BUILDING AN INCLUSIVE ECONOMY IN THE MONTEREY BAY REGION

A Progress Report

December 2023

Monterey Bay Economic Partnership

The mission is to improve the economic health and quality of life in the tri-county Monterey Bay region.

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TABLE OF CONTENTS

TABLE OF CONTENTS

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EXECUTIVE SUMMARY

Promoting inclusive economies has become an important goal in economic development strategies across the country and around the world. There is increasing recognition that inclusion is important not just for social and democratic goals, but also economic goals. At both a metropolitan and national scale, there is now strong evidence that more equitable regions and countries have better economic performance—stronger growth and more high quality jobs, greater resilience in the face of economic downturns, and more able to take advantage of new innovations and respond productively to economic shocks or structural changes (Benner and Pastor 2015; Berg and Ostry 2017). Connected to this is a recognition that traditional metrics of growth and inclusion, which focus on simple measures of economic output and income, are inadequate for a full understanding of our economy and economic inclusion. There is a growing movement towards developing a more complex and systems orientation to understanding our economy in a way that incorporates greater attention to ecological and social well-being (Kirchherr, Reike, and Hekkert 2017; Lang and Marsden 2018; Raworth 2017).

This report is designed to help community and business leaders throughout the Monterey Bay Area (Monterey, San Benito and Santa Cruz Counties) better understand the progress we are making towards a more inclusive economy, and to help identify priority areas that need attention. It is designed to provide indicators of our status and progress towards building a fully inclusive economy. As an indicators report, we don't go into depth here about the factors that might be causing the conditions we're seeing. Rather, we hope the indicators we present here can be a basis for discussion and further investigation into the causes of the patterns we see, and to develop strategies for addressing issues that these indicators may highlight.

In developing the indicators of progress we examine here, we have built upon a framework originally proposed by the Rockefeller Foundation, further refined by others at both metropolitan and national scales (Benner et al. 2018; Berube and Irons 2016). This approach recognizes five critical dimensions that are all important in some way to developing an inclusive economy. These five dimensions are conceptualized in the following way:

- **Equitable:** More opportunities are available to enable upward mobility for more people. All segments of society, especially the poor or socially disadvantaged groups, are able to take advantage of these opportunities. Inequality and wealth disparity are declining, rather than increasing. People have equal access to a more solid economic foundation, including equal access to adequate public goods, services, and infrastructure, such as public transit, education, clean air and water.

- **Participatory:** People are able to participate fully in economic life and have greater say over their future. People are able to access and participate in markets as workers, consumers, and business owners. Transparency around and common knowledge of rules and norms allow people to start a business, find a job, or engage in markets. Technology is more widely distributed and promotes greater individual and community well-being.

- **Growing:** An economy is increasingly producing enough goods and services to enable broad gains in well-being and greater opportunity. Good job and work opportunities are growing, and incomes are increasing, especially for the poor. There is increased access to living wages and decreased cost of living. Economic systems are transforming for the betterment of all, including and especially poor and excluded communities. Economic growth and transformation are not only captured by aggregate economic output measures (such as GDP), but must include and be measured by other outcomes that capture overall well-being.
- **Sustainable:** Economic and social wealth is sustained over time, thus maintaining inter-generational well-being. Economic and social wealth is the social worth of the entire set of assets that contribute to human well-being, including human produced (manufactured, financial, human, social) and natural capital. In the case of natural capital, human use must preserve or restore nature's ability to produce the ecosystem goods and services that contribute to human well-being. Decision-making must thus incorporate the long-term costs and benefits and not merely the short-term gains of human use of our full asset base.
- **Stable:** Individuals, communities, businesses, and governments have a sufficient degree of confidence in the future and an increased ability to predict the outcome of their economic decisions. Individuals, households, communities, and enterprises are secure enough to invest in their future. Economic systems are increasingly resilient to shocks and stresses, especially to disruptions with a disproportionate impact on poor or vulnerable communities.

In looking at these five dimensions, it is also important to lift up two key cross-cutting issues, that are rooted in the recognition that people might face barriers to advancing their well-being for two quite different reasons: they could be passively left out of economic opportunities, or they could be actively marginalized, either by being exploited or structurally excluded, by more powerful interests. Thus, in considering progress towards more inclusivity across all five dimensions in our region, it is important to pay particular attention to marginalized populations, and to consider how power relations are distributed, in both formal and informal ways. This can help us develop solutions that are as dynamic as the very problems we wish to address (Benner et al. 2018; Benner and Pastor 2021). We consider this report to be just one step along the road of developing a more comprehensive understanding of economic well-being in our region and developing strategies for promoting greater equity across all dimensions of human life. The specific indicators we have chosen to include are intended to provide a window into broader trends, hopefully without overwhelming readers with too enormous amounts of data. But we also recognize this will present an incomplete picture. We welcome feedback and suggestions, as we will continue to improve this indicator work in future years.

INCLUSIVE ECONOMIES Expand opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being.	EQUITABLE	Upward Mobility for all	Experiences of marginalized populations	Distribution of power
		Reduction of inequality		
		Equal access to public goods and ecosystem services		
	PARTICIPATORY	Decision making involvement, transparency and accountability		
		People are able to access and participate in markets as workers, consumers, and business owners		
		Widespread technology infrastructore for the betterment of all		
	GROWING	Increasing good job and work opportunity		
		Improving material well-being		
		Economicc transformation for the betterment of all		
	SUSTAINABLE	Social and economic well-being is increasingly sustained over time.		
		Greater investment in environmental health and reduced natural resource usage		
		Decision-making processes incorporate long-term costs		
	STABLE	Public and private confident in the future and ability to predict outcome of economic decisions		
		Members of society are able to invest in their future		
		Economic resilience to shocks and stress		

HOW ARE WE DOING?

Across the five dimensions of inclusivity of our indicators, the most positive trends are in the area of sustainability. Air quality has improved, our per capita Greenhouse Gas (GHG) emissions have declined, and our energy intensity (economic output per unit of electricity) has gotten better. There remains significant room for improvement in all these areas, especially in reducing GHG emissions to meet key targets related to mitigating climate change, but the trends are in the right direction. It also is encouraging that our overall levels of income inequality seem to have remained largely steady over the past decade, despite income inequality increasing state-wide, and our overall levels of income inequality are less than the state average.

Overall, however, our indicators show major challenges across multiple dimensions of our economy. Key highlights in each category include the following:

- **Equitable:** Overall, there are stark inequalities along racial lines in our region. This is true in income, wealth accumulation, and educational attainment. While we've made substantial improvements in educational attainment over the past decade, major educational inequalities remain.

- **Participatory:** Though the ability to participate in our regional economy appears to be improving, participation remains disparate between racial groups and has been slow to produce benefits for many community members. In terms of participating in economic development decision making, rates of eligible voter turnout remain low in the region, with the exception of an expected surge during the last presidential election in 2020. Notably, Monterey County, the county with the most population in our region, has consistently shown the lowest eligible voter turnout rates for each election year. In terms of economic participation, despite a rise in new business applications, self-employment income has not increased across most racial groups. Undocumented workers play a crucial role in our regional labor force and are more likely to be an active member of the workforce than documented workers, but face much worse economic circumstances. And although internet accessibility has slightly improved over time, access disparities still exist between racial groups.

