



# EAST BAY INDICATORS | 2010

**EAST BAY ECONOMIC DEVELOPMENT ALLIANCE  
EAST BAY COMMUNITY FOUNDATION**



**T**he East Bay Economic Development Alliance and the East Bay Community Foundation are pleased to present our annual indicators for the East Bay region. This report includes social indicators as well as economic indicators in order to better understand the East Bay's challenges and opportunities.

Where possible, the indicators feature data spanning from 2000 to 2010 in an effort to understand the long-term trends affecting business, government, the nonprofit sector, and the more than 2.5 million residents of the East Bay.

As presenters of this report, the East Bay Economic Development Alliance and the East Bay Community Foundation share a deep commitment to the notion that solutions to pressing problems are most realistically achieved through partnerships and collaborations that combine the resources of business, government, individual donors, and private foundations. Working together, in other words, is more effective than working separately.

In accordance with this commitment, we encourage common initiatives rather than solitary efforts to:

- Create new jobs in order to compensate for job losses that occurred in the East Bay during the past decade;
- Advance economic opportunity by helping individuals acquire job skills, get jobs, start or improve businesses, and acquire economic assets;
- Ensure that working parents have access to high quality early care and education, including literacy and math skills that lead to economic opportunity;
- Provide resources to fund critical public services; and
- Support the East Bay's large nonprofit sector that contributes to the economic, social and cultural vitality of the region.

We hope you will join us as we work to move our region forward.

Best regards,

**Keith Carson**

Supervisor, District 5  
Alameda County Board of Supervisors  
Chair, East Bay Economic  
Development Alliance

**Nicole Taylor**

President & CEO  
East Bay Community Foundation  
Second Vice Chair, East Bay Economic  
Development Alliance



The East Bay Indicators 2010 report benchmarks economic and social indicators for the East Bay region of California – Alameda and Contra Costa counties. Data sets were collected from a wide variety of sources and comparisons were made to other counties and sub-regions of the Bay Area, and at times to the state and nation. The indicators found in each section of this report were selected to represent the interdependence between the people, economy, and environment of the East Bay.

One in three Bay Area residents lives in the East Bay – the region of Alameda and Contra Costa counties comprising more than 30 cities and unincorporated areas spread out over more than 2,000 square miles.

This report shows population growth is most pronounced geographically among the newer and smaller cities of southern Alameda County and eastern Contra Costa County and most pronounced demographically among non-whites and among those over age 65.

Following long-term increases in median household income through 2008, we are now encountering a dip in that category, as well as job losses and rising unemployment due to the recent recession. Despite a rising median income, many households continue to experience economic hardship, with household incomes inadequate to meet basic household expenses.

Fortunately, we appear to be well positioned for a comeback. The East Bay economy remains well-diversified across industries including our largest employers: health care and social assistance, retail trade, manufacturing and professional & technical services. Our other strengths include educational services, transportation, utilities, and management of companies. Together these industries offer a fairly balanced concentration of lower and higher-wage industries.

Of particular potential importance to the East Bay is the emerging “green sector,” which has produced more jobs and start-ups here than in any other part of the San Francisco Bay Area.

Vehicle emissions from the region’s heavy commute traffic and commercial transport, along with industrial sources, are the region’s major contributors to greenhouse gas emissions.

Despite dramatic gains and losses over the last five years, median home values are only slightly below where they were at the start of the decade. Home foreclosures

have been pronounced as a result of the recession, especially in our fastest-growing communities.

Residential construction has declined dramatically since 2005. Non-residential construction has endured peaks and valleys since 2001, mirrored by commercial real estate vacancies during the same period.

In a region of so many families with children, the opportunity for parents to become wage earners is influenced by the quality and availability of child care. This report indicates both the quality and availability of child care services remain uneven in the East Bay, with cost a continuing barrier for many families in need.

Education excellence continues as a major issue here, as well as throughout California. While there have been steady gains in third-grade reading proficiency for the past six years, one-half of all East Bay students are not proficient in reading at the all-important third-grade level. During the same six-year period, East Bay public schools saw declines in high-school graduation rates and in the proportion of students graduating with University of California/California State University requirements.

The state’s on-going budget crisis, decreasing local revenues due to the recession, and a looming public employee pension crisis may continue to jeopardize public services that promote community health, safety and economic vitality in the East Bay.

The East Bay is home to a large nonprofit sector. Most contributions and grants to these organizations supported critical human services, education, and health programs. National data indicate the recent recession has taken a toll on the nonprofit sector as well.

Arts and culture organizations, which grew steadily in numbers, contributions, and expenditures during most of the past decade, make a significant contribution to the economic, social, and cultural vitality of the region.

**Population**

One in three Bay Area residents lives in the East Bay. Alameda County (pop. 1,574,857) and Contra Costa County (pop. 1,073,055) are the second and third most populous counties in the nine-county Bay Area and together are home to 35 percent of the region's population. (Figure 1) During the decade from 2000 to 2010 the East Bay's population grew from 2,392,755 to 2,647,912, an increase of 10.7 percent (as compared with 9.9 percent growth for the Bay Area as a whole). Contra Costa County grew by 13.1 percent and Alameda County grew by 9.1 percent from 2000 to 2010.<sup>1</sup>

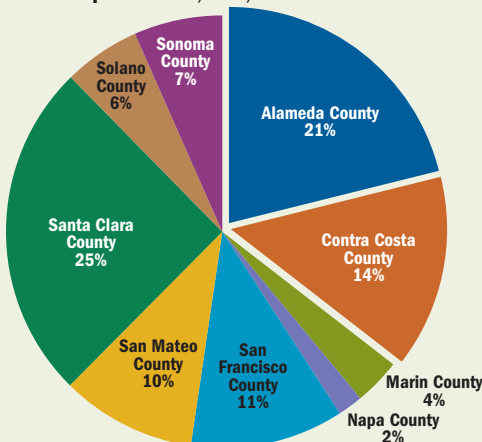
**Increasing Ethnic Diversity**

The East Bay continues to be one of the most ethnically diverse regions in California. Hispanic and Asian residents have increased in number and proportion over the past decade, mirroring statewide trends. From 2000 to 2008, the East Bay Hispanic population grew from 19 percent to 23 percent and the proportion of Asian residents grew from 17 percent to 20 percent. During the same period the proportion of White residents decreased from 48 percent to 41 percent and the proportion of African American residents decreased from 13 percent to 11 percent. The changes in each county are shown in Figure 2.

**Aging Population, Aging Workforce**

The proportion of East Bay residents over 65 will continue to grow faster than youth and working-age adults due to the aging of the Baby Boom generation and increasing life expectancy. However, previously projected new employment opportunities resulting from the retirement of the Bay Boomers may not begin to appear for several years as the recent recession forces many retirement-aged workers to delay retirement or return to work. The population over 65 years old will increase by 82 percent from 2000 to 2020. The number of older workers (ages 45 to 64 years) will increase by nearly 40 percent, while the number of younger workers (ages 20 to 44 years) will grow only about 2 percent.<sup>2</sup> (Figure 3)

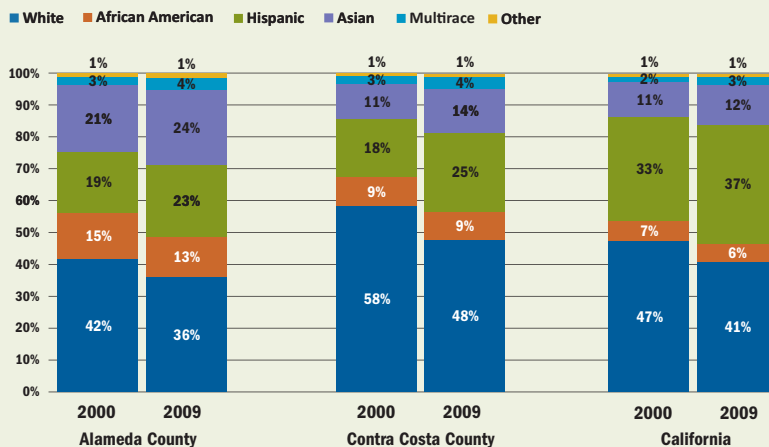
**Bay Area Population by County - 2010**  
Total Population 7,459,858



1

Source: California Department of Finance

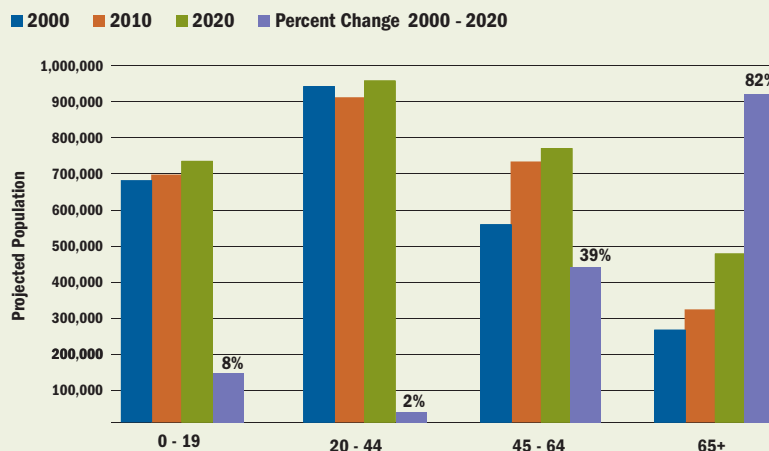
**East Bay Ethnic Diversity - 2000 and 2009**



