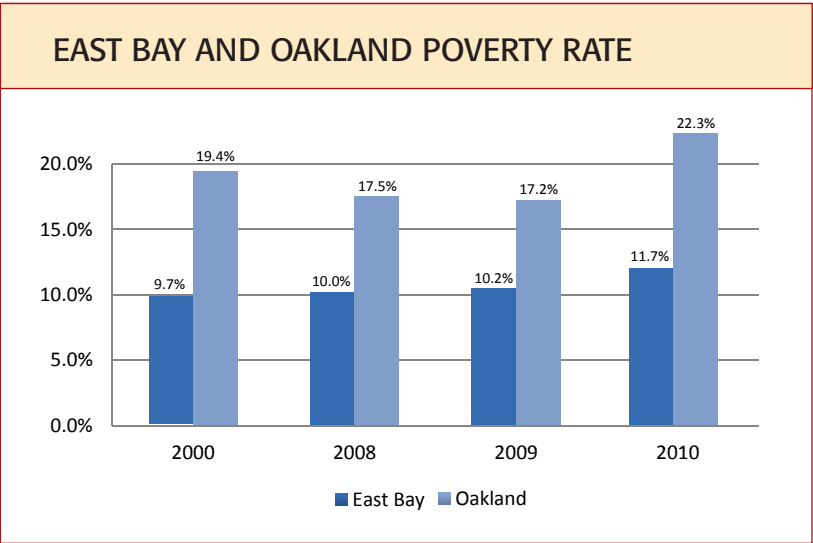


3. Poverty Increases in the Wake of the Recession

The most recent recession sent more individuals into poverty. **In 2010, the poverty rate in the East Bay was 11.7% (or 296,611 residents) which was higher than the 9.7% poverty rate in 2000.**¹⁰ In Oakland, the largest city in the East Bay, the poverty rate was 22.3% (86,682 people) in 2010, up from 17.2% in 2009, and 19% in 2000. Note that dips in Oakland’s poverty rate may be attributed to time lags in data collection: poverty rates in 2000 reflect 1999 incomes in the midst of a short recession following the bursting of the tech bubble, and dips in poverty in 2009 reflects 2008 incomes-- before the economy reached the depths of the Great Recession. These poverty rates also do not reflect the high cost of living in the Bay Area and the East Bay, and therefore undercounts true economic strife in the region.

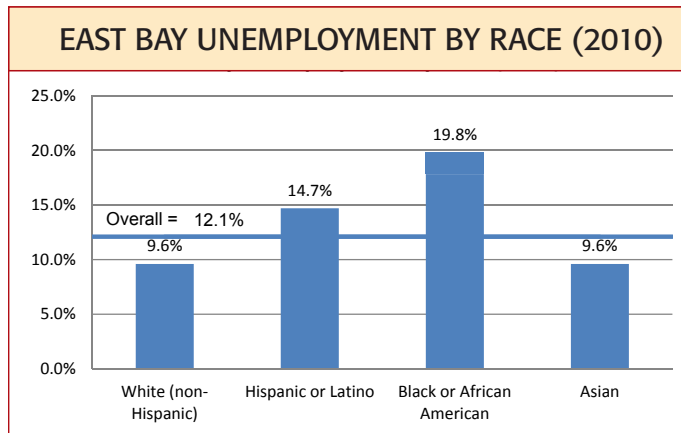
The region’s poverty rate is also influenced by the quality and type of jobs that are employing residents. Many jobs do not pay enough to lift individuals and families out of poverty. **Over 1 in 3 of those in poverty were working full or part time** (37% in the East Bay, 80,591 workers, and 36% in Oakland, 22,502 workers). The decrease in the percentage of working poverty at 41% for the East Bay and 38% in Oakland since 2009 may indicate a region and city struggling with lack of jobs as well as lack of quality jobs—**forcing residents into the difficult choice of no job or low-wage jobs.** Poverty impacts not only individuals, but touches the lives of the most vulnerable

children and families. Nearly 1 in 7 (15.3%) of children under the age of 18 were living in poverty in 2010. The effects of poverty by race are stark, **with African American and Latino children experiencing 3.5 times more poverty than Non-Hispanic Whites.**¹¹



4. Workers Stuck between Unemployment and Low Wages

With increased income and wealth inequality and the bottoming-out of the economy, low-wage workers feel the squeeze between the pressures of unemployment and low-quality jobs.