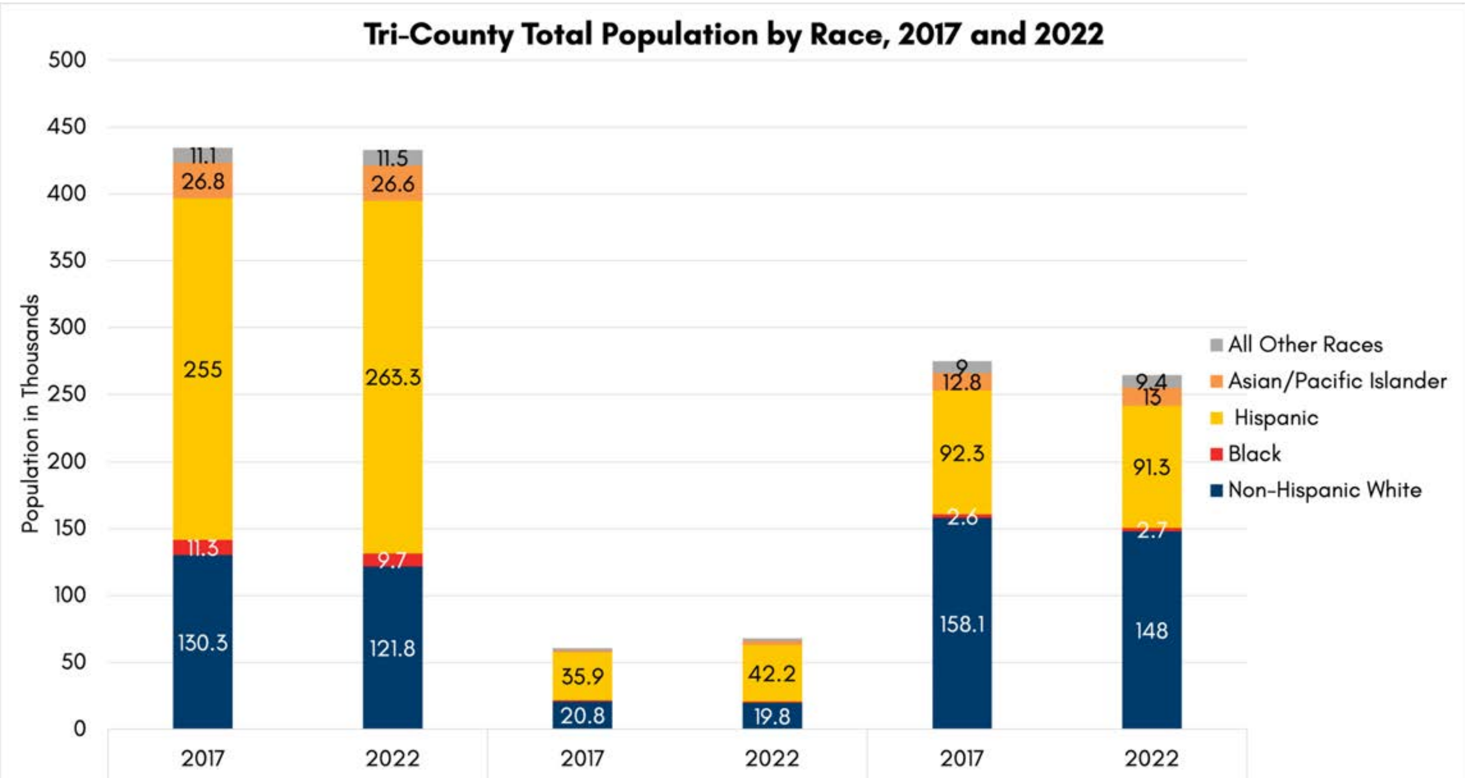
- **Growing:** Our regional economy has shown inequitable growth across several areas. Both GDP per capita and labor productivity have increased over the last decade, representing strong development at the macro-level. However, employment in high value-added industries has flattened, highlighting our regional dependence on low-wage industries. At the household and individual levels, the burdens of a booming housing market have been carried by low-income residents. Household food insecurity rates have remained steady, though more prevalent in Monterey County than elsewhere. There has been a reduction in the percentage of people earning below 200% of the federal poverty level, perhaps pointing to improvements in opportunities for low-income households.

- **Sustainable:** On a very promising note, our regional economic growth has mitigated excessive damage to the environment. Electricity energy intensity and air quality have both improved over the last decade. Additionally, GHG emissions per capita have continued to decrease, reducing emissions across all three counties by over 20% in just the last decade. We need to reduce GHG emissions even faster to achieve key targets related to mitigating climate change.

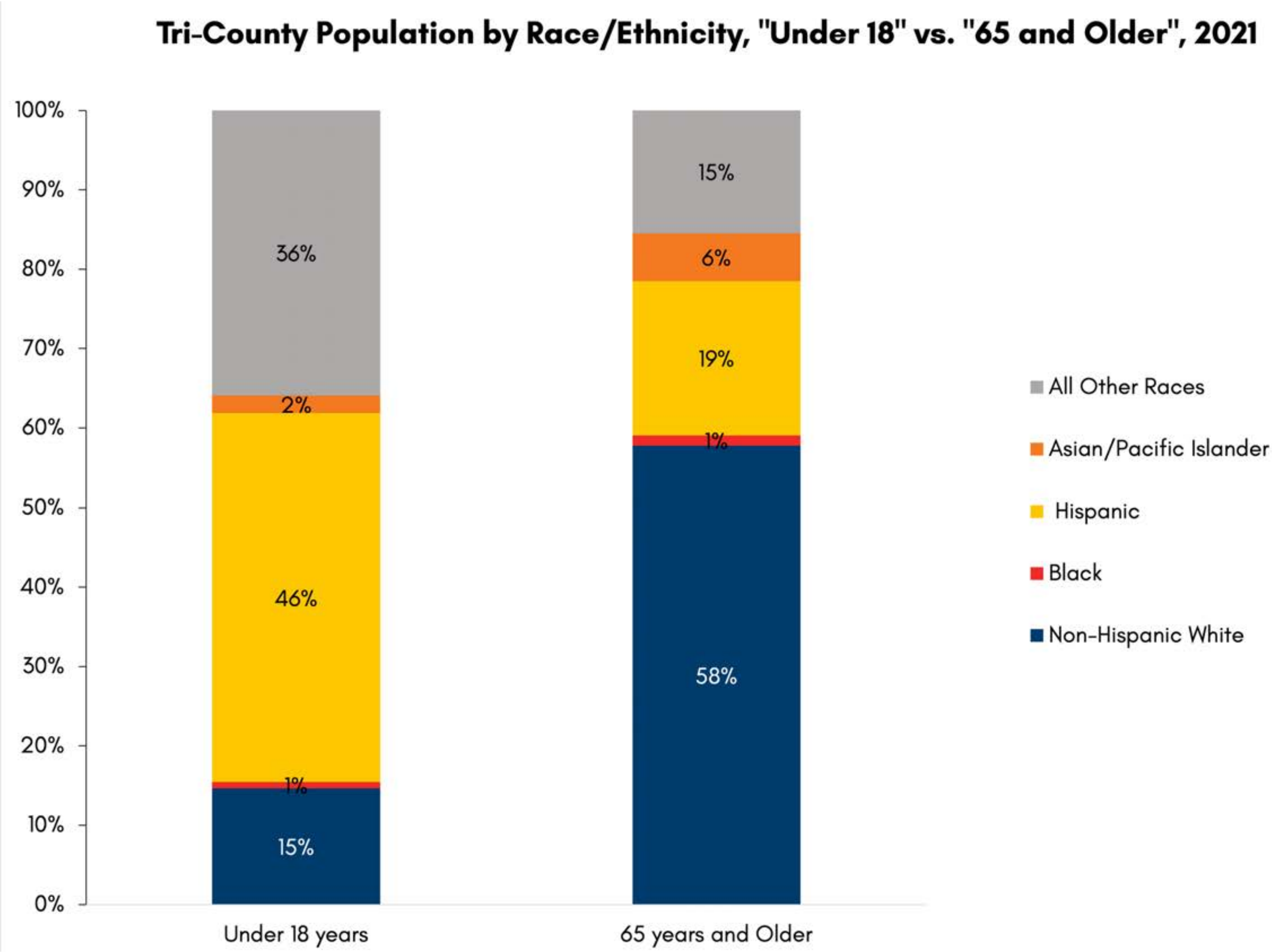
- **Stable:** Our regional economy remains more volatile than the state-level economy as a whole. Means of maintaining financial stability, such as health insurance coverage, have improved over time. However, social safety nets for those outside of the traditional labor force are not adequate. Counties have begun spending less on social security and welfare programs, and retirement savings have decreased amongst lower income households. Regarding community stability, the violent crime rate has declined throughout the region. Yet, property crime remains high in key cities, especially Santa Cruz.

