Historical Overview

Tracing historical patterns of income inequality in the United States strengthens understanding of the relationship between income and population health. In the 1960s, civil rights legislation and Great Society anti-poverty, education, and health programs narrowed the rich-poor gap and contributed to declining inequities in premature and infant mortality, especially among people of color, in the period between 1966 and 1980. Over the past three decades, however, declining welfare benefits, regressive tax cuts, and the erosion of workers’ collective bargaining power have led to growing income inequality and a widening rich-poor gap in life expectancy.¹-⁴ Tax rates have declined for the wealthiest Americans, even after increases in their income and wealth.⁵ Shifts in the economy from manufacturing to services have led to rising wage inequality and more workers in lower-paying jobs without benefits.⁶,⁷ From 1975 to 1995, wages remained stagnant or fell for the bottom 60% of wage earners and rose modestly for higher-wage workers. Meanwhile, the very highest earners greatly prospered.³ The average pay for CEOs grew from 42 times median worker pay in 1980 to 431 times in 2004.⁵

Income and wealth inequality has risen to its highest since the 1920s, with the top 1% of Americans now possessing more wealth than the bottom 90% combined.³,⁴,⁸ The health consequences of this widening rich-poor gap and rising poverty are apparent. The United States spends more per capita on health care than any other industrialized nation, but ranks 29th in the world in terms of life expectancy and 31st based on infant mortality.⁴
Poverty: A Fundamental Cause of Health Inequality

Socioeconomic status (SES, usually measured by income, education, or occupation) is one of the most powerful predictors of health. Research shows that each step up the SES ladder correlates with increasingly favorable health. Those with higher SES tend to live longer and experience fewer health problems across the life course, including adverse birth outcomes (e.g., low birth weight), disease risk factors (e.g., unhealthy diet, hypertension), chronic and infectious diseases (e.g., diabetes, HIV/AIDS), and mental illnesses. Socioeconomic status is a “fundamental cause” of health outcomes because it provides access to a wide range of resources such as “money, knowledge, power, prestige, and beneficial social connections”—all of which can be leveraged to avoid risks and protect health. With each step down the SES ladder, resources and opportunities for health diminish.

Both individual poverty (being poor) and neighborhood poverty (living in a poor neighborhood) are linked to poorer health outcomes. Children living in poverty are 7 times more likely to have poor health than children living in high-income households. Childhood poverty has detrimental and long-lasting effects. Diminished physical and emotional health affect academic success, which then influences earning potential and risk of passing on poverty and associated problems to the next generation. Poverty limits access to important health-enabling resources, including proper nutrition, good medical care, stable health insurance, and favorable housing. In their everyday struggle with low wages and high costs of living, low-income people are forced to make difficult choices like paying for housing, health care, or food.

Living in high-poverty neighborhoods also takes a toll on individual and community health. High crime, air pollution, blighted streets, substandard housing, and poorly maintained schools are some of the environmental conditions that negate health in these neighborhoods. This is combined with a lack of health protective factors, like high-paying jobs, healthy food options, safe parks and streets, and reliable transportation. Being exposed to multiple stressors and having limited support networks to cope with stress affects mental well-being. People who are low-income or living in high-poverty neighborhoods are more likely to experience mental health problems and less likely to be able to access services to address them. The cumulative effects of individual and neighborhood poverty have enormous impacts on health and health equity.

Income Inequality: Health Consequences of a Widening Rich-Poor Gap

A growing body of literature argues that what matters besides absolute levels of poverty or wealth is how evenly income is distributed within the population. Rising income inequality has negative effects on overall health of the population. When the rich-poor income gap widens, the loss of health to the poor offsets any gain in health among the rich. Research at national and state levels suggests that increasing income inequality has adverse effects on population health, although studies at the sub-state level (metropolitan areas, counties, census tracts) have had mixed results.
The links between income equality and health are still being explored and debated. Bigger rich-poor gaps may lead to spatial concentrations of race and poverty that produce poorer health outcomes. Another possible link is based on psychosocial pathways. As the rich-poor gap increases, perceptions of relative disadvantage can produce negative emotions that “get under the skin” and affect physical health. Feelings of relative deprivation can increase antisocial behaviors while decreasing health-protective social cohesion within areas. Finally, in more stratified societies, the elite wield influence in political decision-making, which often results in an underinvestment in public goods like health care and education. Reduced social spending ultimately leads to poorer overall health.