Those who are looking for work face difficult obstacles. Even after the “official” end of the Great Recession, unemployment in Alameda County and Contra Costa County in 2010 remained in the double digits: 11.3% and 11.2% respectively, up from 3.5% and 3.6% respectively in 2000. In Oakland, unemployment was at 16.9%, up almost three-times the unemployment rate of 5.6% in 2000.¹²

The neighborhoods of **East and West Oakland** were particularly hard hit by layoffs, lack of jobs, and unemployment. In 2010, parts of West Oakland had stark unemployment rates as high as 44-45%, and East Oakland as high as 31-35%.¹³ These staggering unemployment rates leave many low-income African Americans and Latinos, who comprise 78% of the population in East Oakland and 86% of the population in West Oakland respectively, with few paths out of poverty.¹⁴

In the East Bay, **African Americans had unemployment rates nearly twice that of Non-Hispanic Whites**, and over 60% higher than the overall unemployment rate in the East Bay.¹⁵ Hispanic or Latino households also had higher unemployment rates than the Non-Hispanic White population and the overall population. Note that the unemployment rates listed here are not the official unemployment rates since they are based on a sampling of the population; however, this data can be used to reflect comparisons between racial subgroups and the overall population.

East Bay Lowest Paying Occupations (full year, yr-round, 16 yrs and older, 2010)

Occupation	# of workers	Margin of Error (ME)	Median Earnings	ME2
Food preparation and serving related occupations	21,692	+/-3,692	\$ 23,384	1,133
Personal care and service occupations	21,377	+/-2,707	\$ 26,414	1923
Building and grounds cleaning and maintenance occupations	26,561	+/-3,407	\$ 30,682	2914
Material moving occupations	15,099	+/-2,258	\$ 32,837	3127
Healthcare support occupations	14,043	+/-2,031	\$ 35,361	2855
<i>Lowest paying occupations</i>	<i>98,772</i>		\$ 30,682	
<i>Total Overall</i>	<i>786,385</i>	<i>+/-13,425</i>	<i>\$ 56,209</i>	<i>1,298</i>

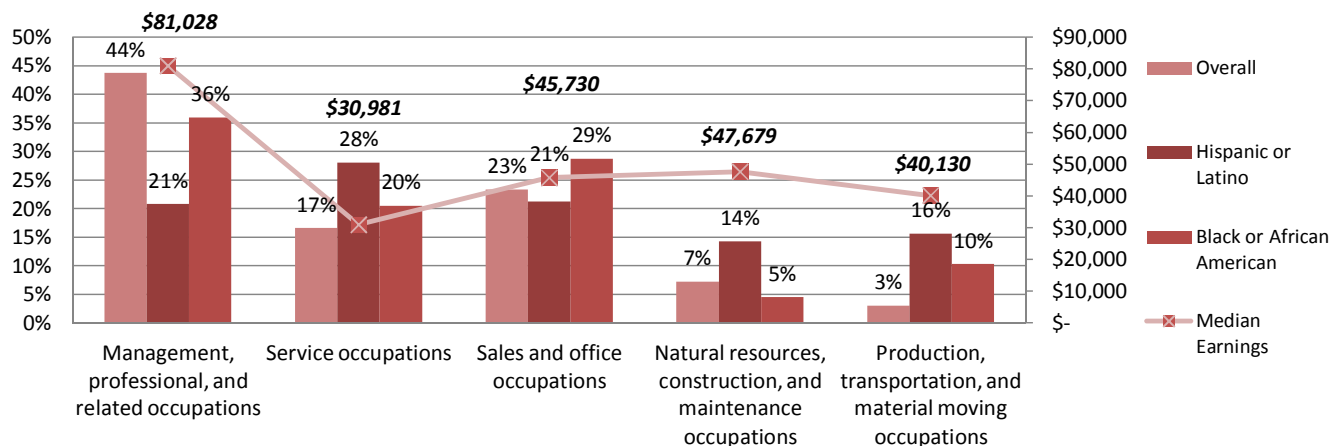
The limited economic recovery in the East Bay has meant too many low-income workers and residents in the East Bay and Oakland are stuck between unemployment and low-wage jobs. One in 7 workers in the East Bay (13%, over 90,000 workers) toil in the **five lowest-paying job categories**. These include Service occupations like food preparation and serving occupations, personal care and service, building and grounds, and healthcare support occupations. Material moving occupations are a subset of Production, transportation, and material moving occupations.¹⁶

African Americans and Latinos continue to be over-represented in traditionally middle to lower-paying occupations. The East Bay distribution of residents working in various occupations shows African Americans over-represented in Sales and Office occupations with overall median earnings of \$45,730. Sales and Office occupations includes jobs in the traditionally lower paying Retail industry. Latinos are over-represented in Service

occupations, where median earnings are \$30,981.

With the concentration of Retail and Service-sector occupations, local governments in the East Bay and Oakland need to invest in growth in industries and occupations that have the potential to provide family sustaining jobs and real career pathways. One occupational group to watch is **Production, transportation, and material moving occupations**, where African Americans and Latinos tend to be over-represented. Many of these occupations are related to work at the Port of Oakland. However, these occupations represent a mix of job qualities. Some jobs in this category provide high wages and benefits supported by collective bargaining agreements, while others remain low-wage jobs with little security and opportunity for advancement. If guided by responsible economic development and targeted hire policies, these jobs can be directed to provide real opportunities for those struggling the most in the East Bay.