WHO ARE WE?
RESIDENTS OF THE MONTEREY BAY AREA

Before looking more specifically at our indicators of economic inclusion, it is important to start from an understanding of who is living in our region and how this has changed over time. As of 2022, there were 764,807 people living in our three-county region, down slightly from 769,554 in 2017. Monterey County is the home to well over half (56.5%) of the region's total population. Our region has become increasingly diverse over time, with Latinos now accounting for 51.9% of the total region's population, and the Non-Hispanic White population accounting for 37.9%. People who identify as Asian or Pacific Islander account for 5.6%, African American 1.7%, and Other races 2.9%. We have a significant immigrant population in the region. In Monterey and San Benito Counties combined, for example, 22% of the population are Immigrant Latinos, and 4% are Immigrant Asian/Pacific Islander. In Santa Cruz County, 11% are Immigrant Latinos, and 2% are Immigrant Asian/Pacific Islanders.



Our regional population is distributed quite differently by age and race/ethnicity. Latinos account for nearly half of the youth across Monterey, San Benito, and Santa Cruz Counties in 2022. Other youth of color, identifying as African-American, Asian/Pacific Island, American Indian/Alaska Native, or other account for another 39% of the population, while only 15% of youth in our region are non-Hispanic White. In stark contrast, 58% of those 65 and older are Non-White Hispanic residents. Research shows that a large racial generation gap correlates with lower investments in education (Pastor, Scoggins, and Treuhaft 2017). Bridging this racial generation gap and ensuring that we invest in youth of color will matter tremendously for the future of the region.



EQUITABLE

An equitable economy can be defined as one in which more opportunities are available to enable upward mobility for more people. All segments of society, especially low-income and communities of color, are able to take advantage of these opportunities. Inequality is declining, rather than increasing. People have equal access to a more solid economic foundation, including equal access to adequate public goods, services, and infrastructure, such as public transit, education, clean air and water.

Key Conclusions:

- Educational attainment is improving across all racial groups and by sex, though dramatic racial inequalities still exist. Notably, Hispanic and Black residents still fall far behind their regional counterparts in higher educational attainment.
- Overall income inequality appears to be holding constant, but not necessarily improving either. Rates of poverty have marginally changed for most racial groups. However, there has been a sizable increase in poverty within the Black community.
- Housing remains a major burden for all residents, regardless of race.
- There are substantial racial inequalities in rates of home ownership, which is a primary means of wealth accumulation and subsequently may impact economic equality for future generations.
- The decrease in labor force participation raises concerns as it represents a growing number of residents who have fallen out of the labor market.
- We also face major K-12 educational challenges associated with extremely high rates of chronic absenteeism after the COVID-19 pandemic.

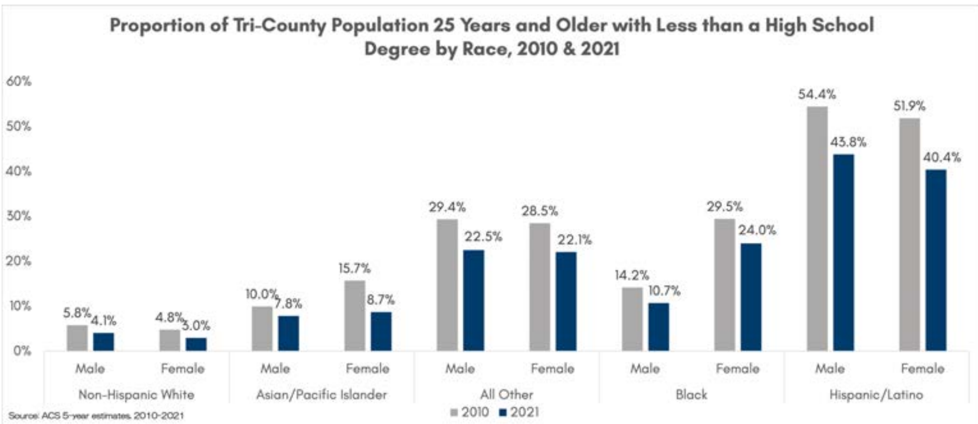
UPWARD MOBILITY FOR ALL

Attaining Higher Education

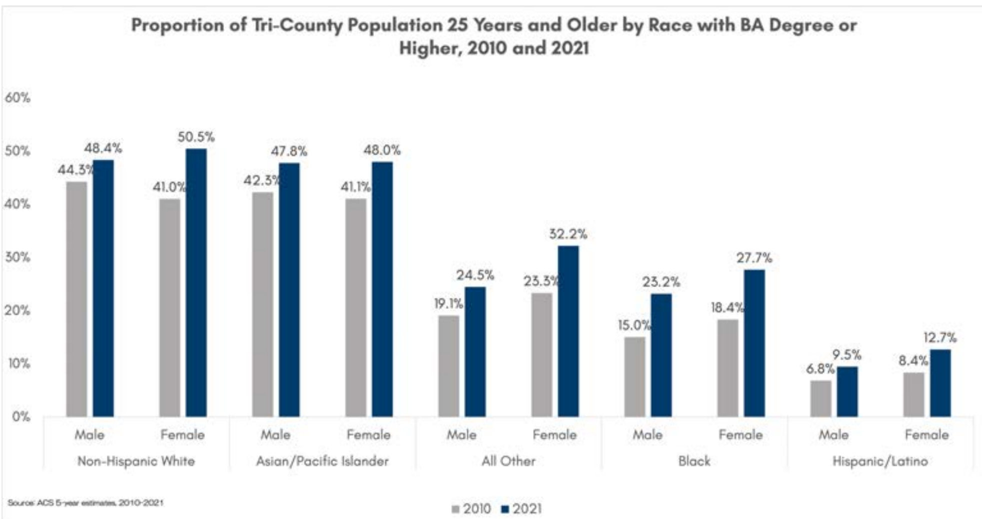
Why is this important?
Higher education is strongly correlated with higher earnings and is an important pathway to inter-generational social mobility for low-income families. Ensuring all people in the region, especially communities of color, have equal access to higher education is important for our economic future.

What are we measuring?
The percentage of people 25 years and older in the region who have received a 4-year bachelor's degree or higher.

How are we doing?
The good news is that we have seen a steady increase in educational attainment by this measure since 2010 across all racial groups. The percentage of women with a BA degree or higher is greater than the percentage of men across all racial groups as well, helping to overcome historical disadvantages of women's access to higher education. We still have dramatic racial disparities, however, in educational attainment, reflecting substantial barriers to access for communities of color in the region. For both the Non-Hispanic White and Asian/Pacific Islander population in our region, nearly 50% or even more of the population have a bachelor's degree or higher. Meanwhile less than 10% of Latino men, and only 12.7% of Latino women in our region had a BA degree or higher in 2021. Meanwhile, 43.8% of Latino men, and 40.4% of Latino women 25 years and older have less than a high school degree.