2

Source: US Census Bureau, American Community Survey 1-Year Estimates

**Projected Population Change by Age, East Bay - 2000 to 2010**

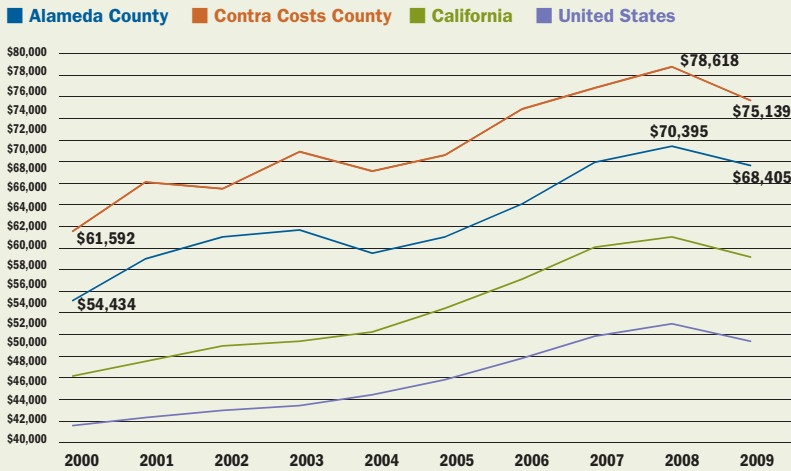


3

Source: California Department of Finance

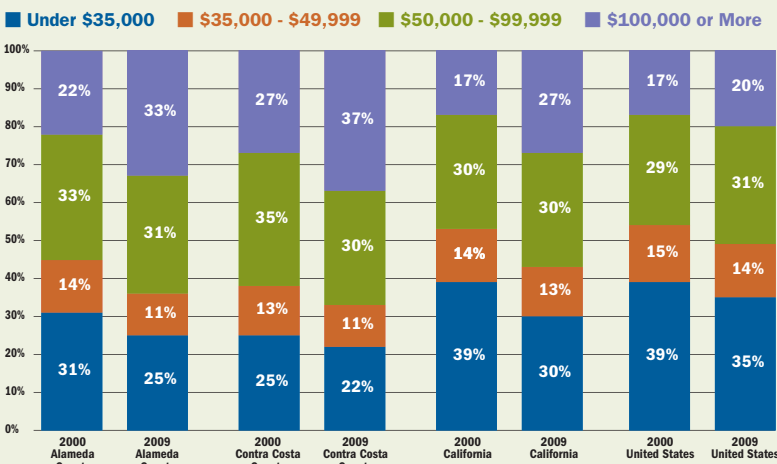
1,2. California Department of Finance

### Real Median Household Income - 2000 to 2009



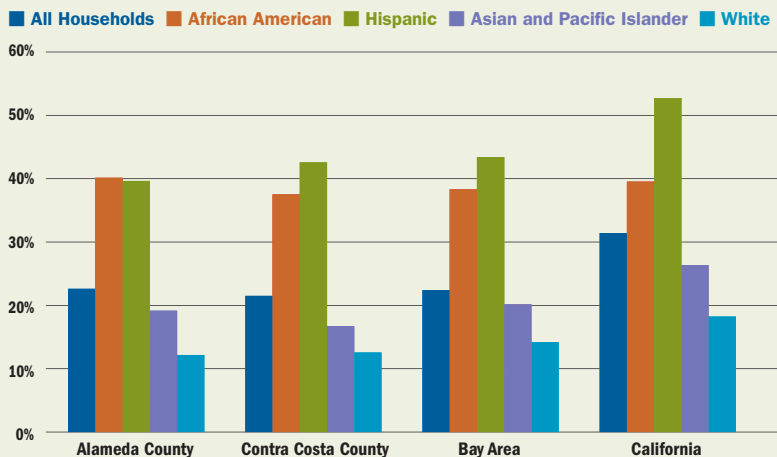
Source: U.S. Census Bureau, American Community Survey

### Household Income Distribution - 2000 to 2009



Source: U.S. Census Bureau, American Community Survey

### Percent of Households Below Self-Sufficiency Standard



Source: United Way Bay Area, Overlooked and Undercounted 2009

### Median Household Income

Median household income increased annually (3%) from 2000 to 2008 in the East Bay, but decreased in 2009. From 2008 to 2009, Alameda County decreased 3 percent and Contra Costa County decreased 4 percent in median household income. Median household income increased 24 percent over nine years in real terms (adjusted for inflation) in the East Bay. (Figure 4)

### Household Income Distribution

The share of households with earnings over \$100,000 increased, while the share of households earning less than \$35,000 and the shares of middle-income households in the East Bay decreased between 2000 and 2009. In both Alameda and Contra Costa counties, the share of households earning over \$100,000 increased during this period, growing 11 percent in Alameda County and 10 percent in Contra Costa County. (Figure 5)

### Poverty and Income Inadequacy

In 2009 10.7 percent of Alameda County residents and 9.6 percent of Contra Costa County residents had household incomes below the Federal Poverty Level (FPL).<sup>3</sup> A greater proportion of children in both Alameda County (13.6%) and Contra Costa County (13.0%) live in poverty. These poverty rates significantly understate the extent to which East Bay families are experiencing economic hardship. The Self-Sufficiency Standard calculates how much working adults must earn to meet their families' basic needs without subsidies. The 2008 East Bay Self-Sufficiency Standard, about \$52,600,<sup>4</sup> is well below the median household income for East Bay counties, but is three times the FPL, and more than three times the annual earnings from a full-time minimum wage job.

An estimated 90,836 Alameda County households (22%) and 58,703 Contra Costa households (21%) have annual incomes below the Self-Sufficiency Standard.<sup>5</sup> While income inadequacy affects households of every racial group in the region, East Bay African American and Hispanic households are more than twice as likely to have incomes below the Self-Sufficiency Standard as Asian/Pacific Islander households, and more than three times as likely as White households. (Figure 6)

3. 2009 Federal Poverty Level is \$18,310 for a family of three.

4. Insight Center for Community Economic Development. \$52,442 for Alameda County; \$52,727 for Contra Costa County for one adult with one preschooler and one school-age child

5. Diana M. Pearce, 2009, Overlooked and Undercounted 2009: Struggling to Make Ends Meet in California.

## East Bay Job Market

Between 2000 and 2010, the East Bay lost one in ten jobs. During this period, the East Bay's labor force (number of individuals currently employed or actively seeking employment) added 11,200 workers (1%), while the number of actual jobs fell 112,800 (11%). A majority of these losses occurred between 2005 and 2010 during the collapse of the housing market and the latest recession when 95,000 jobs were lost – a decrease of 9 percent. (Figure 1)

Although the National Bureau of Economic Research (NBER) declared that the Great Recession officially ended in June 2009, the East Bay is still struggling to recover.<sup>1</sup> Between 2009 and 2010, the East Bay's labor force lost 14,200 workers (1%). During the same period, the number of jobs in the region decreased 22,900 (2%) – a reflection of the current economic downturn and similar to the trends throughout the nation. The closure of the New United Motors Manufacturing, Inc. (NUMMI) plant in April 2010 alone accounted for 4,700 jobs lost. However, there are some positive signs in the East Bay job market. The high-paying management and professional industries showed positive growth at 1 percent from 2009 to 2010. Employment in lower paying industries like personal repair & maintenance also saw a 1 to 2 percent increase from 2009 to 2010.

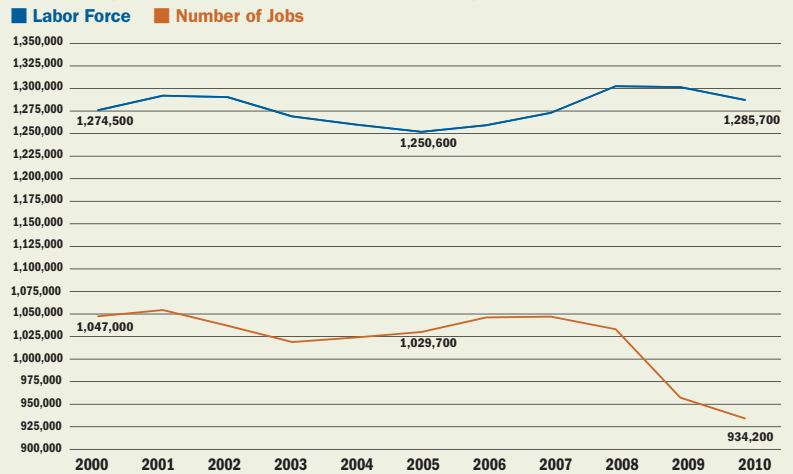
## Unemployment Rate

The East Bay's unemployment rate climbed from 4 percent in 2000 to 12 percent in 2010. (Figure 2) Since 2009, the unemployment rate has hovered above 11 percent, peaking at 12 percent in January 2010. Unemployment rates throughout the Bay Area have hovered between 9 and 12 percent during the past year with unemployment in San Francisco near 9 percent and San Jose at 12 percent. California's unemployment rate also increased from 12 percent in 2009 to 13 percent in 2010.

