

## ECONOMIC OPPORTUNITY AND HEALTH IN THE BAY AREA

An inclusive local economy promotes everyone's health by allowing households to meet basic needs and plan for a healthy future. Despite the Bay Area's recent unprecedented growth, many working and middle class residents have been left behind—facing low wages, spiraling debt, disinvested neighborhoods and shrinking social supports. These preventable conditions are associated with preventable diseases, injury, and ultimately lower life expectancy.

### *Inequities in Wages and Wealth*

The Bay Area has added nearly 200,000 jobs in the past decade,<sup>1</sup> many of which are in high-wage sectors, driving enormous increases in the costs of housing and other necessities.<sup>2</sup> Yet **over a third (36%) of all Bay Area jobs pay less than the average living wage** – meaning enough money for basic needs – of \$18 per hour for a single adult.<sup>3</sup> And conditions for low-wage workers are getting worse. Wages in the service industry have declined by 16% in the past decade, and other low-wage sectors have followed similar downwards slides.<sup>4</sup> Statewide, California is approaching the highest wage gap between high and low-wage workers ever recorded.<sup>5</sup> These trends disproportionately impact women, African Americans, Latinos and some Asian American communities.

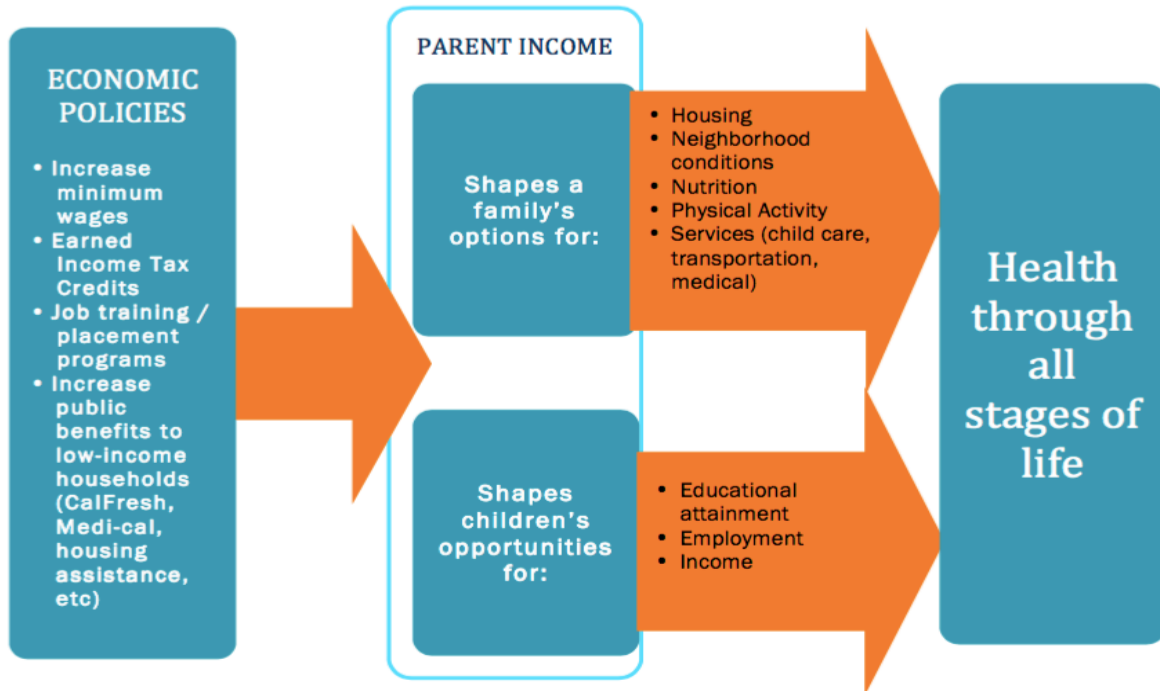
Many working class families are also finding it increasingly difficult to keep what they earn and build wealth. The single largest predictor of wealth in the United States is the wealth of one's parents, meaning that both wealth and poverty are often replicated across generations, and tend to continue past inequities.<sup>6</sup> **In fact, the median white household currently owns 13 times more than a median Black family and 10 times more than the median Latino family, and this gap is growing.**<sup>7</sup>