Proportion of Tri-County Population 25 Years and Older with Less than a High School Degree by Race, 2010 & 2021



Proportion of Tri-County Population 25 Years and Older by Race with BA Degree or Higher, 2010 and 2021

Intergenerational Income Mobility

Why is this important?

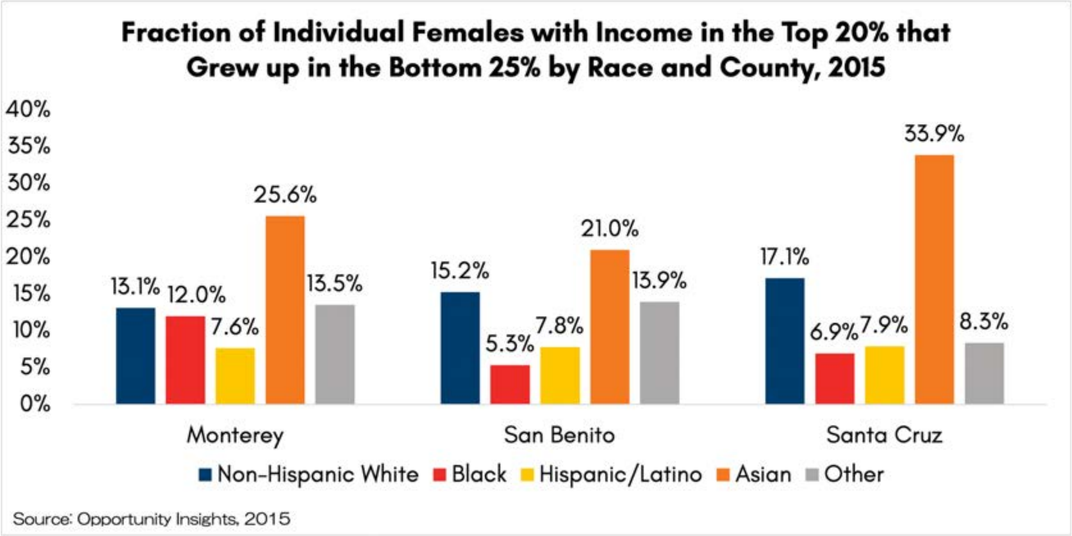
A sign of a truly inclusive economy is that no matter whether you grow up in a poor or wealthy family, you have an equal opportunity of achieving a high income in your own career.

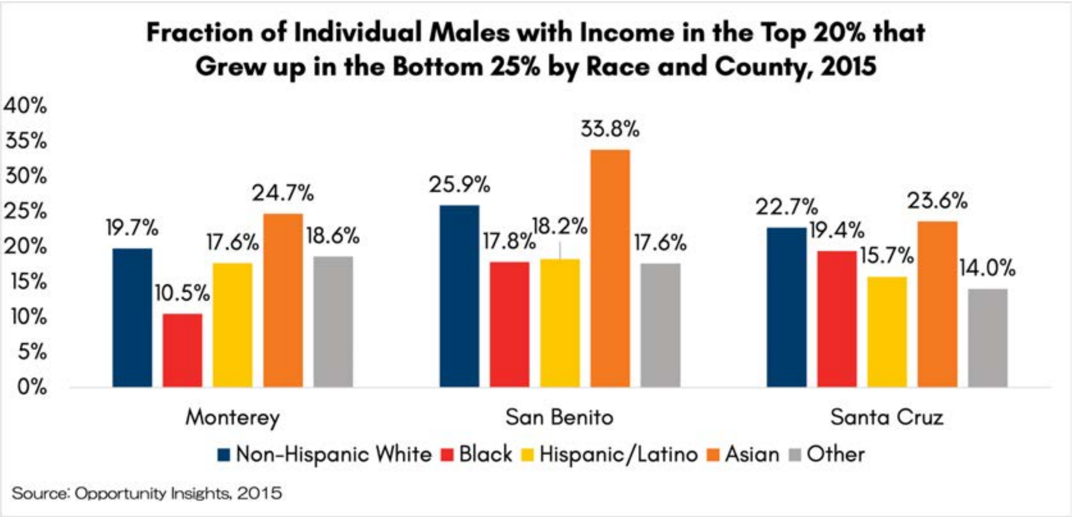
What are we measuring?

The percent of women and men whose income at age 35 in 2015 ranked in the top quintile of individual income by gender nationally despite these individuals growing up in households in the bottom 25% of income. If opportunity is evenly distributed, 25% of individuals in the top quintile at age 35 would have grown up in the bottom 25%.

How are we doing?

Overall, 13% of Monterey County residents, 14% of San Benito County residents, and 14% of Santa Cruz County residents who grew up in the low-income households earned in the top 20% of income earners nationally in 2015. The proportion of those from the lowest income backgrounds reaching the highest quintile in adulthood ranges vastly by race and gender. Across all counties, Asian men and women are mostly likely to have moved from the bottom 25% of income to the highest income quartile compared to any other racial group. Yet, amongst the racial groups boasting the lowest proportions (Hispanic, Black, and Other) the results range considerably when compared between genders, with women having substantially less income mobility in our region than men. For example, though only 5.3% of Black women in San Benito County have made this intergenerational income jump, nearly 18% of Black men in the same county have done so. These differences highlight severe racial and gender inequalities associated with economic mobility amongst Hispanic, Black, and Other Race residents.