## Bay Area Employment Picture

From 2000 to 2009, the East Bay lost a majority of its payroll jobs in administrative & waste services (down 34%), information (down 34%), management (down 32%), and manufacturing (down 30%). The strongest growth sectors included educational services (up 111%), transportation & warehousing (up 46%), and health care & social assistance (up 22%). (Figure 3)

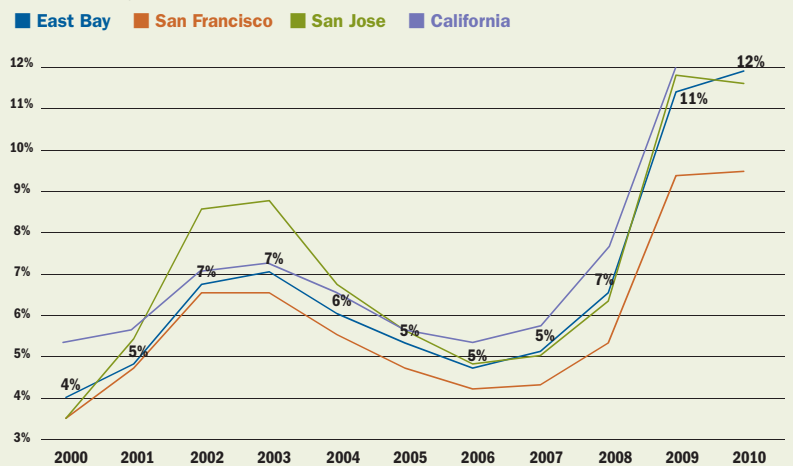
## East Bay Labor Force and Job Supply



1

Source: Monthly July 2000-10, California Employment Development Department

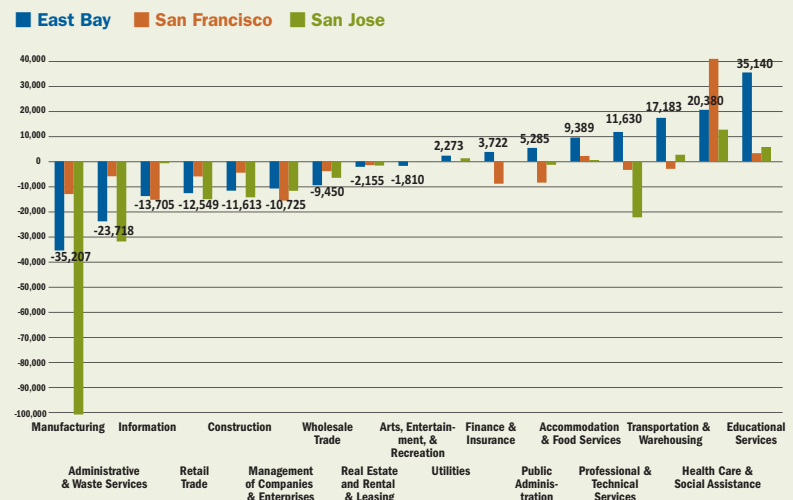
## Unemployment Rate



2

Source: Monthly July 2000-10, California Employment Development Department

## Changes to Employment by Industry - 2000 to 2009

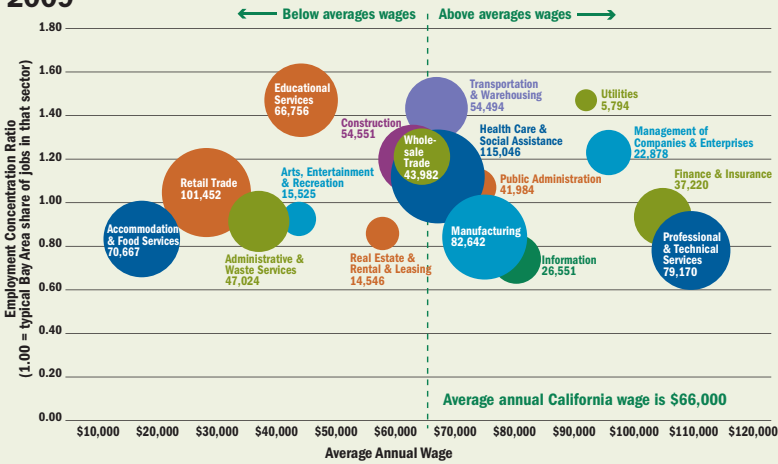


3

Source: Quarterly Census of Employment and Wages, California Employment Development Department

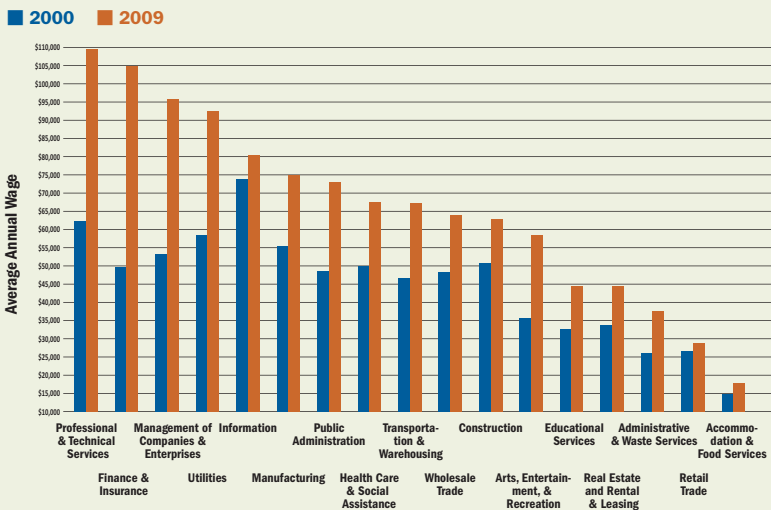
1. National Bureau of Economic Research, www.nber.org

## East Bay Employment Concentration and Wages by Industry - 2009



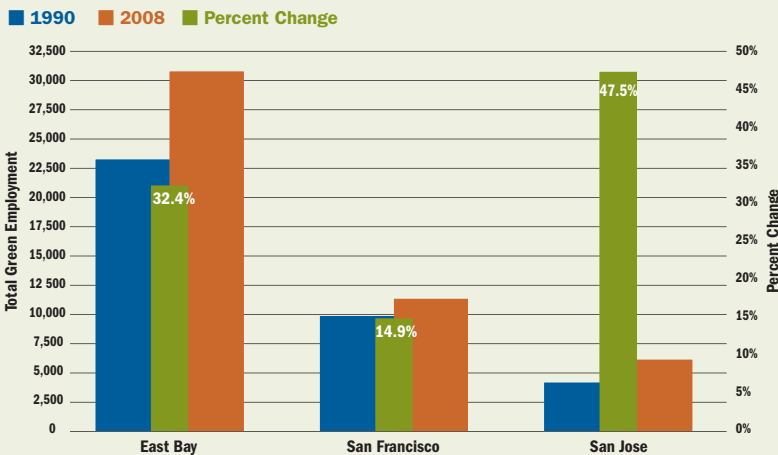
Source: Quarterly Census of Employment and Wages, California Employment Development Department

## East Bay Changes in Wages by Industry - 2009 to 2009



Source: Quarterly Census of Employment and Wages, California Employment Development Department

## Green Employment



Source: The Center for Community Innovation (CCI)

## East Bay Employment Concentration and Wages

The East Bay has a balanced concentration of lower and higher-wage employment opportunities. Compared to average statewide wages, approximately half of the East Bay's industries pay a higher-than-average wage. Half of East Bay jobs also pay a higher than (state) average wage. The other half offer lower-than-average wage opportunities. The East Bay's largest industries are health care & social assistance (12%), retail trade (11%), manufacturing (9%), and professional & technical services (8%). (Figure 4. Bubble size corresponds to number of jobs in each industry.) When compared to the rest of the Bay Area, East Bay employment in 2009 was most highly concentrated in the educational services and transportation & warehousing sectors. An employment concentration ratio of 1.0 indicates a "typical" concentration of jobs in the Bay Area.

## East Bay Changes in Wages

Across sectors, the East Bay's average annual wage (adjusted for inflation) increased from 2000 to 2009 with an average sector increase of 44 percent. The highest average annual wage industry sector in 2009 was professional & technical services with \$109,632, while the finance & insurance sector had the highest percent increase from 2000 to 2009 at over 110 percent. (Figure 5)

## Green Employment

According to the *Innovating the Green Economy in California Regions* report produced by the Center for Community Innovation, the "green economy" comprises economic activity that reduces energy use and/or improves environmental quality and includes the clean energy and green building sectors.<sup>2</sup> Between 2001 and 2007, the East Bay created a total of 605 start-ups in the green industry, far more than in San Francisco (416 start-ups) and San Jose (315 start-ups) during the same period.

Although the total number of green jobs makes up a relatively small percentage of overall employment in the East Bay, green jobs have been growing at an increasing pace. The number of green jobs in the East Bay grew from 23,312 in 1990 to 30,876 in 2008, gaining 32 percent overall. (Figure 6) Most of this growth occurred in the research and development sectors, as well as in recycling, transportation, manufacturing and building. The regions of San Francisco and San Jose also saw increases in green jobs during the same period.

2. *Innovating the Green Economy in California Regions*, The Center for Community Innovation, released February 2010

## Trade Volumes at the Port of Oakland

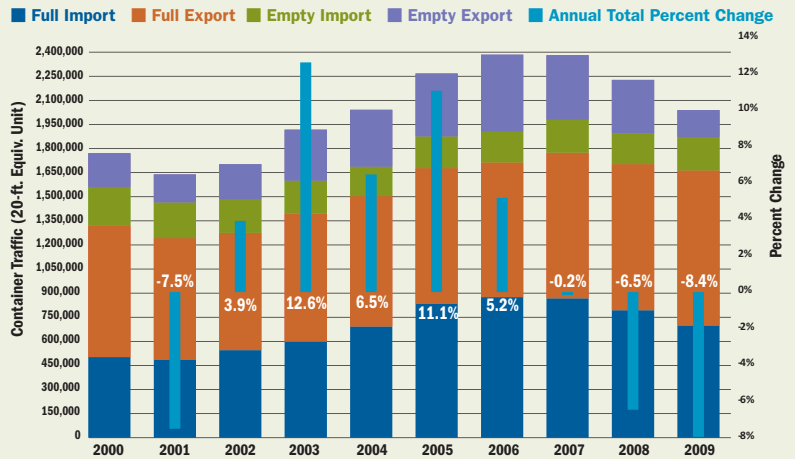
As the fifth largest container port in the country, the Port of Oakland handles more than 99 percent of the containerized goods in Northern California. The current global economic downturn has affected the traffic through ports around the nation, including the Port of Oakland where total traffic of imports and exports has decreased annually since 2007. However, between 2000 and 2009, total traffic increased 15 percent. (Figure 1) According to Logistics Management's *Port Tracker Report*, total traffic in the United States is expected to increase 15 percent in 2010 overall.<sup>1</sup>

Traffic through the Port of Oakland in the first half of 2010 has begun to reflect this projected increase, rising 13.5 percent over the first half of 2009. Even as traffic of full import containers (35 percent of total) continues to increase, full export container traffic (37 percent of total) still represents the largest share. The top three exports by value travelling from the Port of Oakland to destinations in Asia and beyond are edible fruit and nuts (17.5%), meat (13.4%), and machinery (6.3%). Primary imports include machinery (22.4%) and electric machinery such as consumer electronics (11.5%). The top trading partners with the Port of Oakland for both exports and imports are China and Japan, with 44.2 percent of total imports originating in China.