EAST BAY OCCUPATIONS AND MEDIAN EARNINGS BY RACE (16 YRS AND OLDER, 2010)



Background Information

ABOUT THE DATA

This data summary is based on primary and secondary data sources. Primary data sources related to poverty and income and all charts are from the 2010 American Community Survey data. The American Community Survey is an annual survey of the U.S. Census Bureau that is conducted year-round for areas of population of 65,000 or above. Household incomes and earnings are reported for the past 12 months, and earnings are reported for the civilian employed population 16 years and over. Because the surveys are based on a sample, the American Community Survey reports margins of error (noted as ME in the charts).

Demographic information at the neighborhood level were derived from the 2010 Decennial Census, which collected information by census tract.

Ebase uses the geography of East Bay in this data summary, and define the East Bay region as Alameda and Contra Costa counties. The East Bay has a combined population of **2.6 million people and nearly 1.2 million workers over age 16 in 2010**. Ebase uses the U.S. Census' Oakland-Fremont-Hayward, CA Metropolitan Division as our main geographic area, which combines Alameda and Contra Costa Counties. For comparisons with Census 2000, Ebase utilizes the Oakland Primary Metropolitan Statistical Area (PMSA), which also includes Alameda and Contra Costa Counties. Unemployment data comes from the Bureau of Labor Statistics, Local Area Unemployment Statistics. These data are not seasonally adjusted. We turned to the American Community Survey for comparisons of unemployment by race since the Bureau of Labor Statistics does not track unemployment by race at the local level.

ABOUT EBASE

The East Bay Alliance for a Sustainable Economy works to create a just economy based on good jobs and healthy communities. By leveraging broad-based strategic partnerships, independent research, and highly organized campaigns, Ebase has been raising workplace standards, increasing job access, and boosting incomes since 1999.

Notes

1. Ebase analysis of American Community Survey 2010.
2. Ebase analysis of American Community Survey 2010. Note that the Census Bureau allows some "comparison with caution" of income and earnings data between 2000 and 2010. http://www.census.gov/acs/www/guidance_for_data_users/comparing_2010/ Unfortunately, due to differences in data collection by the U.S. Census Bureau, distribution of total income is not comparable between 2000 and 2010.
3. Economic Policy Institute, "State of Working America." http://www.stateofworkingamerica.org/files/pre/8_wages_ceo_pay.png
4. Institute for Policy Studies. "Executive Excess 2011: 18th Annual Executive Compensation Survey" www.ips-dc.org/files/3552/Executive-Excess-CEO-Rewards-for-Tax-Dodging.pdf
5. California Budget Project. "A Generation of Widening Inequality." November 2011. Percentages were rounded to the nearest whole number.
6. Institute on Taxation and Economic Policy and Citizens for Tax Justice. "Corporate Tax Dodging in the Fifty States, 2008-2010." December 2011. <http://www.ctj.org/corporatetaxdodgers50states/CorporateTaxDodgers50StatesReport.pdf>
7. San Francisco Business Times, March 9-15, 2012. Pg. 10.
8. Ebase analysis of American Community Survey 2010. Unfortunately, due to differences in data collection by the U.S. Census Bureau, income distribution is not comparable between 2000 and 2010.
9. Ebase analysis of American Community Survey 2010.
10. The federal government guidelines for poverty in 2010 were as follows: \$11,344 for a single person under age 65, and \$22,113 for two adults and two children under 18 years of age. <http://www.census.gov/hhes/www/poverty/data/threshld/> Note that the change in poverty rate from 2009 of 10.2% (255,591) to 2010 was not statistically significant.
11. ACS 2010. Unfortunately the data for Oakland was not robust enough to calculate the poverty rates by race and ethnic origin.
12. Bureau of Labor Statistics, Local Area Unemployment Statistics. <http://data.bls.gov/pdq/querytool.jsp?survey=la>
13. Based on High Unemployment Area designation and data collected by the California Governor's Office of Business and Economic Development. In 2010, Census tracts 4015 and 4016 in West Oakland had unemployment rates of 44% and 45% respectively, while Census tracts 4088 and 4087 in East Oakland had unemployment rates of 35% and 31% respectively. <http://business.ca.gov/Portals/0/AdditionalResources/Reports/List%20of%20High%20Unemployment%20Census%20Tracts%20Web%202011.pdf>
14. Ebase analysis of data from 2010 Decennial Census.
15. ACS 2010.
16. ACS 2010. Unfortunately, due to differences in data collection by the U.S. Census Bureau, occupational distribution and median earnings by occupation are not directly comparable between 2000 and 2010.