**Employment: Health Benefits Mediated by Wage Levels and Job Quality**

The labor market in the United States has been affected by globalization (movement of jobs overseas), suburbanization (movement of jobs from cities to the suburbs), and structural changes in the national economy (shifts from manufacturing to service jobs). While technological advances have increased workforce productivity (output of goods and services per hour worked), wages have remained stagnant for many workers, especially those at the middle and lower end of the pay scale. The decline in manufacturing has led to a loss of good-paying jobs for less-educated people; meanwhile, the low-wage services sector has grown. As a result, substantial barriers to work exist for low-income urban populations. The low-skilled and less-educated increasingly face a skills mismatch, with new jobs requiring greater levels of education and training.

Additionally, the right to organize and secure higher wages and benefits through collective bargaining has been eroded. A recent Chicago study revealed that many employers are using illegal and legal tactics to undermine workers’ right to organize. Among employers faced with organizing campaigns, 30% fired workers engaged in union activities, 49% threatened to close the work site if workers elected to form a union, and 82% hired union-busting consultants to launch anti-union campaigns.

One outcome of labor market conditions has been increased unemployment, which poses serious health risks. Unemployment is associated with higher mortality rates, especially from cardiovascular disease and suicide. The stress of unemployment can lead to anxiety, depression, substance abuse, and poor mental health. Unemployment can also affect community life and well-being. As levels of joblessness increase, social networks and collective engagement in solving neighborhood problems are weakened. Furthermore, when people (particularly youth) cannot find work, they are more likely to turn to crime and the street economy (e.g., drug dealing, sex work) to make money.

While unemployment has health-negating effects, poor work conditions can also pose physical and psychosocial risks. This is especially true for low-wage jobs. In addition to getting inadequate wages, low-wage workers often receive little to no benefits (e.g., health, disability, or life insurance, pension plans). They frequently work in unsafe or unhealthy conditions and experience higher rates of occupational injury. Ongoing job strain (high job demands but low freedom to make decisions), poor job security, and little to no occupational mobility can also take a toll on physical and mental health. In addition to improving these work conditions, raising income to at least living wage standards can produce substantial health benefits for workers and increased life opportunities for their children.
Unequal Poverty Rates

In 2006, over 1 in 9 (11.2%) residents of Alameda County lived in poverty (Figure 14). It is important to recognize that this figure may underestimate the true extent of poverty in the county. It is based on the federal poverty threshold, which fails to take into account regional differences in costs of living and actual income levels required to make ends meet. To cover basic living expenses (e.g., housing, utilities, food, childcare) in Alameda County, a two-parent family with two children would need to earn $53,075 annually if one parent works and $77,069 if both parents work—which far exceeds the federal poverty threshold of $20,444 for that same household.34

Poverty is not evenly distributed within the population. Other groups are more likely to live in poverty than Whites (Figure 14). The most heavily affected group is African Americans. In 2006, over 1 in 5 (21.9%) African Americans lived in poverty—a rate over 3 times that of Whites. Poverty rates among Latinos were over twice the White rate. Although the poverty rate for immigrants and for U.S. born was about the same (11.1% and 11.4%, respectively), more immigrants lived at less than 200% of the federal poverty level than U.S. born (19.2% vs. 13.6%).

Even Greater Disparities in Child Poverty

The level of poverty is greater and racial/ethnic disparities are more pronounced among children (Figure 15). In 2006, 1 in 7 (14.5%) children lived in poverty. Rates of child poverty are three to four times greater for Latino and African American children compared to White children.