## Air Travel & Cargo

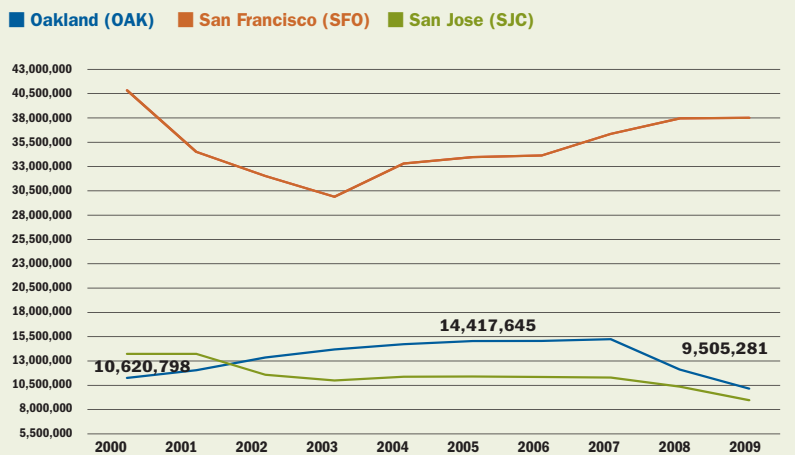
Airline closures and a sharp decrease in business and leisure travel as a result of the recent recession have contributed to an 11 percent decrease in passenger traffic through the Oakland International Airport (OAK) since 2000. (Figure 2) In 2009, OAK's new Terminal 2 was the first in the nation to receive the Leadership in Energy and Environmental Design (LEED) Silver Certification and the Airport continued to rank first in the nation in terms of on-time arrivals.<sup>2</sup> This high level of environmental and time efficiency has helped OAK exceed energy efficiency standards by 25 percent, reducing carbon emissions by 211 tons per year, diversion waste rates of over 80 percent, and water conservation savings of 24 percent from 2008 to 2009. Summer travel in 2010 helped improve Oakland International Airport passenger traffic (up 0.4 percent from 2009). And while air cargo traffic fell 30 percent between 2000 and 2009 (Figure 3), 52 percent of all air cargo in the Bay Area still traveled through OAK in 2009.

## Port of Oakland Container Traffic - 2000 to 2009



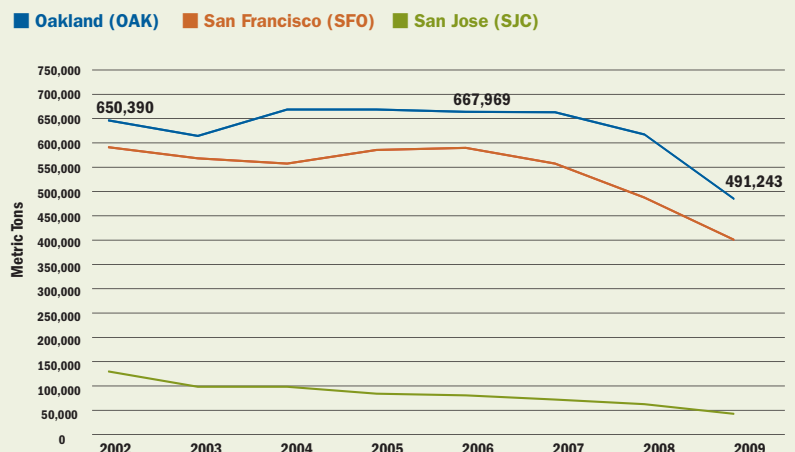
1 Source: Port of Oakland

## Airline Passenger Traffic - 2000 to 2009



2 Source: Oakland International, San Francisco International, and Mineta San Jose International Airports

## Airline Cargo Traffic - 2002 to 2009

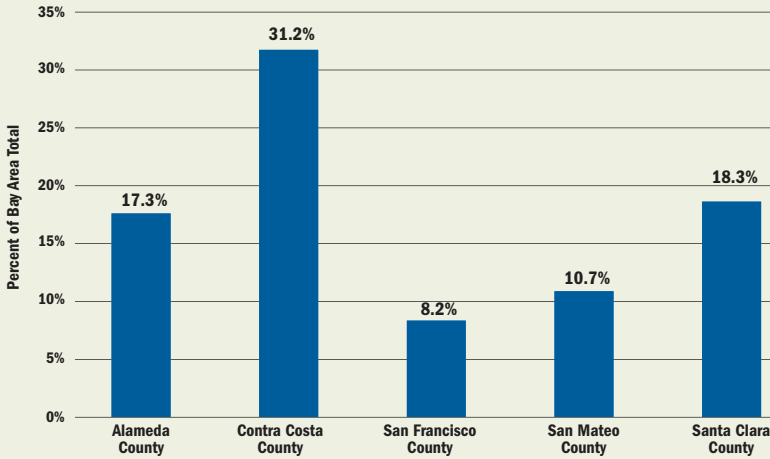


3 Source: Oakland International, San Francisco International, and Mineta San Jose International Airports

1. Port Tracker Report, Logistics Management, released August 2010

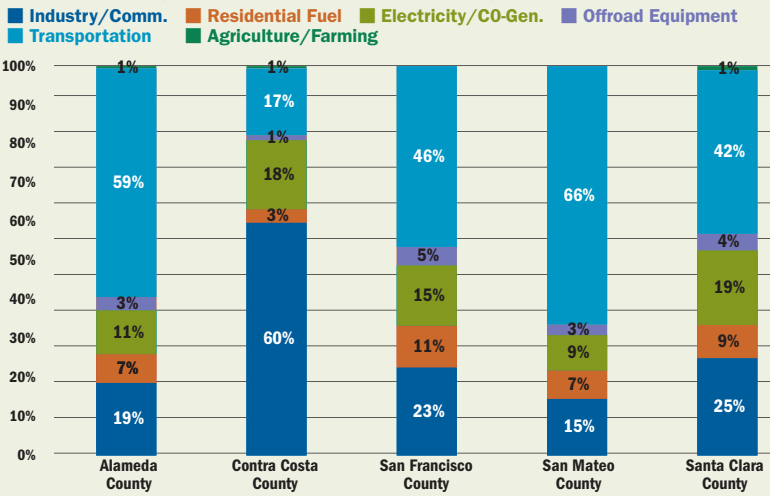
2. Airline and Airport On-time Performance, Flight Stats, www.flightstats.com

2007 CO<sub>2</sub>-Equivalent Emissions by County



Source: Bay Area Air Quality Management District

2007 County Emissions Breakdown by Sector



Source: Bay Area Air Quality Management District

East Bay businesses and residents have been early adopters of environmentally friendly practices, and the East Bay continues to be a leader in sustainability through regional strategies to reduce environmental pollutants, conserve resources and support innovation in and production of green technologies. With leadership from the Alameda County Waste Management Authority (StopWaste.Org), Alameda County cities have increased the amount of waste diverted from landfills through recycling and reuse from less than 20 percent in 1995 to 69 percent in 2008 and are on the way to meet the target set by Measure D of 75 percent waste diversion by 2010.

East Bay businesses have taken on the challenge to protect the environment. Currently 480 Alameda County businesses and 375 Contra Costa County businesses have received certification through the Bay Area Green Business Program,<sup>1</sup> which verifies that their practices prevent pollution, minimize waste, and conserve energy, water, and other resources.

Climate Policy

Greenhouse gases (GHG) are naturally occurring and human-generated gases such as carbon dioxide (CO<sub>2</sub>) that capture the radiant heat of the sun and can lead to climate change. The East Bay contributes 48.5 percent of the GHG generated in the Bay Area, about 50 million metric tons per year CO<sub>2</sub> equivalent. (Figure 1)

Bay Area-wide, 41 percent of GHG emissions result from transportation sources – a combination of commute traffic and movement of goods. Industrial/commercial sources contribute 34 percent.<sup>2</sup> The profiles of the East Bay counties differ significantly from the regional average, and from each other, due to differences in industrial development and transportation patterns. (Figure 2)

In September 2010 the California Air Resource Board adopted targets for reducing GHG associated with passenger vehicle travel. The goals for the Bay Area Region seek to achieve per-capita greenhouse gas reductions of 7 percent by 2020 and 15 percent by 2035. The proposed targets, required under SB 375 (2008, Steinberg), are designed to help coordinate regional planning efforts to foster efficient land use patterns that reduce vehicle travel.

1. A Program of the Association of Bay Area Governments (ABAG) in partnership with environmental agencies and utilities.

2. Bay Area Air Quality Management District (2008) Source Inventory of Bay Area Greenhouse Gas Emissions

**Home Values**

Home values dropped only slightly over the course of the decade. Despite dramatic increases and decreases over the decade, between 2002 and 2010, net median home sale values in Alameda and Contra Costa Counties have only decreased 5 percent and 14 percent, respectively. (Figure 1) While some East Bay communities experienced disproportionately high rates of foreclosures and related declines in median home values since 2007, stimulation from federal home buyer tax credits in 2009 helped home sales and values in some markets and slowed the rate of foreclosures. Since the expiration of the tax credits in 2010, the residential real estate market has slowed with a decrease in home sales activity as buyers and sellers are taking a longer time to assess the current overall market.