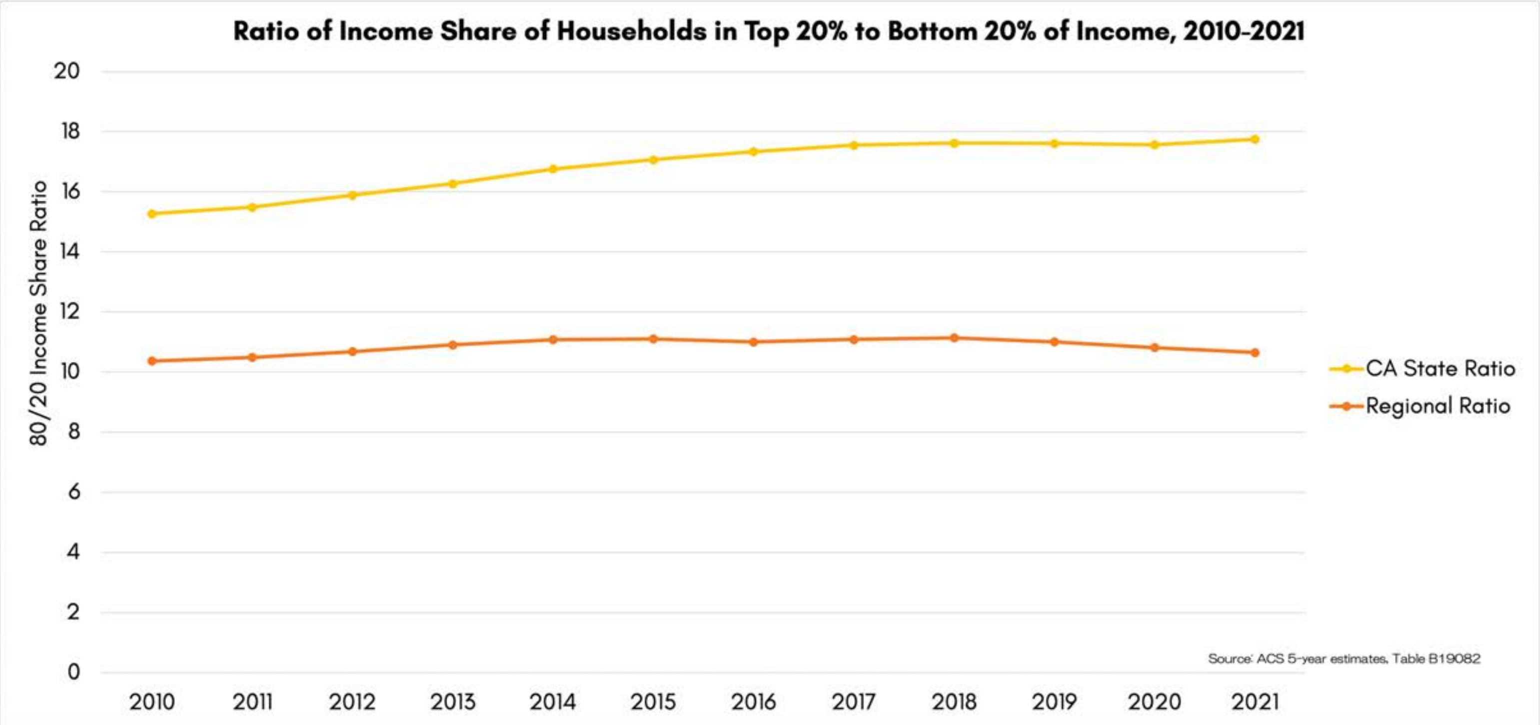
REDUCTION OF INCOME INEQUALITY

Overall Income Inequality

Why is this important?
Research has shown that high income inequality undermines economic prosperity and reduces opportunity for individual mobility. It can also undermine a region's ability to take advantage of new innovations or respond to economic shocks.

What are we measuring?
Household income is measured by the total gross income reported from all members of a given household in the past 12 months. Income quintiles are broken down into 20% increments, with the highest quintile representing households with incomes in the top 80-100% and the lowest quintile representing households with incomes in the bottom 0-20%. This shows the ratio of income held from the highest quintile (top 20%) and the lowest quintile (bottom 20%) for both California and our three-county region

How are we doing?
Over the last decade, our regional gap between the highest and lowest quintiles has stayed mostly constant, suggesting that income inequality in our region has not significantly worsened or improved over time, but has remained consistently high. When compared to the state-level ratio over time, our region has experienced less of an increase in income inequality over the same period.

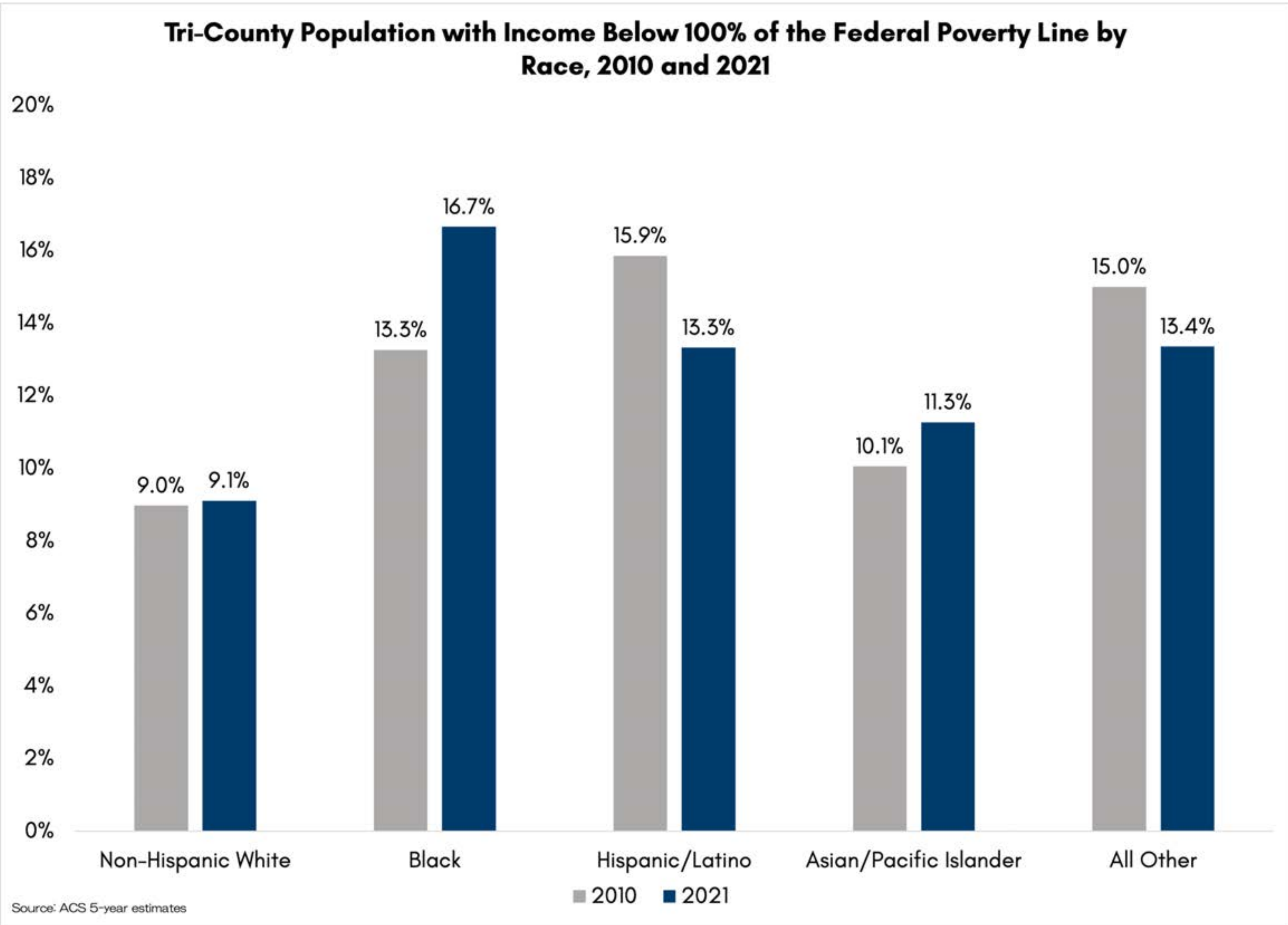


Official Poverty Levels

Why is this important?
Poverty is a state of lacking financial resources and essentials necessary to maintain a minimum standard of living. High levels of poverty not only hurt those individuals and families with inadequate income but has broader negative economic and social impacts as well.

What are we measuring?
The federal poverty line is a measure of economic status that is calculated annually by the US Department of Health and Human Services. Given changes in household spending patterns and costs of living since the official poverty level was first designated in the 1960s, many people believe 200% of the poverty level is a more appropriate measurement of an inadequate income, which we report later, but here we report 100% poverty level because it remains the official measurement.

How are we doing?
The proportion of our region living below the federal poverty line has changed slightly over the last decade. However, these changes vary between racial groups. Notably, the proportion of Black and Asian/Pacific Islander households living in poverty has increased since 2010 (+3.4% & +1.2%). On the other hand, the proportion of Hispanic/Latino households and all other race households living in poverty has decreased in that same time (-2.6% & -2.4%).



Homeownership

Why is this important?