Homeownership is the single largest source of wealth creation for Americans, and has traditionally been an especially important wealth building strategy for people of color.<sup>8</sup> However, subprime loans and the subsequent foreclosure crises decimated these savings, reducing the median net worth of Latinos by 66% and African Americans by 53% – far more than the 16% reduction for Whites.<sup>9,10,11</sup> Outer Bay Area areas like Solano and Contra Costa Counties were hit particularly hard. In addition, in low-income neighborhoods, there is a higher concentration of predatory lending and financial schemes that strip resident wealth. In 2008, low- and moderate-income households paid over \$8.5 billion in fees to businesses like check cashers and payday lenders.<sup>12</sup>

### *Economic Opportunity and Individual Health*

Research indicates that economic opportunity is one the most powerful predictors of good health. Figure 3 shows how this association operates through multiple mechanisms impacted by economic policy to affect the health and wealth of individuals and families across generations.<sup>1</sup>

Figure 3



(Adapted from Braveman & Egerter, 2013)

More explicitly, economic opportunity can affect individuals' health in the following ways:

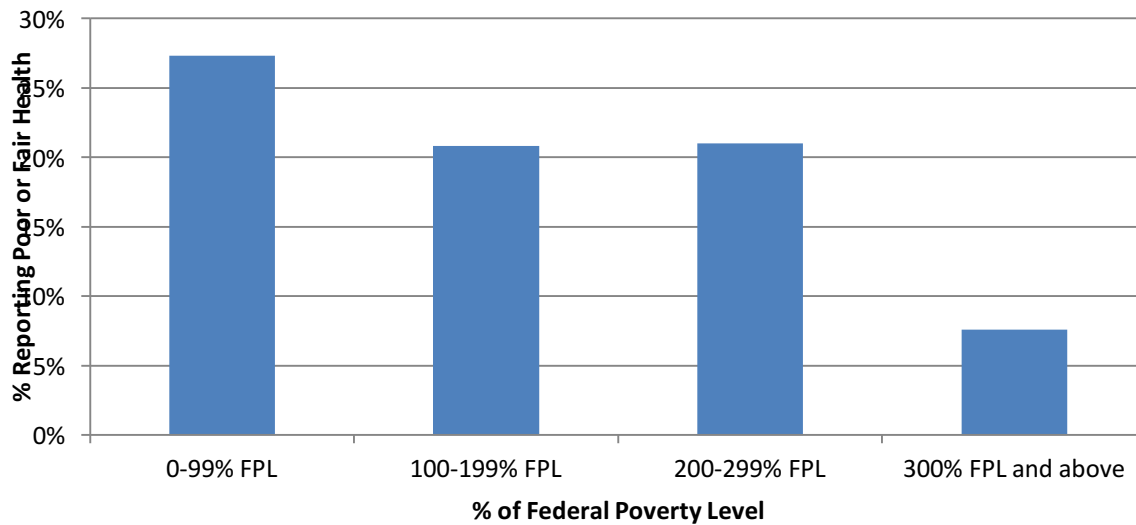
- **Basic Resources:** Economic opportunity allows workers reliable access to the goods and services that are necessary for a healthy life. This includes medical care, healthy food, quality housing, and education that help provide opportunities for the future.<sup>13</sup>
- **Stress and Trauma:** Economic opportunity helps people avoid the trauma and chronic stressors of poverty, such as violence and insecure housing, employment and food. These stressors have strong and long-term effects on both mental and physical health, and can even influence our children's and grandchildren's health.<sup>14,15, 16,17,18</sup>
- **Stability and Control:** Economic opportunity can help limit unemployment and perceived job insecurity, which are associated with depression, anxiety and overall poor health,<sup>19,20</sup> while control, organization, and opportunities for participation at work have been linked to better health outcomes.<sup>21</sup>