**Home Sales Activity**

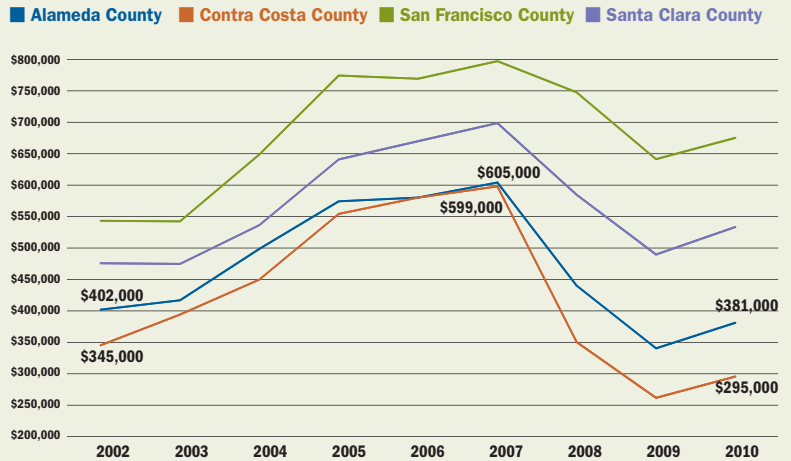
Between 2002 and 2010, home sales activity fell 35 percent in Alameda County and 27 percent in Contra Costa County. This slowdown in Bay Area home sales began in September 2007, when monthly sales declined nearly 42 percent in Alameda County and nearly 46 percent in Contra Costa County in one month. What followed was a year long period in 2008 with the lowest sales activity recorded in the past decade.

**Mortgage Defaults & Foreclosures**

From 2005 to 2009, the number of notices of default increased more than 800 percent in Alameda County and Contra Costa County, but decreased in 2010. (Figure 2) Lenders send default notices to homeowners who are 4-6 months behind on their mortgage payments, beginning the foreclosure process. From 2009 to 2010 the number of notices of default in Alameda County decreased 43 percent and in Contra Costa County decreased 37 percent.

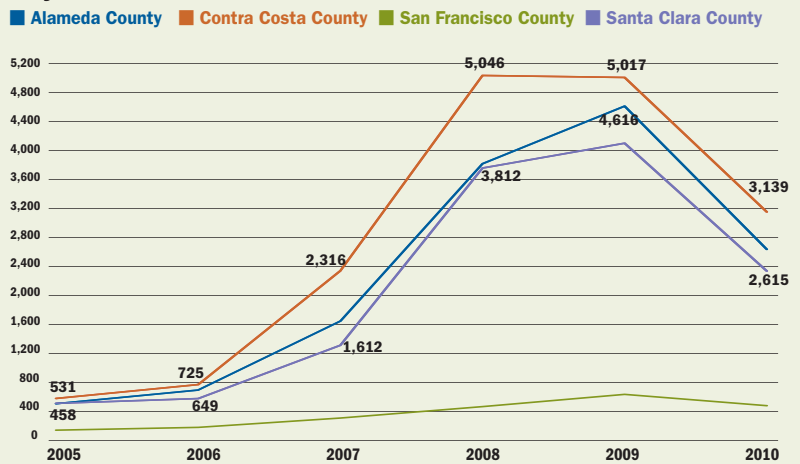
In general, the smaller, newer East Bay cities in the southern and Tri-Valley regions of Alameda County, and in eastern Contra Costa County, experienced the highest rates of population growth over the decade. Many of these same high growth cities have been hardest hit by foreclosures. (Figure 3) Contra Costa County, which was deeply affected by the foreclosure crisis, continues to have some of the highest number of foreclosures in the Bay Area with 2,841 through September 2010 (1 in every 138 housing units). Alameda County was not far behind with 2,601 (1 in every 219 housing units).<sup>1</sup>

**Bay Area Home Values - 2002 to 2010**



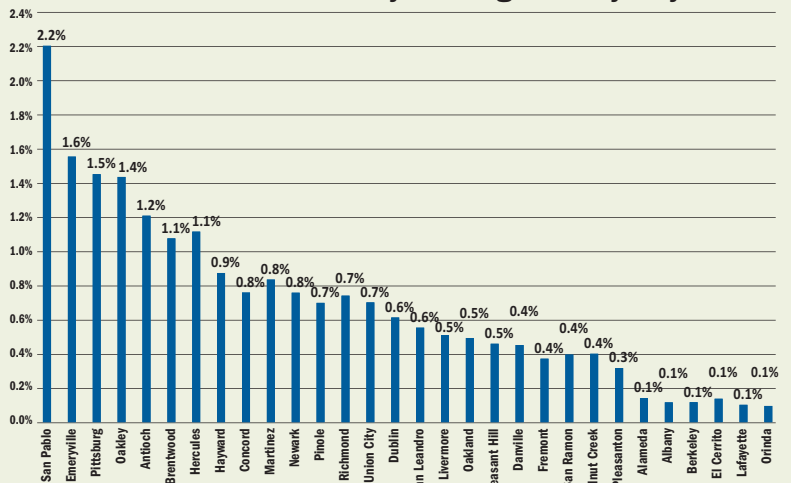
1 Source: Monthly July 2001-10, MDA DataQuick

**Bay Area Notices of Default - 2005 to 2010**



2 Source: Q2 2005-10, MDA Dataquick

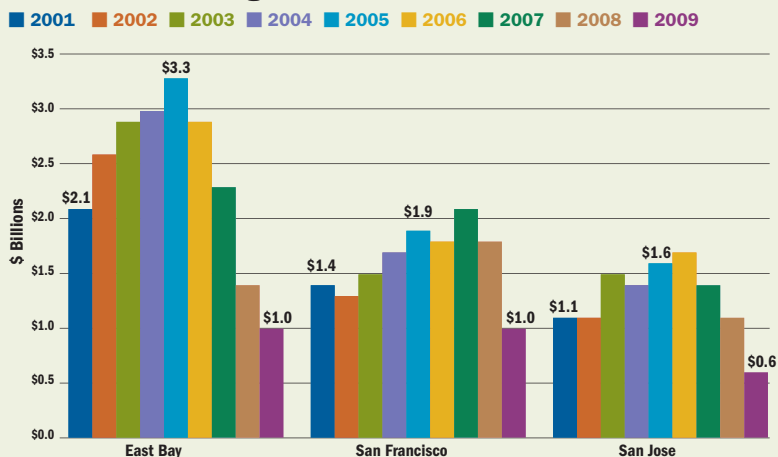
**Percent of Foreclosed East Bay Housing Units by City - 2010**



3 Source: Monthly September 2010, RealtyTrac

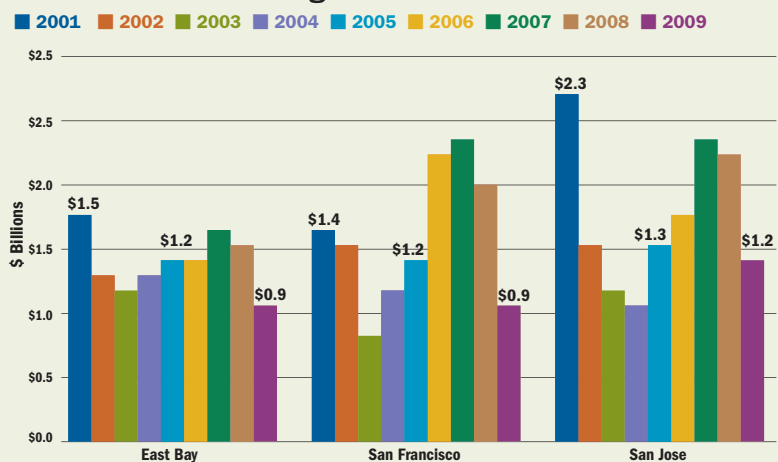
1. RealtyTrac

## Residential Building Permits



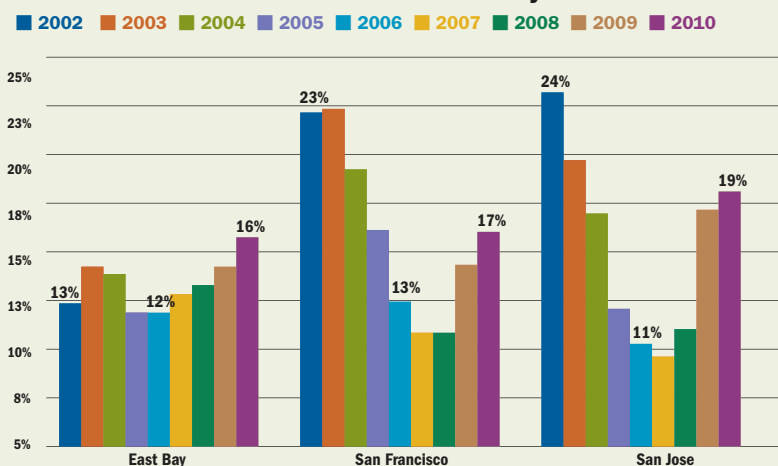
1 Source: Construction Industry Research Board

## Non-Residential Building Permits



2 Source: Construction Industry Research Board

## Commercial Real Estate - Office Vacancy Rates



3 Source: Grubb & Ellis

## Residential Construction

Residential construction declined dramatically since 2007. In 2009, the East Bay building permit values decreased \$1.1 billion (down 52%) to the lowest point in ten years. (Figure 1) From the East Bay's building permit peak in 2005 to its low in 2009, there has been a decrease of over \$2.3 billion (70%) in building permit values. The first half of 2010 saw a slight improvement in these numbers (up \$21 million over the previous year or by 25 percent).