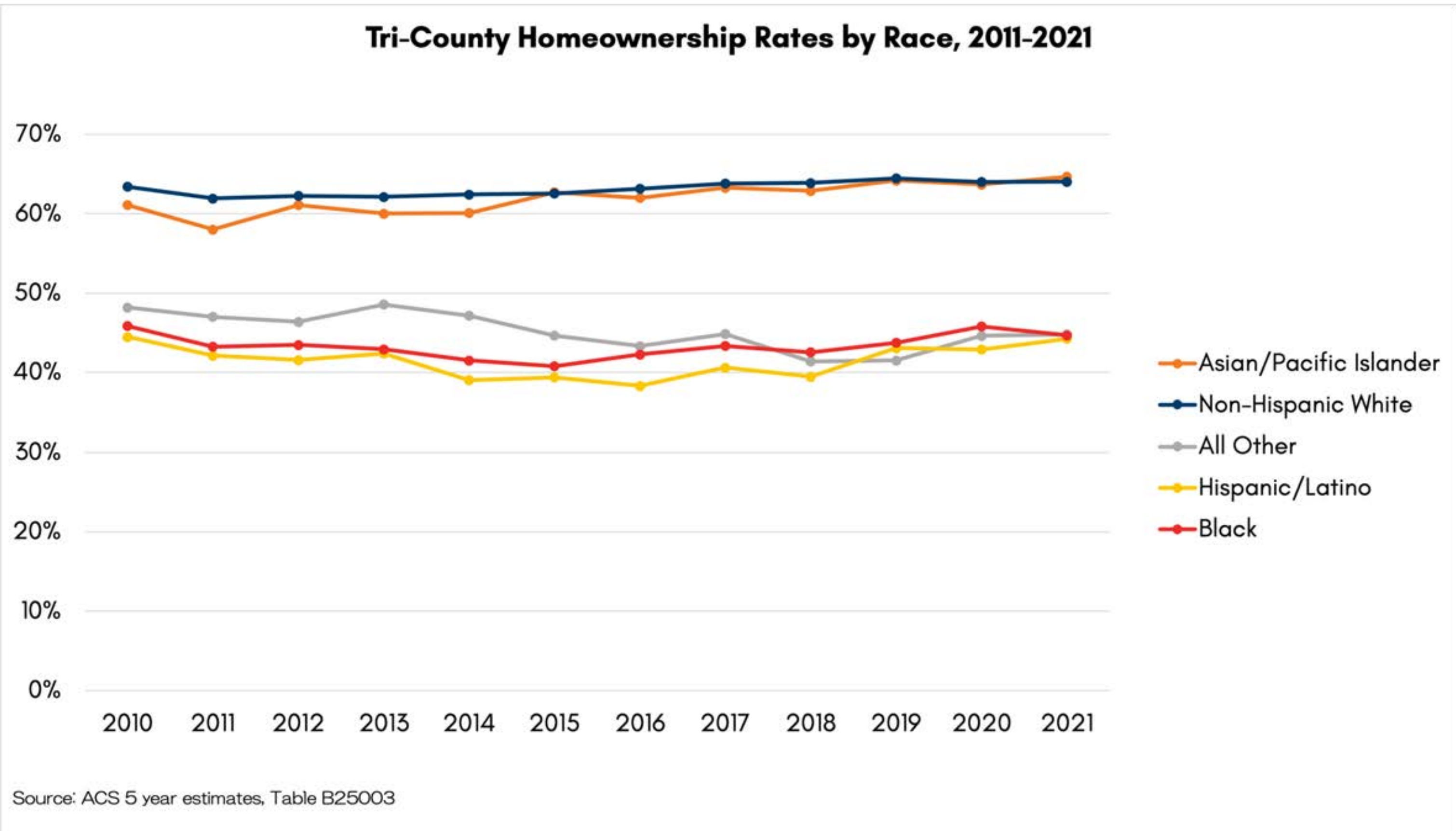
Homeownership is the primary means by which most people can accumulate wealth. By owning a home, households may benefit from appreciating home values over time and may provide a secure means of intergenerational wealth transfer for their children to inherit.

What are we measuring?

Homeownership is measured through the US Census American Community Survey's 5-year estimates. Households can self-identify whether they own or rent their house, apartment, or mobile home.

How are we doing?

There is a clear disparity in homeownership rates between racial groups in our region. Non-Hispanic White and Asian households have consistently reported the highest rates of homeownership, with a steady rise from 61-63% to just over 64% over the last decade. However, Hispanic/Latino, Black, and all other race households comprise the lower end of homeownership in our region, with a slight decrease in "all other race" homeownership from 48% in 2010 to 45% in 2021. This highlights a major gap in homeownership and a subsequent limitation of wealth accumulation for Black and Latino residents in our region.



EQUAL ACCESS TO PUBLIC GOODS

Chronic Absenteeism

Why is this important?

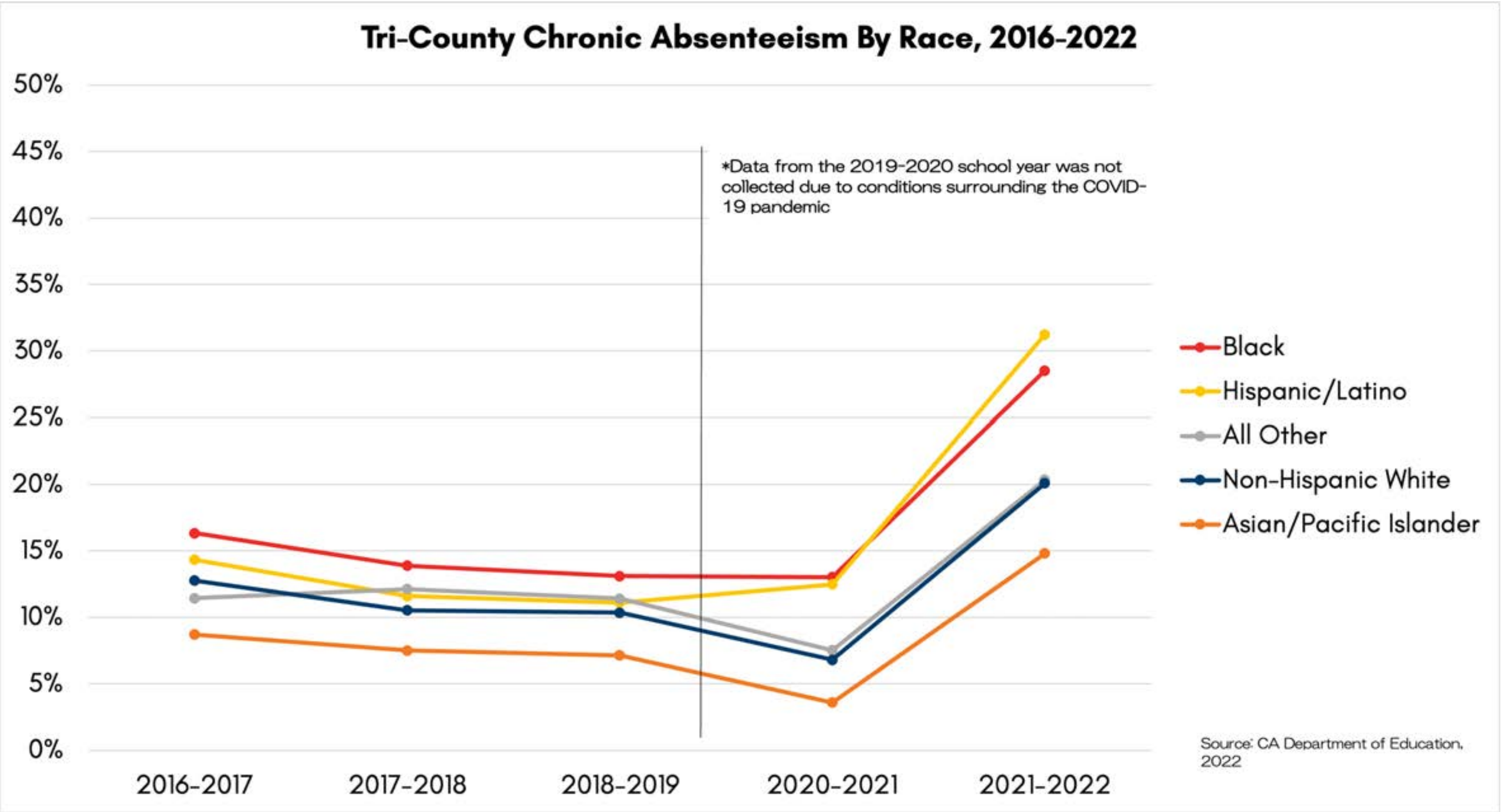
Missing instruction can be related to a variety of factors, but the consequences are predominantly negative for the students involved. Students who are absent from school are less likely to reach key educational milestones and read at lower grade levels than their peers, due to missed class time. Additionally, students with high levels of absences at whatever grade level are at greater risk of dropping out of high school later in life, with all the associated economic challenges that go along with low educational attainment.