<sup>1</sup> Braveman, P.A., & Egerter, S. (2013) Overcoming Obstacles to Health in 2013 and Beyond. Robert Wood Johnson Foundation Commission to Build a Healthier America. Retrieved from: <http://www.rwjf.org/content/dam/farm/reports/reports/2008/rwjf22441>

- **Healthy Activity:** Economic opportunity makes it less necessary for people to work long hours and multiple jobs. This allows workers to engage with their communities, cook healthy meals, spend time with family and friends, go to medical appointments, and participate in physical activity and other healthy activities.<sup>22, 23, 24</sup>
- **Healthy Places:** Economic opportunity can make it possible to afford living in places with health-supportive amenities like parks, good schools, employment, clean air, and safe streets.<sup>25, 26</sup>

These findings are born out in the Bay Area, where BARHII analysis (below) has shown that those with the **lowest incomes (below poverty) are four times more likely to be in fair or poor health than those with the highest incomes.**<sup>27</sup> Because of the strong link between class and race, these health outcomes also fall disproportionately on African Americans.<sup>28</sup>

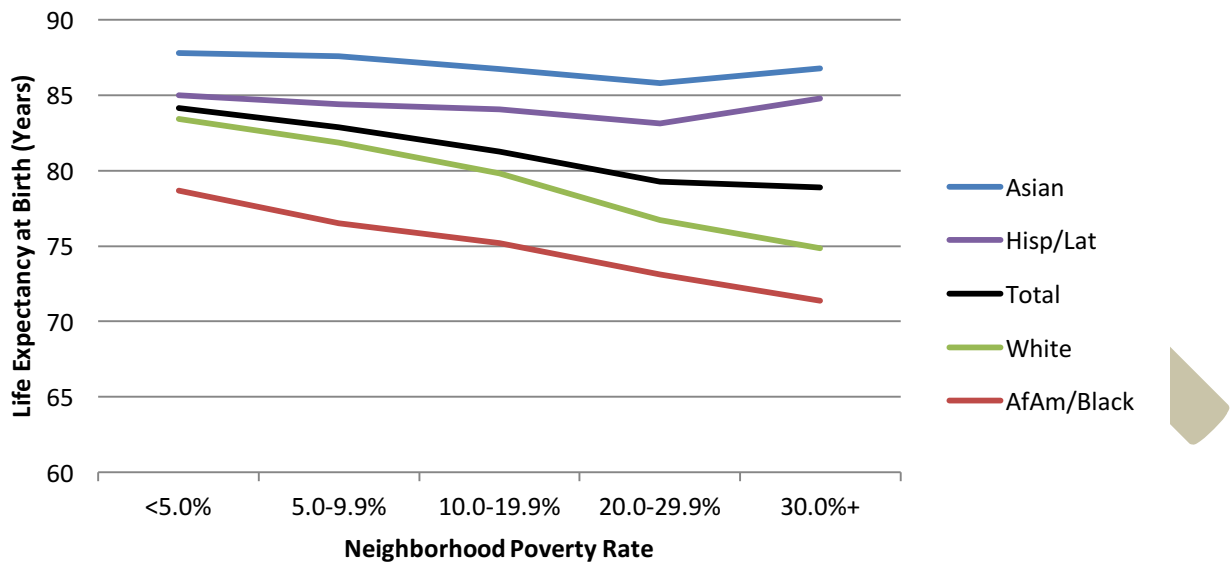
**Figure 1: Fair or Poor Self-Rated Health by Poverty Level; SF Bay Area, 2014**



### *Economic Opportunity and Community Health*

Economic opportunity also shapes the health of entire communities. As noted above, many African American and Latino households have faced dramatic barriers to building wealth. In aggregate this means that many communities of color in the Bay Area have far fewer monetary resources to support their residents. Many of these communities have also had little public or private investment in safe housing, quality schools, parks, safe parks to socialize and exercise, transportation, and jobs.<sup>29</sup> Additionally, the safety-net services that have helped families make ends meet have seen dramatic cuts in recent decades. This community-scale economic insecurity compounds the struggles of individual households, resulting in dramatic reductions in both health and life expectancy. Figure 2 below illustrates this sobering point, showing more than a 5 year difference in life expectancy between the Bay Area's most and least wealthy neighborhoods.