## Non-Residential Construction

Non-residential construction permit values increased throughout the Bay Area until the 2008 period when a decrease occurred. (Figure 2) Non-residential construction permits are issued for commercial, industrial and institutional buildings and indicate future business investment. From 2001 to 2009, building permit values for non-residential construction in the East Bay decreased \$600 million (down 40%). Non-residential investment in the first half of 2010 has improved as there is an increase of \$12 million (up 18%) from the first half of 2009.

## Commercial Real Estate

Vacancies in the East Bay's commercial office properties rose from 12 percent in 2007 to 16 percent in 2010. (Figure 3) With this increase in vacant properties, commercial rents have fallen 8.7 percent to roughly \$2.10 per square foot. Industrial vacancies in the East Bay have hovered near 7 percent since 2007 and asking rents have also consistently held at \$0.44 per square foot.<sup>1</sup> Vacancy rates and rents of commercial real estate are leading indicators for a region's desirability in business investment and activity. Dramatic changes in these indicators reveal changes in a region's economy. The East Bay's strategic location, industrial lands, and numerous commercial and retail clusters have, in the past, made the region highly desirable to commercial and industrial investors. However, the latest recession has negatively impacted the overall commercial real estate market in the East Bay. According to Grubb & Ellis, rental rates are expected to continue to soften and vacancy rates will continue to be high throughout 2011.<sup>2</sup>

1. Industrial Trends Report – Second Quarter 2010, Grubb & Ellis, [www.grubb-ellis.com](http://www.grubb-ellis.com)

2. Office Trends Report – Second Quarter 2010, Grubb & Ellis, [www.grubb-ellis.com](http://www.grubb-ellis.com)

## Early Care & Education

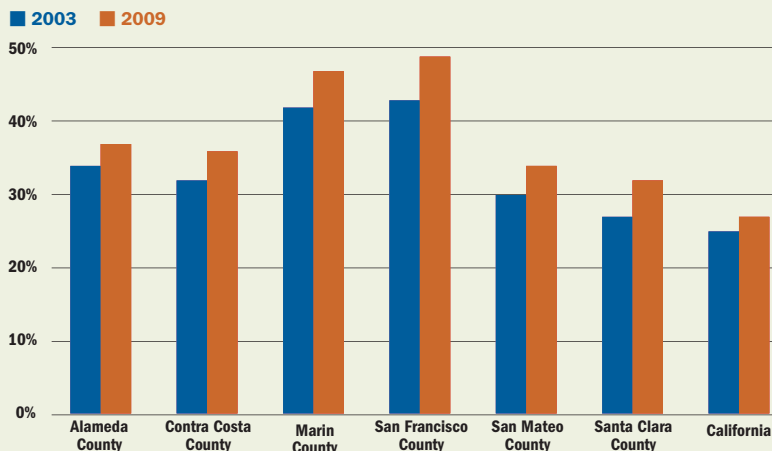
High-quality early care and education (ECE) provides a crucial foundation for children's success in school and in life. Longitudinal studies that track the lifetime educational and economic achievements of children who were enrolled in high-quality pre-K programs demonstrate outcomes such as increased high school graduation, increased college enrollment, less reliance on welfare, higher lifetime earnings and reduced rates of crime.<sup>1</sup>

Early care and education is a \$1.7 billion industry that provides more than 37,000 jobs in the nine-county Bay Area region.<sup>2</sup> In the East Bay, both the quality and availability of child care are uneven. The First 5 Commissions and their partners in each county are working to promote quality standards for ECE programs as well as providing funding and technical assistance to help programs meet those standards.

The percentage of children with parents in the labor force for whom a licensed child care slot is available increased between 2003 and 2009. (Figure 1) However, this increased availability may be largely due to the high rate of unemployment.<sup>3</sup> And, while some East Bay communities have sufficient child care slots to meet current and projected demand, a 2006 needs assessment concluded by projecting large long-term gaps in child care availability in many low income areas of the region.<sup>4</sup>

The cost of high quality Early Care and Education is a barrier for families who need it most. The average cost of ECE for single parent families is 25 percent of income, and for families with income below 75 percent of the State Median Income (SMI) the cost of child care represents 28 percent of family income.<sup>5</sup> State child care subsidies do not cover all eligible families and are inadequate to cover the cost of high quality programs. Furthermore, these subsidies have been vulnerable to cuts as a result of the state's chronic budget crisis. A 2009 report by the Bay Area Council estimated that the yearly cost of high-quality ECE ranges from \$11,349 for older preschoolers to \$25,967 for infants and toddlers.<sup>6</sup> Figure 2 shows the average annual per-child subsidy, compared with the estimated amount required to provide high-quality full-time ECE for infants and toddlers of different ages.

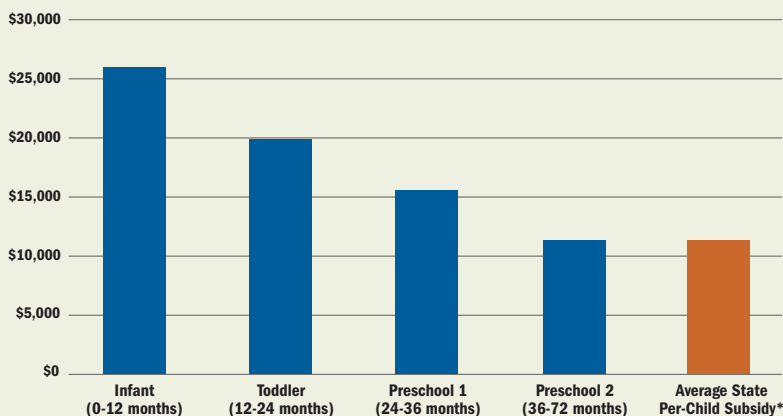
**Percentage of Children with Parents in the Labor Force for whom a Licensed Child Care Slot is Available**



1

Source: California Child Care Resource and Referral Network

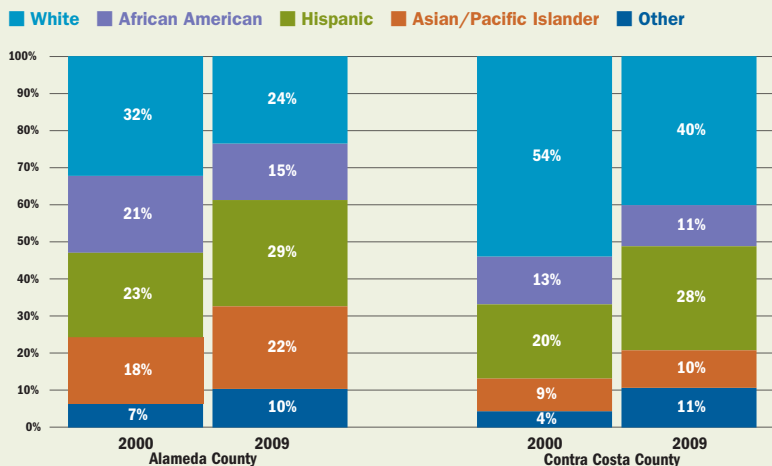
**Annual Per-Child Cost of High Quality Care Compared to Per-Child State Subsidy**



2

Source: Bay Area Council \*Range is \$8,233 to \$10,626 depending on type of care.

**Race/Ethnicity of East Bay Students - 2000 and 2009**



3

Source: California Department of Education, Ed-Data

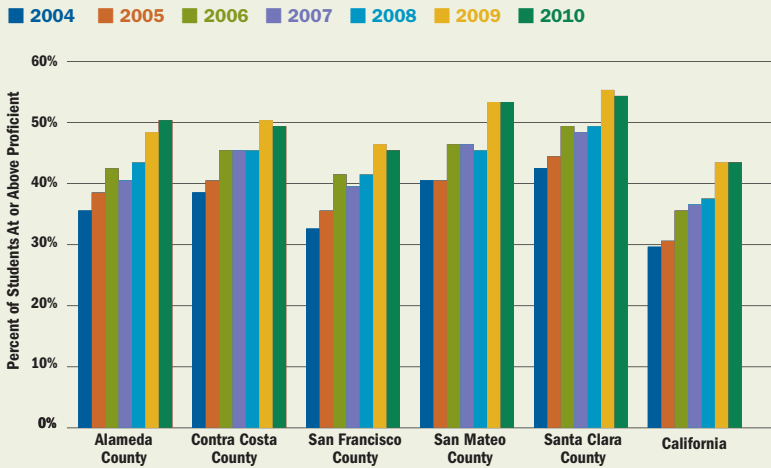
1, 2. Bay Area Council, 2009, Key to Economic Success in the 21st Century: Investment in Early Childhood Programs

3. Ca. Child Care Resource & Referral Network. 2009 California Child Care Portfolio.

4. First 5 Alameda, 2006; First 5 Contra Costa, 2006

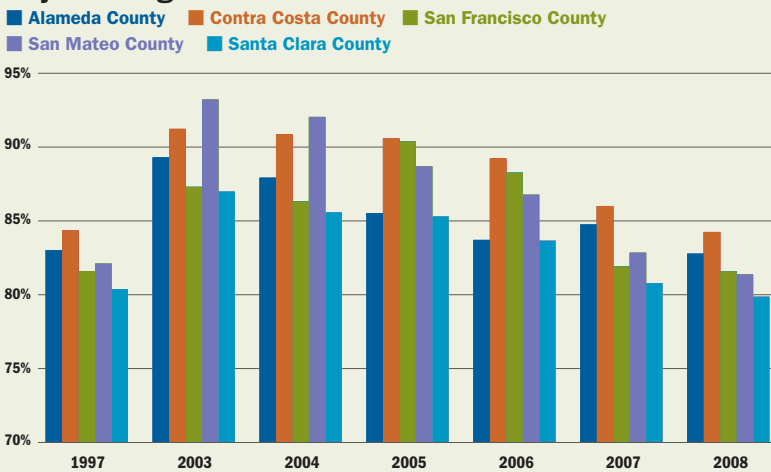
5, 6. Bay Area Council, op. cit.

