New Study Finds SF Bay Area’s Economic Growth is Leaving Low-Income Communities Behind

Regional examination of strategies to expand economic opportunity suggests a new, multi-pronged approach is needed

The Bay Area’s current growth pattern is on track to increase inequality and tighten the “middle class squeeze” by generating too few middle-wage jobs.

That’s one of the principal findings of the newly released Economic Prosperity Strategy, the result of 18 months of research, analysis and firsthand experience of a broad group of workers, community and business leaders seeking to expand economic opportunity throughout the 7-million-person San Francisco Bay Area.

While the initial goal of the Economic Prosperity Strategy was to help low-wage workers move up to better-paying jobs, its research revealed a deeper problem. Over 1.1 million Bay Area residents currently work in lower-wage jobs. But the regional economy is projected to generate only 31,000 annual middle-wage job openings.

If the Bay Area continues on its current trajectory, this tiny (and shrinking) window of opportunity will make it mathematically impossible for the vast majority of low-wage workers to move up into the middle class.

Tackling this challenge will require a comprehensive region-wide approach aimed at three interrelated goals: raising the floor by improving the quality of low-wage work; expanding the middle through new economic development strategies that increase the proportion of middle-wage jobs; and increasing access to economic opportunity through education, workforce training and hiring practices.

The Economic Prosperity Strategy identifies a set of 10 high-priority strategies needed for the Bay Area to bend the curve: away from the current path of increasing inequality and associated cost-of-living, transportation and housing affordability challenges, and towards a sustainable and inclusive economic growth pattern.

Efforts to move forward with solutions are already underway. Ten pilot projects are underway across the region from Santa Rosa to San Jose to field-test and refine selected strategies. Local minimum wage increases have been proposed in half a dozen cities across the Bay Area, and living wage policy initiatives are underway in several counties, including the County of Santa Clara where the nation’s most comprehensive living wage policy proposal was introduced in May and will come to a vote before year’s end.

“Our hope is that the Economic Prosperity Strategy will serve as both a guidebook and a spur to action for the Bay Area to take a coordinated, regional approach to improving economic opportunity,” said Derecka Mehrens, executive director of Working Partnerships USA and part of the multi-stakeholder team that produced the report. “The goal is not just to improve conditions locally, but to incubate innovative approaches to inclusive growth in Silicon Valley that can help provide a model for other communities across the United States.”

Principal authors of the Economic Prosperity Strategy are the Center for the Continuing Study of the California Economy (CCSCE), SPUR, the San Mateo County Union Community Alliance (SMCUCA) and Working Partnerships USA. The Economic Prosperity Strategy is available at: http://www.wpusa.org/EPS.html

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