Figure 2: Life Expectancy at Birth by Neighborhood Poverty Rate for 10 SF Bay Area Counties, 2009-11



Source: Alameda County Public Health Department, with data from California vital statistics files, 2009-2011.

## CREATING ECONOMIC OPPORTUNITY AND HEALTH

These inequitable health outcomes are preventable. Policies and other interventions that increase economic opportunity can all help improve physical and economic health:

**Raise Wages:** Increase minimum wages to meet costs of living,<sup>30</sup> and pass living wage ordinances which set wage and benefit standards for government employees and firms that benefit from public contracts, subsidies, or resources.

**Improve Working Conditions:** Pass policies that include: paid family leave for new parents,<sup>31</sup> paid sick time beyond the state mandated three days, minimum standards for fair hiring, benefits, predictable scheduling, protection for organizing, and healthy and safe working conditions, with a focus on low-wage workers. Increase enforcement of labor laws—in particular to prevent wage theft, where workers do not receive the full wages and benefits they are legally entitled to.

**Expand Education and Pathways to Middle Wage Jobs:** Ensure equal access to quality childcare, preschool and education through high school graduation for all students. Advocate for school disciplinary policies such as restorative justice that aim to keep students in school vs. suspensions and expulsions, in order to increase graduation rates and decrease the educational achievement gap. Support industries that provide middle-wage jobs by increasing coordination among jurisdictions and by zoning to preserve industrial zones in appropriate locations. Support lower-skill workers to fill middle-wage jobs through educational agencies and job-specific training programs. Ensure that projects relying on public land, facilitates or dollars provide training programs, living wages and local/targeted hiring.

**Remove Barriers to Employment:** Pass policies that provide access to job opportunities for people who have been formerly incarcerated in order to reduce recidivism, improve incomes, and benefit overall community health. “Banning the Box” so past convictions are not included on job applications, and

targeted job training and placement programs can all help formerly incarcerated people, low-income communities, communities of color, and youth in foster-care systems find employment.

**Help Families Keep What They Earn and Build Wealth:** Limit predatory financial services (like check cashing, payday loans, and sub-prime home loans) and provide lower income areas increased access to more stable, community-owned, financial services with low interest rates, public ownership and/or local reinvestment. Support financial coaching and other programs to help families escape debt and build wealth.<sup>32</sup>

**Invest in Communities and Local Business:** Provide adequate funding for health-promoting public services and amenities like schools, libraries, health care, transportation, social safety-net programs, housing, parks, etc., while passing policies to limit displacement in at-risk neighborhoods.<sup>33</sup> Promote small businesses in local planning processes and identify opportunities and tools for retaining small businesses—such as proactive multi-lingual enforcement, small business coaching, and assistance with long-term leases and code compliance.<sup>34</sup>

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<sup>1</sup> Metropolitan Transportation Commission. <http://www.vitalsigns.mtc.ca.gov/jobs>

<sup>2</sup> See BARHII Displacement Brief: <http://barhii.org/wp-content/uploads/2016/02/BARHII-displacement-brief.pdf>

<sup>3</sup> Metropolitan Transportation Commission's Plan Bay Area 2040 *Bay Area Economic Prosperity Strategy*: [http://planbayarea.org/pdf/EconomicProsperity\\_web\\_single.pdf](http://planbayarea.org/pdf/EconomicProsperity_web_single.pdf)

<sup>4</sup> Real wages adjusted for inflation, 2005-2014. BARHII's *The Minimum Wage and Health Report*: [http://barhii.org/download/publications/barhii\\_2014\\_minimum\\_wage\\_health.pdf](http://barhii.org/download/publications/barhii_2014_minimum_wage_health.pdf)

<sup>5</sup> California Budget Project (2014) "Where is the Wage Growth? Wage Stagnation in California's Economy" Economy Brief. Retrieved from: [http://www.cbp.org/pdfs/2014/140508\\_Wage\\_Stagnation\\_EB.pdf](http://www.cbp.org/pdfs/2014/140508_Wage_Stagnation_EB.pdf).