Racial/Ethnic Gaps in Income

Central to unequal poverty rates are racial/ethnic gaps in income (Figure 16 on page 45). In 2006, the median household income in Alameda County was $64,424. Some racial/ethnic groups (Asians and Whites) earned considerably more, and other racial/ethnic groups (Latinos and African Americans) earned much less. The income gap was greatest between African Americans and Asians (a $40,000 difference) followed by Latinos and Asians (a nearly $25,000 difference). Based on median earnings for full-time, year-round workers, there is also an income gap between U.S.-born and immigrant workers. In 2006, U.S.-born workers earned

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a. The federal poverty threshold was $20,444 in 2006 for a four-person household (with two related children under 18 years old).
b. Census 2000 data indicated that 15.4% of Native American/Alaskan Natives and 8.2% of Native Hawaiian/Other Pacific Islanders in Alameda County lived in poverty.
about $10,000-$15,000 more per year than foreign-born workers. This is especially important to recognize since immigrants represent a large and growing portion of the Alameda County workforce, comprising 38% of the civilian employed in 2006 according to the American Community Survey. Gaps in income based on race/ethnicity and immigrant status are likely to reflect multiple factors, including differences in levels of educational attainment, labor force discrimination, varying levels of unemployment, and unequal access to good-paying jobs (more details and supportive data are provided below).

**Rising and Unequal Unemployment Rates**

In Alameda County (as in California overall), unemployment has increased substantially from historic lows in 2000. The unemployment rate has doubled from 3.6% in 2000 to 7.2% in 2006. Poverty persists and grows under conditions of unemployment. Unemployment is highest among those racial/ethnic groups that are most heavily burdened by poverty (Figure 17). In 2006, African Americans were nearly 3 times more likely to be unemployed compared to Whites. Latinos also experience notably higher unemployment rates.

A main factor contributing to racial/ethnic differences in joblessness is the fact that unemployment is highly concentrated in high-poverty neighborhoods of West Oakland and East Oakland (Map 4 on page 46), which are largely populated by African Americans and Latinos. Opportunities for high-quality education (which often determines employment success) and stable, good-paying jobs, as well as reliable transportation to get to work, are more limited in these areas (see Education and Transportation sections).

Youth (ages 16-24) have been especially hard hit by unemployment (Figure 18). Unemployment rates have been substantially higher among youth (especially teens ages 16-19) compared to those among adults. As newer and less experienced entrants to the labor market, youth are often the hardest hit by depressed labor market conditions and the least likely to find and obtain work. There is clear need to boost job opportu-
Educational attainment is a critical determinant of success in obtaining employment. Those with less than a high school degree are twice as likely to be unemployed compared to those with a bachelor’s degree or higher (Figure 19). Lower levels of education contribute to higher rates of unemployment among racial/ethnic minorities and youth. Labor force development goes hand-in-hand with equal access to high-quality schools and higher education opportunities.

**Lack of Job Opportunities with Adequate Wages**

In Alameda County, the cost of living tends to be higher than on average statewide—especially due to housing, childcare, health care, and tax expenditures. As such, many are struggling just to make ends meet. Basic family wages required to achieve a modest standard of living without public assistance in Alameda County range from $14.25 to $31.67 per hour, depending on the number of people per household and their working status (Table 2 on page 47).c

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c. The basic family wages determined by the California Budget Project are estimates of living wages required in Alameda County.
Many jobs provide insufficient wages to cover basic living expenses and lift people out of poverty. When looking at the highest growth occupations in the East Bay (those projected to create more than 750 jobs by 2014), 42% of jobs created in these occupational areas will not pay high enough wages to lift a single adult out of poverty and 79% will not pay enough wages to support a single working parent with 2 children. Of the jobs paying above the basic hourly wage of $14.25 for a single adult, only about 1 in 3 jobs (35%) will be available to those with a high school degree or less. All of the jobs paying above the basic wage of $31.67 per hour for a single working parent with 2 children require education beyond high school.