### 3rd Grade Reading Proficiency



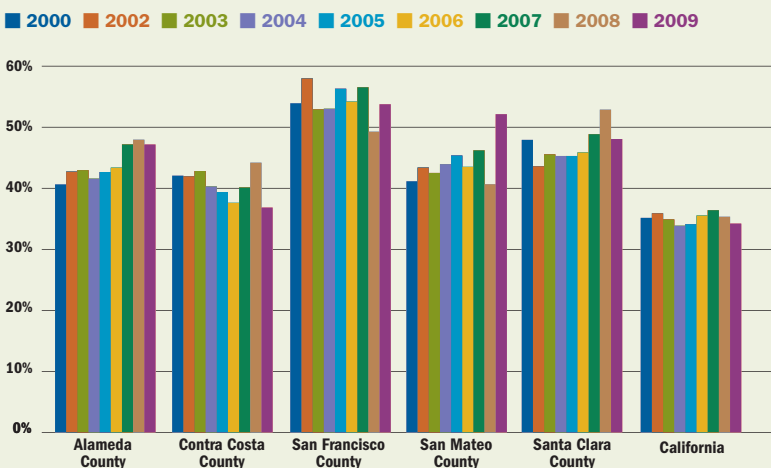
Source: California Department of Education

### Bay Area High School Graduation Rates



Source: California Department of Education

### Percentage of Graduates with UC/CSU Requirements



Source: California Department of Education

### K-12 and Beyond

Enrollment in the East Bay's 711 public schools stood at 395,218 students for the 2008-09 school year, an increase of 6 percent since 1999-00.<sup>7</sup> The ethnic and racial composition of the schools, like that of the region, has changed since 2000, as the proportion of Hispanic and Asian students has grown in both Alameda County and Contra Costa County. (Figure 3)

East Bay students made steady gains from 2004 to 2010, yet the most recent data show that only about one half of all East Bay students are proficient readers by the end of 3rd grade. (Figure 4) Fewer economically disadvantaged students meet the benchmark. In Alameda County 29 percent and in Contra Costa County 26 percent of economically disadvantaged students are proficient by the end of 3rd grade. About 30 percent of East Bay African American and Latino 3rd graders read proficiently, compared with 68 percent of White and 73 percent of Asian 3rd graders in the East Bay.<sup>8</sup> According to the Annie E. Casey Foundation "Reading proficiently by the end of third grade... can be a make-or-break benchmark in a child's educational development... Low achievement in reading has important long-term consequences in terms of individual earning potential, global competitiveness and general productivity."<sup>9</sup>

High school graduation rates in Alameda and Contra Costa counties rose steadily from the mid-1990s to 2003, but then began to decline in many districts and countywide. (Figure 5) The achievement gap in 3rd grade reading scores is mirrored in high school graduation rates, where large disparities exist among different socio-economic and ethnic groups within individual districts and schools.

The percentage of high school graduates who complete the requirements for admission to the University of California and the California State University systems has trended upward in Alameda County since 2003, but downward in Contra Costa County. (Figure 6) Large disparities persist among ethnic groups in both counties. In Contra Costa County in 2008 half of White and Asian graduates completed UC/CSU requirements, compared with 10 percent of African American and 17 percent of Hispanic students. In Alameda County in 2008, 62 percent of Asians, 53 percent of Whites, 27 percent of African Americans and 32 percent of Hispanic graduates completed requirements.<sup>10</sup>

7, 8. California Department of Education

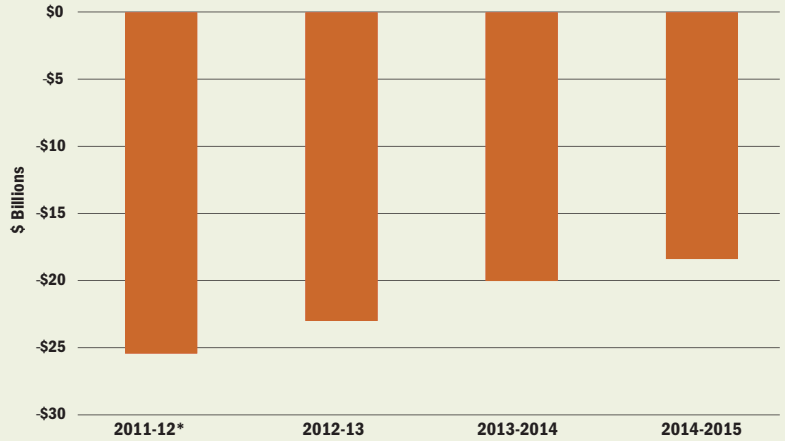
9. Annie E. Casey Foundation (2010) *Early Warning! Why Reading by the End of Third Grade Matters*.

10. California Department of Education, DataQuest

The state's on-going structural budget deficit, decreasing local revenues due to the recession, and a looming public employee pension crisis may jeopardize public services that promote community health, safety and economic vitality in the East Bay. Significant state budget shortfalls are projected through at least 2015<sup>1</sup> (Figure 1), portending additional decreases in resources available to East Bay public agencies and schools for safety net services, income supports, education, child care and other services for low- and moderate-income residents. The Legislative Analyst's Office projects large retirement liabilities and rising retirement costs at both the state and local levels that will put further pressure on already-strained public finances for years to come.<sup>2</sup>

Property tax revenue, which represents the largest tax revenue source for East Bay cities and counties, increased in both Alameda and Contra Costa counties from fiscal year 2000 to 2008 due primarily to rising property assessment values.<sup>3</sup> With the recent recession, total property assessment values have decreased in fiscal years 2009 and 2010. (Figure 2) Alameda County's total property assessment, which increased \$88 billion (79%) from fiscal year 2000 to 2008, decreased \$4 billion (2%) from fiscal year 2008 to 2009 and decreased \$3 billion (1%) from fiscal year 2009 to 2010. Contra Costa, which increased \$56 billion (66%) from fiscal year 2000 to 2008, decreased \$11 billion (7%) from fiscal year 2008 to 2009 and decreased \$8 billion (5%) from fiscal year 2009 to 2010. While total property assessment values are still higher than pre-recession levels, further decreases in property assessment values could lead to cuts in services such as public safety, child care, youth and senior programs, and recreational services.

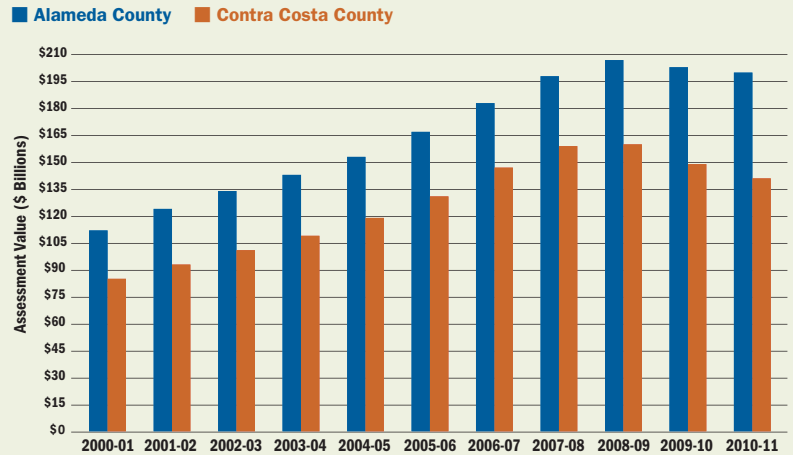
**Projected State Budget Shortfall**



1

Source: Legislative Analyst's Office \*Includes \$6 billion carry-in from current year

**Total Property Assessment**

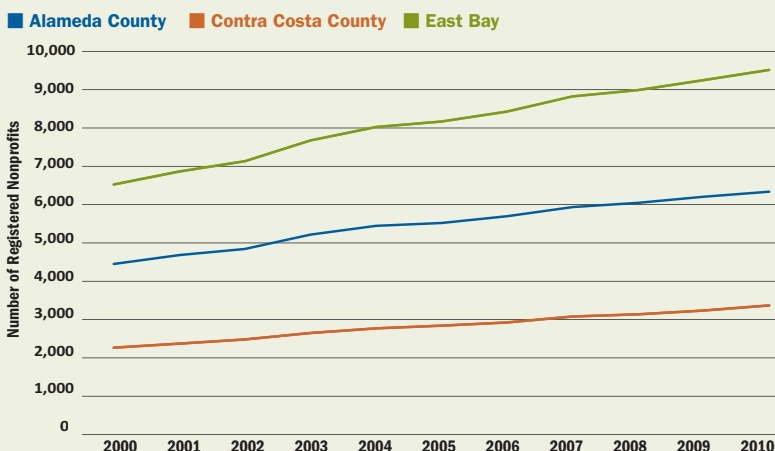


2

Source: Alameda County Office of Assessor, Contra Costa County Office of Assessor

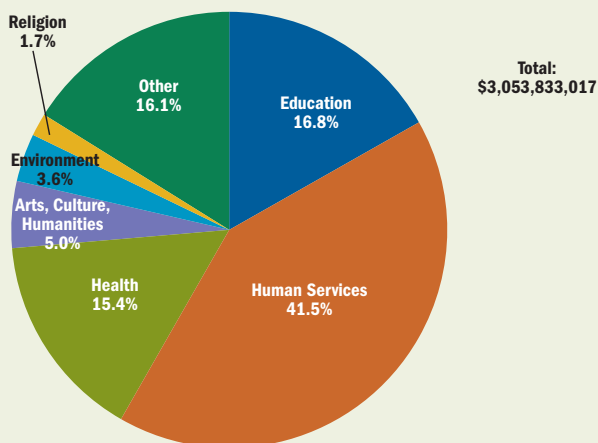
1,2. California Legislative Analyst's Office, [www.lao.ca.gov](http://www.lao.ca.gov)  
 3. *Counties Annual Report 2007-08*, California State Controller's Office