<sup>6</sup> National Bureau of Economic Research, *The Correlation of Wealth Across Generations*; Kerwin Kofi Charles and Erik Hurst; Working Paper 9314: <http://www.nber.org/papers/w9314> (October 2002)

<sup>7</sup> Pew Research Center. "Wealth inequality has widened along racial, ethnic lines since end of Great Recession". 2014. Available at: <http://www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/>

<sup>8</sup> The Greenlining Institute; Economic Equity: Homeownership: <http://greenlining.org/issues-impact/economic-equity/homeownership/>

<sup>9</sup> Debbie Gruenstein Bocian, Keith S. Ernst, and Wei Li, *Race, Ethnicity and Subprime Home Loan Pricing*, Journal of Economics and Business, 60, 110-124 (2008)

<sup>10</sup> Debbie Gruenstein Bocian and Richard Zhai, *Borrowers in High Minority Areas are More Likely to Receive Prepayment Penalties on Subprime Loans* (2005), available at [http://www.responsiblelending.org/mortgage-lending/research-analysis/rr004-PPP\\_Minority\\_Neighborhoods-0105.pdf](http://www.responsiblelending.org/mortgage-lending/research-analysis/rr004-PPP_Minority_Neighborhoods-0105.pdf)

<sup>11</sup> PEW Research Center's *The Toll of the Great Recession*; tabulations of Survey of Income and Program Participation data: <http://www.pewhispanic.org/2011/07/26/the-toll-of-the-great-recession/>

<sup>12</sup> Consumer Savvy Toolkit: <http://alamedacountyca.org/tools/savvy-consumer-curriculum/>

Braveman, P.A., & Egerter, S. (2013) *Overcoming Obstacles to Health in 2013 and Beyond*. Robert Wood Johnson Foundation Commission to Build a Healthier America. Retrieved from:

<http://www.rwjf.org/content/dam/farm/reports/reports/2008/rwjf22441>

<sup>13</sup> Robert Wood Johnson Foundation. Issue Brief #4: Income, Wealth and Health. 2011. Available at:

[http://www.rwjf.org/content/dam/farm/reports/issue\\_briefs/2011/rwjf70448](http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2011/rwjf70448).

<sup>14</sup> Marmot M, Bosma H, Hemingway H, Brunner E, Stansfeld S. Contribution of job control and other risk factors to social variations in coronary heart disease incidence. *Lancet*. 1997; 350: 235-239

<sup>15</sup> Baum A, Garofalo JP, Yali AM. Socioeconomic status and chronic stress. Does stress account for SES effects on health? *Ann N Y Acad Sci*. 1999;896:131-44.

<sup>16</sup> Robert Wood Johnson Foundation. Issue Brief #4: Income, Wealth and Health. 2011. Available at:

[http://www.rwjf.org/content/dam/farm/reports/issue\\_briefs/2011/rwjf70448](http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2011/rwjf70448).

<sup>17</sup> Matthews KA, Gallo LC, Taylor SE. Are psychosocial factors mediators of socioeconomic status and health connections? A progress report and blueprint for the future. *Ann N Y Acad Sci*. 2010;1186:146-73.

<sup>18</sup> Discover Magazine. "Grandma's Experiences Leave a Mark on Your Genes". June, 2015. Available at:

<http://discovermagazine.com/2013/may/13-grandmas-experiences-leave-epigenetic-mark-on-your-genes>