The top 15 high-growth occupations in Alameda and Contra Costa counties are shown in Figure 20. The graph illustrates that most of these occupations (12 of 15) are in the managerial, professional, and technical fields, and all require education beyond high school. Only 3 of the top 15 occupations are in the service sector, which typically pays lower wages. This suggests that the economy is changing in ways that make it difficult for low-wage workers to find good jobs.

Table 2: Estimated Monthly and Annual Expenditures and Required Basic Family Wages, Alameda County

<table>
<thead>
<tr>
<th></th>
<th>Single Adult</th>
<th>Single Working Parent (with 2 Children)</th>
<th>2 Parent Family (with 2 Children, 1 Working)</th>
<th>2 Parent Family (with 2 Children, 2 Working)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses per month</td>
<td>$2,469</td>
<td>$5,489</td>
<td>$4,423</td>
<td>$6,422</td>
</tr>
<tr>
<td>Expenses per year</td>
<td>$29,633</td>
<td>$65,864</td>
<td>$53,075</td>
<td>$77,069</td>
</tr>
<tr>
<td>Basic family wage</td>
<td>$14.25</td>
<td>$31.67</td>
<td>$25.52</td>
<td>$18.53</td>
</tr>
</tbody>
</table>

Notes: Basic family wage is hourly. Assumes 40 hrs/wk, 52 wks/yr of work. 2 working parent wage is the hourly wage for each individual parent working full-time.


15) will pay less than basic family wages, and many of the higher-paying jobs (5 of 7) will require more than a high school education. Without wage increases or newly created better-paying jobs, less-educated and low-skilled workers will continue to be relegated to jobs that do not pay enough to make ends meet or to remain on unemployment and public assistance rolls. Shifts in the economy from manufacturing to services have made it especially difficult for workers with lower levels of education to command a living wage. The low-wage services sector has been growing over time, representing over one-third of jobs in 2000 (Figure 21). Manufacturing, an industry with relatively high wages for less-educated workers, has been decreasing over time.

Figure 21: Employment by Industry, Alameda County

Table 3: Racial/Ethnic Distribution of Occupations, Alameda County

<table>
<thead>
<tr>
<th>Occupational Category</th>
<th>White</th>
<th>Latino</th>
<th>African American</th>
<th>Asian</th>
<th>American Indian</th>
<th>Pacific Islander</th>
<th>Multirace</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management, Business, and Financial Workers</td>
<td>59%</td>
<td>9%</td>
<td>10%</td>
<td>18%</td>
<td>0%</td>
<td>0%</td>
<td>4%</td>
</tr>
<tr>
<td>Science, Engineering, and Computer Professionals</td>
<td>50%</td>
<td>5%</td>
<td>4%</td>
<td>38%</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Health Care Practitioner Professionals</td>
<td>55%</td>
<td>5%</td>
<td>11%</td>
<td>25%</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Other Professional Workers</td>
<td>61%</td>
<td>9%</td>
<td>12%</td>
<td>15%</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Technicians</td>
<td>43%</td>
<td>10%</td>
<td>13%</td>
<td>29%</td>
<td>0%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Sales Workers</td>
<td>50%</td>
<td>14%</td>
<td>12%</td>
<td>18%</td>
<td>1%</td>
<td>1%</td>
<td>6%</td>
</tr>
<tr>
<td>Administrative Support Workers</td>
<td>43%</td>
<td>15%</td>
<td>18%</td>
<td>19%</td>
<td>1%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Construction and Extractive Craft Workers</td>
<td>45%</td>
<td>35%</td>
<td>9%</td>
<td>6%</td>
<td>1%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Installation, Maintenance, and Repair Craft Workers</td>
<td>46%</td>
<td>22%</td>
<td>9%</td>
<td>18%</td>
<td>1%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Production Operative Workers</td>
<td>26%</td>
<td>30%</td>
<td>8%</td>
<td>32%</td>
<td>0%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Transportation and Material Moving Operative Workers</td>
<td>35%</td>
<td>26%</td>
<td>21%</td>
<td>12%</td>
<td>1%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Laborers and Helpers</td>
<td>28%</td>
<td>42%</td>
<td>16%</td>
<td>10%</td>
<td>0%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Protective Service Workers</td>
<td>44%</td>
<td>13%</td>
<td>28%</td>
<td>10%</td>
<td>0%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Service Workers, except Protective</td>
<td>31%</td>
<td>27%</td>
<td>18%</td>
<td>19%</td>
<td>1%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Unemployed, No Civilian Work Experience Since 1995</td>
<td>23%</td>
<td>24%</td>
<td>30%</td>
<td>16%</td>
<td>0%</td>
<td>1%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Note: Top 2 occupational areas for each race/ethnicity are highlighted. Source: Census 2000 Equal Employment Opportunity Data.
The likelihood of obtaining high- versus low-wage employment differs by race/ethnicity and results in substantial wage inequalities within the population. Differences in language, education, training, and employment access (based on where people live), as well as labor market discrimination are possible explanatory factors. Table 3 (on page 48) shows the racial/ethnic distribution of workers by occupational area, with the top two areas highlighted for each race/ethnicity. 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.

