

place matters



community engagement | criminal justice | economics | education | housing | land use + transportation

Economics Policy Workgroup: Background Information

Economics Vision Statement

This vision statement was created using the data from our needs assessment, as well as the information presented by the organizations, agencies, and other groups we have talked to thus far.

All residents, regardless of racial/ethnic status or place of residence, are able to pay for basic needs (including housing, food, transportation, healthcare, and childcare) and build wealth.

- Everyone has access to income, through well-paying jobs that provide safe, meaningful work and/or adequate income supports to meet basic needs and promote self-sufficiency.
- Everyone can build wealth and be economically secure through access to essential financial services and opportunities to accumulate savings, acquire credit, and develop assets.

Economics Problem Statements

These problem statements were created using the data from our needs assessment, as well as the information presented by the organizations, agencies, and other groups we have talked to thus far.

1. Access to Income

Problem Statement

In Oakland, access to income is not equitably distributed. African Americans and Latinos are unemployed at substantially higher rates than Caucasians. African Americans, Latinos, and Asians are also overrepresented in Oakland's lowest paid employment sectors (laborers and protective services) and are underrepresented in higher wage jobs and jobs with benefits, where Whites are overrepresented.

Narrative

Oakland residents are more likely to be unemployed than residents in the rest of Alameda County. In 2008, African American residents were the most likely to be unemployed, at 21.5%, and Latino residents were the second most likely at 9.1%, as compared to Whites at 2.3%. Whites represent the greatest percentage of workers in higher-paying management, business, and financial positions as well as other professional jobs. Asians represent large shares of workers in science, engineering, and computer and production operative work. Latinos are the racial/ethnic group that most often works as low-wage laborers and helpers and in construction and extractive craft occupations. African Americans comprise the largest share of the unemployed and are also substantially represented among protective service workers. African Americans, Latinos, Asians, those re-entering from incarceration, aged-out foster youth, and those with limited English proficiency are more likely to be unemployed or employed in low-wage sectors. One in four (24.7%) Bay Area households have income too low to meet their needs. In Alameda County, the areas with the highest concentrations of households with incomes too low to meet their basic needs – where 36% or more of households fall into this category – are in North, East, and West Oakland, as well as Emeryville.

Examples of health implications of low/lack of access to income:

Being low income poses a health risk because low-income households are:

- more likely to live in areas of concentrated poverty without access to healthy resources such as grocery stores, safe places to play, and quality child care and schools

- more likely to live in proximity to sources of toxic pollution and/or heavy truck routes and highways
- more likely to live in areas with high crime rates
- more likely to live away from job centers with jobs that pay self-sufficiency wages and offer benefits
- more likely to be food insecure and lack access to preventative health care
- more likely to dedicate a high percentage of their income on housing and transportation, leaving less money for meeting basic needs, such as buying healthy food and seeking preventative medical care
- less likely to be employed by businesses or organizations that offer higher wages, health benefits and are family friendly, including offering flex-time, paid leave, and other work-life benefits

2. Access to Wealth-Building Opportunities

In Oakland, all residents do not have access to opportunities to build wealth and be economically secure. Access to essential financial services and opportunities to accumulate savings, acquire credit, and develop assets is not equitably distributed. People of color have less wealth than whites due to historical injustices and ongoing inequitable distribution of wealth building opportunities.

Narrative

The United States has a racial wealth gap that far exceeds its racial income gap. This wealth gap is the product of a long history of discrimination in the U.S. and is perpetuated by family inheritance patterns that pass accumulated advantages and disadvantages from one generation to the next.

Wealth differs from income as a measure of economic security because it measures the value of assets that the family or individual has been able to accrue. Increases in asset value such as home equity and stock appreciation add to wealth, while mortgage and credit card debt deduct from wealth. It is therefore possible to have a positive income, but have negative wealth, where the sum of your debts is greater than your income.