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- <sup>19</sup> Burgard SA, Kalousova L, Seefeldt KS. Perceived job insecurity and health: the Michigan recession and recovery study. *J Occup Environ Med.* 2012;54(9):1101-6.
- <sup>20</sup> McKee-Ryan F, Song Z, Wanberg C, Kinicki A. Psychological and physical well-being during unemployment: A meta-analytic study. *J Appl Psychol.* 2005; 90(1): 53-76.
- <sup>21</sup> Spector, P. Perceived control by employees: a meta-analysis of studies concerning autonomy and participation at work. *Human Relations.* 1986: 39(11):1005-1016
- <sup>22</sup> Salmon J, Owen N, Bauman A, Schmitz MK, Booth M. Leisure-time, occupational, and household physical activity among professional, skilled, and less-skilled workers and homemakers. *Prev Med.* 2000;30(3):191- 199.
- <sup>23</sup> Adkins CL, Premeaux SF. Spending time: The impact of hours worked on work–family conflict. *J Vocat Behav.* 2012;80(2):380-389.
- <sup>24</sup> Health Impact Partners, UCLA Labor Center and Restaurant Opportunities Center- Los Angeles. Health Impact Assessment of the Proposed Los Angeles Wage Theft Ordinance. 2014. Available at: [http://www.irlle.ucla.edu/publications/documents/wage\\_theft\\_report\\_082514\\_KF.pdf](http://www.irlle.ucla.edu/publications/documents/wage_theft_report_082514_KF.pdf).
- <sup>25</sup> Centers for Disease Control and Prevention. Healthy Places Website. Available at: <http://www.cdc.gov/healthypaces/about.htm>.
- <sup>26</sup> Robert Wood Johnson Foundation. Issue Brief #4: Income, Wealth and Health. 2011. Available at: [http://www.rwjf.org/content/dam/farm/reports/issue\\_briefs/2011/rwjf70448](http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2011/rwjf70448).
- <sup>27</sup> California Health Interview Survey (CHIS) 2012; includes the 9 SF Bay Area Counties
- <sup>28</sup> Research Brief: *Poverty in the San Francisco Bay Area*, March 2015, Silicon Valley Institute for Regional Studies: <https://www.jointventure.org/images/stories/pdf/poverty-brief-2015-03.pdf>
- <sup>29</sup> *Why Place Matters: Building a Movement for Healthy Communities*; PolicyLink and The California Endowment (2007): [https://www.policylink.org/sites/default/files/WHYPLACEMATTERS\\_FINAL.PDF](https://www.policylink.org/sites/default/files/WHYPLACEMATTERS_FINAL.PDF)
- <sup>30</sup> The California State minimum wage will raise in increments to \$15 an hour by 2022. Some cities in the Bay Area, including San Francisco, Berkeley, Oakland, Emeryville, Mountain View, Palo Alto, Richmond, San Jose, Santa Clara, and Sunnyvale have already established higher wages than state requirements so that workers can meet their economic needs. See: The Economic Policy Institute Minimum Wage Tracker: [http://www.epi.org/minimum-wage-tracker/#/min\\_wage/California](http://www.epi.org/minimum-wage-tracker/#/min_wage/California)
- <sup>31</sup> In 2015, only about 12% of U.S. companies offered paid leave for new parents, down from 17% in 2010. See: Institute for Women’s Policy Research, *Paid Parental Leave in the United States: What the data tell us about access, usage, and economic and health benefits*, March 2014; page 20
- <sup>32</sup> Asset-building and protection resources include: Equitable financial services and asset building: [www.assetbuilding-bayarea.org](http://www.assetbuilding-bayarea.org), Consumer Financial Protection Bureau: [www.consumerfinance.gov](http://www.consumerfinance.gov), Savvy Consumer Toolkit: [alamedacountycan.org/tools/savvy-consumer-curriculum/](http://alamedacountycan.org/tools/savvy-consumer-curriculum/)
- <sup>33</sup> See BARHII Displacement Brief: <http://barhii.org/wp-content/uploads/2016/02/BARHII-displacement-brief.pdf>
- <sup>34</sup> For example, see San Mateo’s North B Street Initiative: [http://www.gethealthysmc.org/sites/main/files/file-attachments/case\\_study\\_north\\_b\\_street.pdf](http://www.gethealthysmc.org/sites/main/files/file-attachments/case_study_north_b_street.pdf)