The right of workers to organize and collectively bargain has been instrumental in closing racial/ethnic wage gaps, raising wages of blue-collar and less-educated workers, and improving job quality through health and pension benefits. While Alameda County data were not available for this report, Table 4 illustrates the positive pressures that unions have been able to exert on workers’ wages and benefits in California.

Table 4: Union Effect on Wages and Employer-Provided Benefits, California

<table>
<thead>
<tr>
<th>Wages of union vs. non-union workers (% higher wages)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector</td>
<td>16%</td>
</tr>
<tr>
<td>Retail</td>
<td>8%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>14%</td>
</tr>
<tr>
<td>Public sector</td>
<td>17%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefits of union vs. non-union workers (% higher coverage)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Health insurance</td>
<td>52%</td>
</tr>
<tr>
<td>Pension plan</td>
<td>42%</td>
</tr>
</tbody>
</table>

Source: Dube A. 2002.

Growing Income Inequality

Shifts in the labor market, de-unionization, and rising wage inequality have all led to increased income inequality in Alameda County, as well as in the broader San Francisco Bay Area, statewide, and nationally. This is based on the Gini coefficient, a measure of income distribution that ranges from 0 (meaning all income is perfectly distributed) to 1 (meaning one household has all the income). In Alameda County, the Gini coefficient increased from 0.396 in 1980 to 0.427 in 1990 and to 0.448 in 2000. This indicates greater concentration of wealth among fewer individuals over the last two decades.

Increasing income inequality is also illustrated by the Lorenz curve, which shows the cumulative percentage of income earned by the cumulative percentage of households (Figure 22). The level of income inequality is indicated by how far the curve bows out from the 45° line when income is equally shared by all households. In Alameda County, the curve has been moving further away from equal income over the past 2 decades. In 2000, the richest 20% of households received 50% of the total income, while the poorest 50% received only 20% of total income. As wealth becomes increasingly concentrated, health inequities are likely to grow.

Figure 22: Income Inequality as Shown by the Lorenz Curve, Alameda County

Data to Action: Policy Implications

Poverty, income inequality, and employment are main economic forces driving health inequities. In Alameda County, large racial differences exist in poverty, household income, and unemployment rates. Job opportunities are lacking that provide sufficient wages to cover basic living expenses and lift people out of poverty, especially among the less-educated and low-skilled. The following strategies and policies are recommended to support greater economic equality.