What are we measuring?

Chronic absenteeism measures the percentage of students who were absent for 10% or more of the days they were expected to attend school for grades K-12.

How are we doing?

Though our findings may be limited due to a gap in data collection from 2019-2020, there is a stark contrast in rates of chronic absenteeism in the most recently recorded school year. Chronic absenteeism has sky-rocketed across all racial groups since 2020, due to the impact of the pandemic. Notably, the rate of chronic absenteeism has increased most drastically amongst Latino students, rising from 14% to 31% in merely 5 years. This highlights a major area of concern for the life course trajectories of Latino students in our region.



Public Transit Use

Why is this important?

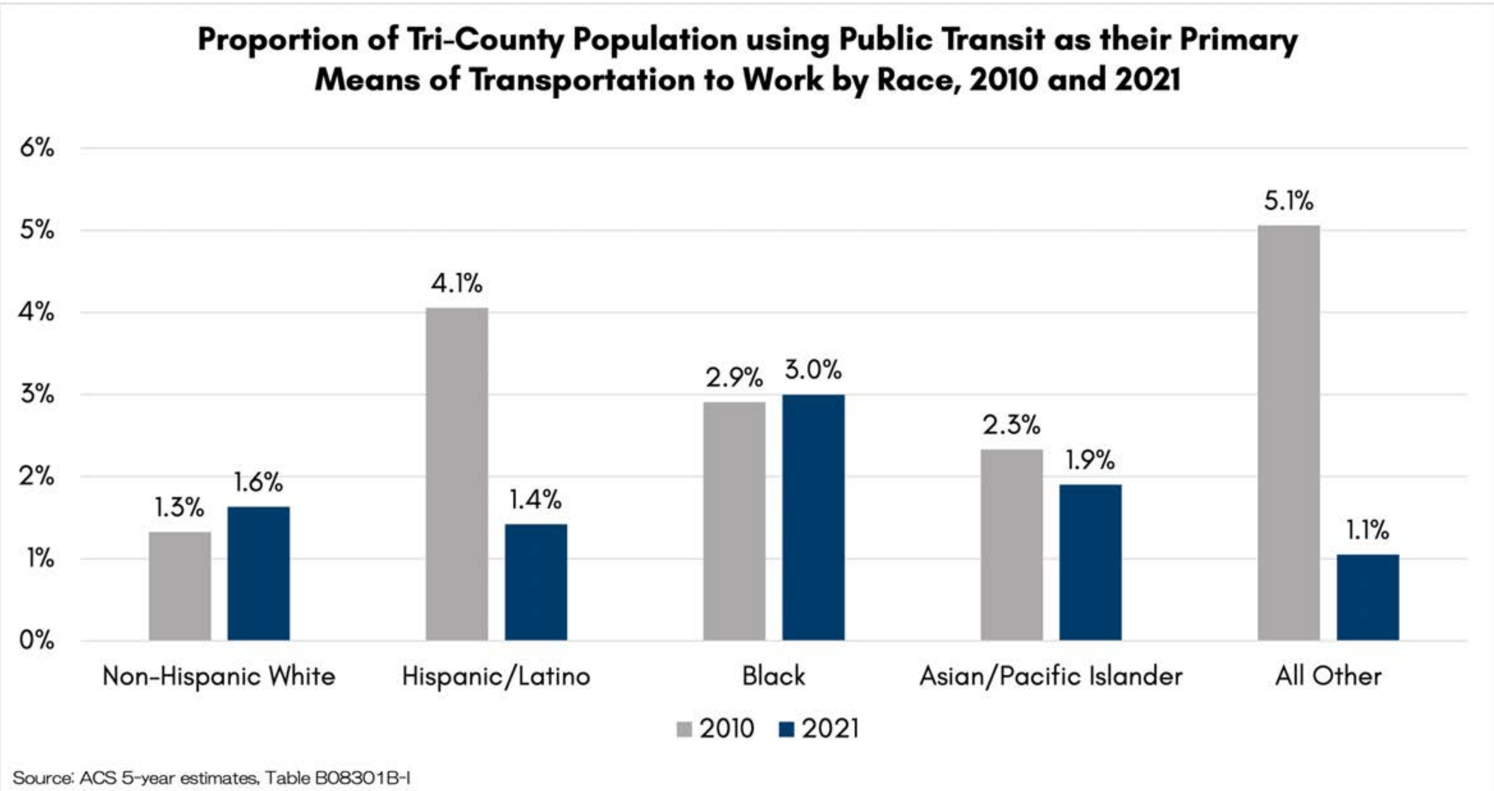
Transportation to and from work is a vital component of our regional economy. With an ever-growing population travelling in and out of our region, commuting traffic has become a major concern for regional workers. Utilization of public transit may provide a positive alternative for workers, as well as benefit our environment and economy. An increased use of public transit as means of transportation to work translates to fewer cars on the road, easing traffic congestion and reducing carbon emissions in the process. Particularly for low-income populations, access to public transit can be important for gaining access to work opportunities.

What are we measuring?

This measures the proportion of workers 16 years of age or older that use public transit as their primary means of transportation to work.

How are we doing?

Overall, across the region and all racial groups, less than 5% of people use public transit as a primary means of transportation to work, and there has been a slight decrease over the past decade overall, though there are substantial differences by race. The reasons behind the general decrease in ridership can be attributed to high levels of car ownership and higher rates of remote working. More so, high housing costs have driven an increase in the population of commuting workers who live outside of our region, who then experience limited access to public transit that can transport them across longer distances. For those that do utilize public transit in our region, however, usage differs quite drastically between racial groups. The proportion of Latino workers using public transit decreased from 4.1% to 1.4% while the proportion amongst all other race workers decreased from 5.1% to 1.1%, falling from the highest within race utilization to the lowest. Simultaneously, the proportion of Non-Hispanic White workers as well as Black workers using public transit increased marginally.



Women's Security

Why is this important?

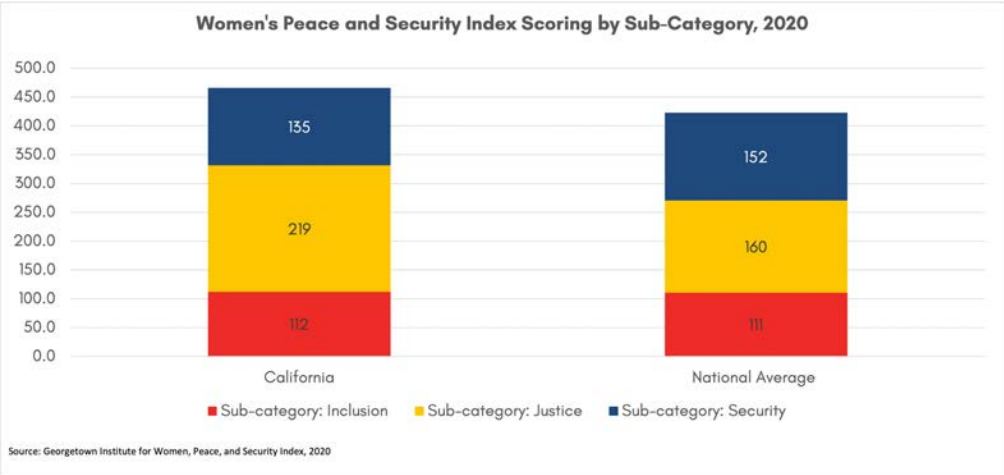
The value of creating a safe and secure community for women and girls cannot be overstated. When women are given the space to be active community members, they contribute to increased economic output, decreased instances of gender-based violence, and healthier households. Though long-fought efforts in the United States have secured women's rights to work and vote, recent legislative efforts have begun to peel back women's rights to autonomy in our modern era.