## Growth of the East Bay Nonprofit Sector



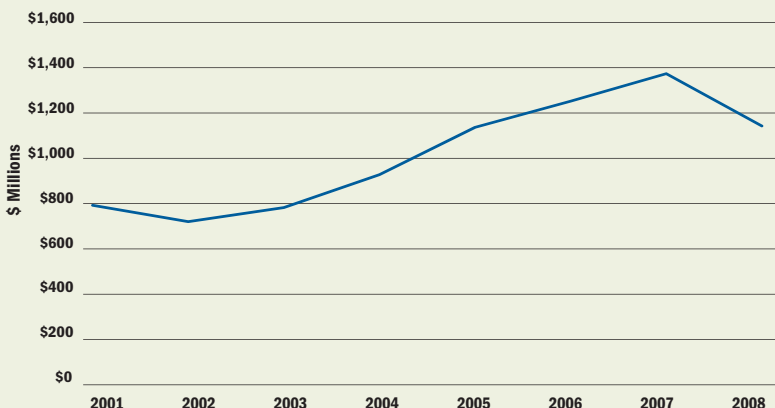
1 Source: National Center for Charitable Statistics

## Contributions, Gifts, Grants to East Bay Nonprofits 2008



2 Source: National Center for Charitable Statistics

## Revenue from Contracts and Program Services East Bay Human Services Nonprofits



3 Source: National Center for Charitable Statistics

The East Bay's robust nonprofit sector enhances our quality of life and addresses some of the region's greatest challenges, helping the East Bay's most vulnerable residents to live with dignity and achieve economic self-sufficiency. **The East Bay's nonprofit sector also plays an important, but often hidden, economic role.** In 2008, East Bay nonprofits had total expenditures of \$2.5 billion.<sup>1</sup> Much of this spending stays in the regional economy, creating jobs and purchasing goods and services from other nonprofit and for profit businesses.

**The East Bay is home to more than 9,500 public charities.** The number of these nonprofit organizations grew steadily throughout the past decade, increasing 47 percent from 2000 to 2010. (Figure 1) However, nonprofits are most concentrated in the older urban core areas of the East Bay from Richmond to Hayward. Nonprofit services are less available to residents of the fast-growing communities of eastern Contra Costa County, southern Alameda County and the Tri-Valley region.

**East Bay nonprofits received more than \$3 billion in contributions, gifts, and grants in 2008.** The majority of these donations, which come from individuals and families, private foundations, and government, support critical human service, education and health programs. (Figure 2) Donations to East Bay nonprofits rose substantially (up 84%) from 2002 to 2008. While local data for giving trends after 2008 are not yet available, national data show that donations to the nation's biggest charities dropped 11 percent in 2009, nearly four times the decline in donations these groups experienced in post-Dot Com downturn of 2001.<sup>2</sup>

For human service nonprofits, revenue from program fees and government contracts also increased steadily beginning in 2002. **This revenue, which pays for critical safety net services for cities and counties, nearly doubled from 2002 to 2007, but began to drop off sharply as the economy slowed.**<sup>3</sup> (Figure 3) At the same time, the recession, housing crisis and high unemployment have led to an increase in the demand for the services of these organizations, which assist the region's low- and middle-income residents most affected by the economic downturn.

1. National Center for Charitable Statistics. Excludes expenditures of 4% of East Bay nonprofits with assets of \$10 million or more.

2. Bank of America Merrill Lynch (sponsor), November 2010, "The 2010 Study of High Net Worth Philanthropy."

3. National Center for Charitable Statistics



The East Bay’s “creative economy”—nonprofit arts and culture organizations, art-related businesses and individual artists—contributes to the economic, social, and cultural vitality for which the region is known. **The East Bay is home to more than 1,100 nonprofit arts and culture organizations—nearly ten percent of all such organizations in California.** The number of arts and culture organizations grew steadily from 2000 to 2010, increasing from 550 to 820 in Alameda County (49%) and from 235 to 330 in Contra Costa County (41%). These organizations range from small neighborhood programs to internationally known

groups, with offerings across the artistic spectrum for people of all ages.

**East Bay arts and culture nonprofits had expenditures of \$250 million in 2008 (up from \$114 million in 2000.)**<sup>1</sup> (Figure 1) According to estimates by Americans for the Arts, this level of arts and culture spending generates 7,250 full-time equivalent jobs, \$170 million in household income and \$10 million in revenues for East Bay local governments.<sup>2</sup>

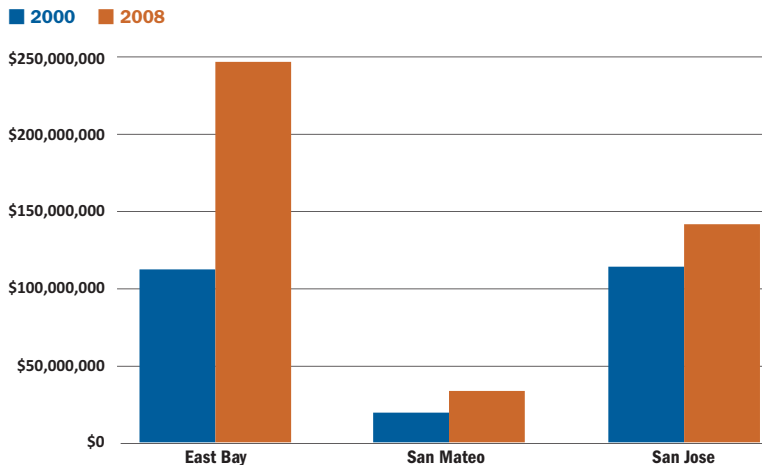
The creative arts industry in the East Bay extends beyond the nonprofit sector. **At least 6,932 arts-related businesses employ 22,922 people throughout Alameda and Contra Costa counties.**<sup>3</sup>

East Bay communities are harnessing the power of arts and arts-related businesses to anchor urban revitalization and economic growth. Innovative public/private/community partnerships like the East Bay Cultural Corridor (510arts.com) promote the arts across county boundaries and shine a spotlight on the arts as a catalyst for economic development. Oakland’s newly revitalized Uptown District is home to the city’s grand cultural venues, the Fox Oakland Theater and the Paramount Theater, as well as a hip new dining, nightlife and arts scene. In Richmond’s Iron Triangle neighborhood, the renovated historic Winter’s Building will be the permanent home of the East Bay Center for the Performing Arts in Richmond’s revitalized Macdonald Avenue Corridor. Berkeley’s thriving downtown arts and entertainment district is a model for collaboration between arts organizations, city government, businesses, and philanthropic donors. In east Contra Costa, arts groups like the Hapgood Theatre and El Campanil Theatre provide stability to Antioch’s Old Town district, still struggling to overcome the impact of the mortgage crisis and recession.



1. National Center for Charitable Statistics
2. Americans for the Arts, Arts and Economic Prosperity III Calculator
3. Americans for the Arts estimate from January, 2010 Dunn and Bradstreet data.

### Nonprofit Arts and Culture Expenditures



1 Source: National Center for Charitable Statistics



**T**he decade from 2000 to 2010 has been an economic rollercoaster ride, with the Dot Com Crash and the Great Recession serving as sobering end points for the high-tech bubble of the late 1990s and the housing bubble of the middle years of this decade. East Bay businesses and residents have hardly been immune to these economic forces. But our region's strategic location, innovative spirit, cultural assets, educated workforce and burgeoning green economy continue to set the East Bay apart and position our region to move forward as the economy gradually improves.

Yet, as the data in this report suggest, the East Bay faces serious challenges. Foremost among these is the need to promote sustainable economic growth to compensate for the jobs lost to the Great Recession and to long-term structural shifts in the region's economy. We are also challenged to advance economic opportunity for the one East Bay household in five that faced economic hardship even before the recent recession. We must continue to promote educational success for all East Bay children by supporting high quality child care, preschool and public schools that help all children acquire the literacy and math skills that are the foundations of the education that leads to economic opportunity. And we must find ways to continue to support the infrastructure and public services that enable our regional economy to grow and thrive.

Both the East Bay Economic Development Alliance and the East Bay Community Foundation believe we can best address these challenges through effective, long-term partnerships across sectors and geographic sub-regions of the East Bay. We have seen the positive change that comes about when private businesses, government, educational institutions, nonprofits, individual donors, philanthropic organizations and community groups join forces. We are committed to continuing to work with our partners to address these challenges. We invite others in the region to join our efforts to achieve prosperity for all of the region's residents and businesses.



## East Bay Economic Development Alliance [www.eastbayeda.org](http://www.eastbayeda.org)

The East Bay Economic Development Alliance (East Bay EDA) is a public/private partnership serving the San Francisco East Bay (Alameda and Contra Costa Counties) whose mission is to establish the East Bay as a world-recognized location to grow businesses, attract capital and create quality jobs. Through facilitation of regional collaboration and communication, East Bay EDA brings to bear the leadership and collaborative resources of its members and strategic partners to sustain a healthy and vibrant economy in the East Bay.

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## East Bay Community Foundation <http://www.eastbaycf.org>

The East Bay Community Foundation (EBCF) is dedicated to transforming the lives of individuals, families and communities by bringing together leadership, philanthropic expertise, and financial capital on behalf of economic opportunity and the education that leads to it. More specifically:

- Advancing economic opportunities for adults and families; and
- Ensuring very young children succeed in the education system so they have better economic opportunity when they become adults.

We do this work through partnerships with business, government, private foundations, and donors — including the approximately 500 individuals, families, corporations and other organizations holding charitable funds and endowments with us.

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## We're proud to support the voices of our community.

A healthy, vibrant community banks on the participation of its members. Bringing a neighborhood together to bring about positive change is no small accomplishment.

Bank of America is proud to support the East Bay Economic Development Alliance for its leadership in creating common goals and a long-term vision for the community.