- **Quality job creation:** Implement local policies and development plans that encourage creation of good-quality jobs—jobs that offer paid sick leave and health insurance regardless of wage or whether full-or part-time, safe work conditions, and prospects for upward mobility. Land that has been zoned for industrial uses should be preserved to attract well-paying manufacturing and emerging green-collar jobs.\(^{37,38}\) Local hire policies can be established that direct new businesses, especially those receiving public subsidies, to employ local residents. Priority can be given to hiring residents who are low-income or from high-poverty communities that are most in need of employment.\(^ {39,40}\) Socio-economic impact reports should be developed that detail the caliber of jobs that certain types of development will bring to the county. In addition, policy makers should set development project standards related to types of jobs, wages, and benefits provided, known as community benefits agreements.\(^ {40,41}\)

- **Workforce development:** For those with a high school degree or less, occupations that pay enough to support a single adult (hourly wage >$14.25 per hour)\(^ {34}\) and offer the highest projected job growth in the East Bay include: carpenters, customer service representatives, secretaries and administrative assistants, sales representatives, truck drivers, and construction and maintenance workers. Workforce investment boards and one-stop career centers should be supported in preparing individuals for entry into better-paying fields and developing career ladders that enable upward mobility.\(^ {42}\) A high area of need is job readiness and skill-building programs that reach out to key target populations, including minorities (African Americans and Latinos in particular), youth, and the less-educated.

- **Living wages:** Require that employers pay adequate wages (and benefits) to live on. California’s minimum wage has been raised to $8.00 per hour,\(^ {43}\) but this is still far from the wages needed to cover basic living expenses in Alameda County ($14.25 per hour for a single adult and $31.67 per hour for a single working parent with 2 children).\(^ {34}\) A further increase in the state minimum wage or a county living wage ordinance would help close the affordability gap for low-income workers. City governments and community coalitions can also take action to promote living wages, particularly among businesses that hold city or county service contracts, receive public subsidies, or occupy public land. Living wage ordinances have been passed in Berkeley, Emeryville, Hayward, Oakland, Richmond, and San Leandro.\(^ {44}\) Moving forward, emphasis should be placed on raising substandard wages in occupations with high projected job growth in the East Bay, including retail salespersons, janitors and cleaners, waiters and waitresses, and food preparation and serving workers.

- **Right to organize and collectively bargain:** Strengthen workers’ right to organize and collectively bargain through labor peace agreements. Card-check and neutrality agreements (CCNAs) can be encouraged as an expedited, non-adversarial means of determining whether employees want union representation. When county and city governing bodies have a proprietary interest (e.g., the government owns land that is being developed or has lent funds to a development project), they should require that businesses agree to CCNAs. When no proprietary interest exists, policy makers
and community leaders can still encourage businesses to negotiate CCNAs.\textsuperscript{45,46}

- \textit{Asset development}: Help low-income people to accumulate assets through increased savings and investments. A variety of savings accounts and incentive programs are designed to help build assets among low-income people, including individual development accounts (IDAs), children’s savings accounts (CSAs), and the Family Self-Sufficiency (FSS) program. Financial counseling can be provided to help them to plan for asset development. Home ownership and micro-enterprise are longer-term investment opportunities for people who are able to accumulate enough capital.\textsuperscript{47}

- \textit{Income support programs}: Expand enrollment of eligible families and ensure cost of living increases in programs that provide direct income or benefits to support basic life needs. In Alameda County, some of the main programs offered include: CalWORKS (California Work Opportunity & Responsibility to Kids), SSI (Supplemental Security Income), Medi-Cal and Healthy Families, WIC (Women, Infants, and Children), General Assistance, Food Stamps, and Section VIII Housing.\textsuperscript{47}

- \textit{Earned income tax credits}: Raise the income of the working poor through earned income tax credits (EITC). The federal EITC is a refundable credit that low-income workers can receive as a tax refund. The EITC encourages low-income people to work and is credited with lifting millions of people out of poverty across the nation.\textsuperscript{48} California should emulate other states by implementing a state EITC, which would help working families to better make ends meet.\textsuperscript{49}
References


46. UNITE HERE. Joining a Union Should be Simple. Factsheet. n.d.


Data Sources


4. California Budget Project.?