Many measures of wealth are unavailable at the local level; however data from the national and state level demonstrate the racial wealth gap. In 2004, the median net worth of white families (\$140,700) was nearly six-fold greater than that of families of color (\$24,800).¹ In addition, twenty-six percent of Hispanic, 32 percent of Black and 13 percent of White households had zero or negative net worth in 2002.² Racial wealth disparities are found across all categories of asset ownership, including home equity; stock ownership; business ownership; and retirement savings.

Another measure of wealth is asset poverty. A household is asset-poor if it lacks the resources to subsist at the poverty level for three months if it loses its source of income. In California, 55% of those earning below \$24,800, and 46% of those earning \$24,801-\$44,800 per year are asset-poor. Even middle-income families face asset-poverty: 34% of those earning \$44,801-\$68,800 are asset-poor.

Appropriate banking products are one avenue to establishing savings and building credit. Many Oakland residents are “unbanked,” meaning they lack access to mainstream financial institutions and are forced to rely on expensive check-cashing services. This is especially true in

communities of color. California has roughly one non-bank check casher for every 4,300 residents, which is the highest per-capita number in the country. There are higher concentrations of non-bank check cashers in low-income communities of color and a much lower presence of traditional banks. The estimated typical fees paid to non-bank check cashers over one year by an unbanked, working household in California is \$689 and payday loans have an average APR of 459%.⁵ People who use check cashers instead of a mainstream bank have no or limited access to wealth-building credit or loans, often with higher prices than might be otherwise possible.

Another conventional vehicle for wealth building is homeownership. See the Place Matters housing workgroup problem statement for more detail and statistics on inequitable homeownership rates and predatory lending practices.

Examples of health implications:

The health implications of lacking wealth are the same as lacking income. In addition, households that lack wealth are:

- less likely to have the resources necessary for developing the develop personal assets, such as education and job skills that contribute to good health
- less likely to survive financial setbacks without seeing standard of living permanently undermined, which can result in unhealthful neighborhood and living conditions
- less likely to be able to give their children a wide range of advantages that position them to build wealth, and thus good health, as adults (moving to good school district, paying for college, giving adult child money for down payment)
- more likely to experience day-to-day stress associated with making ends meet

List of “Experts” and Relevant Reports

In addition to reviewing the local data on the economic conditions in Oakland and the research on the pathways by which health and economic conditions are linked, we spoke with “experts” in the field. We defined “experts” as people who have experience in the area of economics, through personal experience, academic research, job focus or any other way that gave them exposure to economic issues. We also reviewed local reports and policy agendas that included policy recommendations related to economics. This list covers both.

“Experts” we spoke with:

- ONWRD – *Reem Assil*
- Oakland Partnership – *Karen Engle*
- East Bay Business Development Alliance – *Keith Sutton*
- HOPE Collaborative – *Hank Herrera*
- Workforce Collaborative – *John Brauer*
- UC Berkeley Labor Center – *Steven Pitts*
- East Bay Alliance for a Sustainable Economy – *Jenny Lin*
- East Bay Community Foundation – *Darien Louie*
- Women’s Initiative for Self-Employment – *Liz DeRenzy*
- Alameda County Human Resources – *Rosa Flores*
- Ella Baker Center – *Emily Kirsch*
- City of Oakland Contract Compliance and Employment Services – *Deborah Barnes*
- Alameda County Community Asset Network – *Lisa Forti*
- City of Oakland Workforce Investment Board – *Earl Johnson*

Local reports we referenced:

- Dellums Task Force Report
- Putting the East Bay to Work (East Bay Community Foundation)
- Good Jobs, Safe Streets (East Bay Alliance for a Sustainable Economy)
- Taking Stock of Oakland’s Economy (McKinsey and Company)
- Putting Oakland to Work (East Bay Alliance for a Sustainable Economy)

Agendas we referenced:

- HOPE Collaborative

We were forwarded these agendas through The California Endowment’s East Oakland Building Health Communities project.

- ACCE (formerly ACORN)
- Communities for a Better Environment
- Oakland Community Organizations