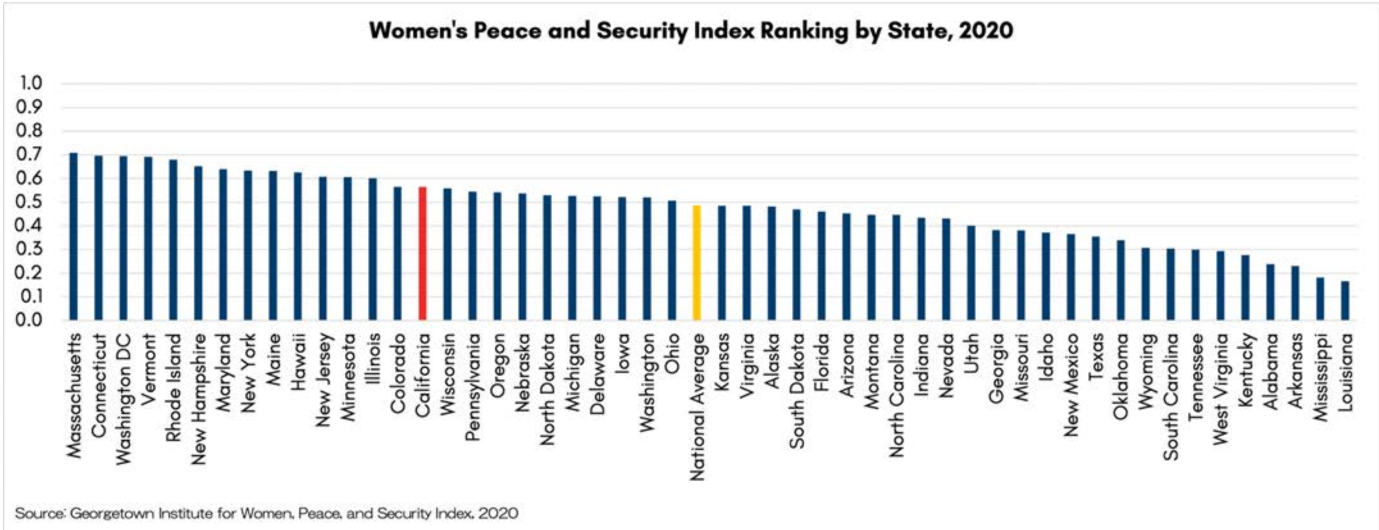
What are we measuring?

The Women's Peace and Security Index is a scale developed by the Georgetown Institute for Women, Peace, and Security. The index is categorized into 3 sub-sections: inclusion, justice, and security, with each sub-section comprised of several indicators of women's presence in society. Indicators include maternal mortality rates, reproductive health care access, employment, and rate of intimate partner violence. This data is not available at any geography smaller than the state-level; therefore, we are reporting the findings for California as a whole.

How are we doing?

California has a higher than national average rating for women's peace and security. The state scores particularly high on the indicator for "Justice", which includes reproductive access, legal protection, discrimination, and levels of maternal mortality. We rank 15th among all states, so there is significant room for improvement. Our findings are limited in scope given the inability to analyze data at county-level or smaller. Though several indicators included in the WPS Index framework are detailed separately in this report, we recommend that additional funding and focus be placed on collecting similar data at our regional level in order to more accurately assess the status of women's peace and security for our population. We also recommend developing indicators of gender equity more broadly, including for LGBTQ populations.





PARTICIPATORY

In a participatory economy, people are able to participate fully in economic life and have greater say over their future. People are able to be fairly represented in important decision-making processes and there is transparency around and common knowledge of rules and norms allow people to start a business, find a job, or engage in markets. People are able to access and participate in markets as workers, consumers, and business owners. Information technology, which is so central to economic well-being, is more widely distributed and promotes greater individual and community well-being.

Key Conclusions:

- Eligible voter turnout rates are low except for the most recent Presidential election year. Across several election cycles, Monterey County has had lower voter turnout rates.
- Undocumented workers are an important part of our labor force and are more active in employment than documented workers. As the core of the informal labor force, undocumented workers are essential for the growth of our agricultural and construction sectors.
- Self-employment income has stayed relatively constant with the exception of major growth for the Asian community. The overall trend stands in contrast to the rise in new business applications, suggesting that a positive view of entrepreneurship has yet to translate into increased personal income in recent years.
- In looking at consumption patterns, there still exists a major inequality in the ability to save and mitigate financial risk amongst residents.
- Inequality in internet access has narrowed for all racial groups, though stable and consistent access is not guaranteed across the region.

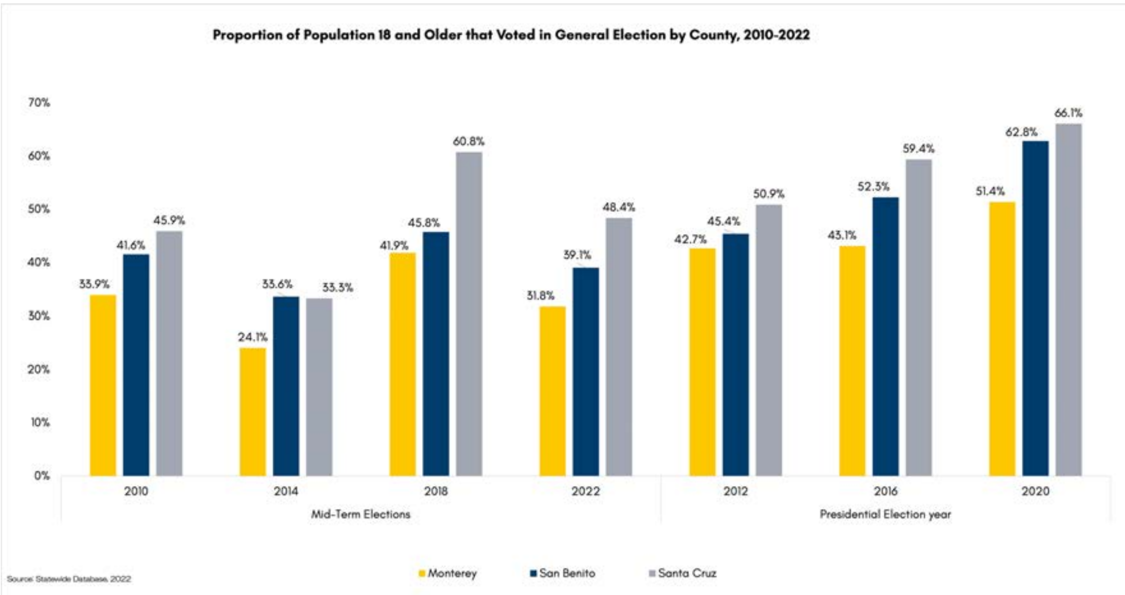
DECISION MAKING INVOLVEMENT, TRANSPARENCY & ACCOUNTABILITY

Participation in Elections

Why is this important?
One major sign of a participatory economy is a high number of voting residents. Voting is one of the many ways in which residents can influence economic and social change on a large scale.

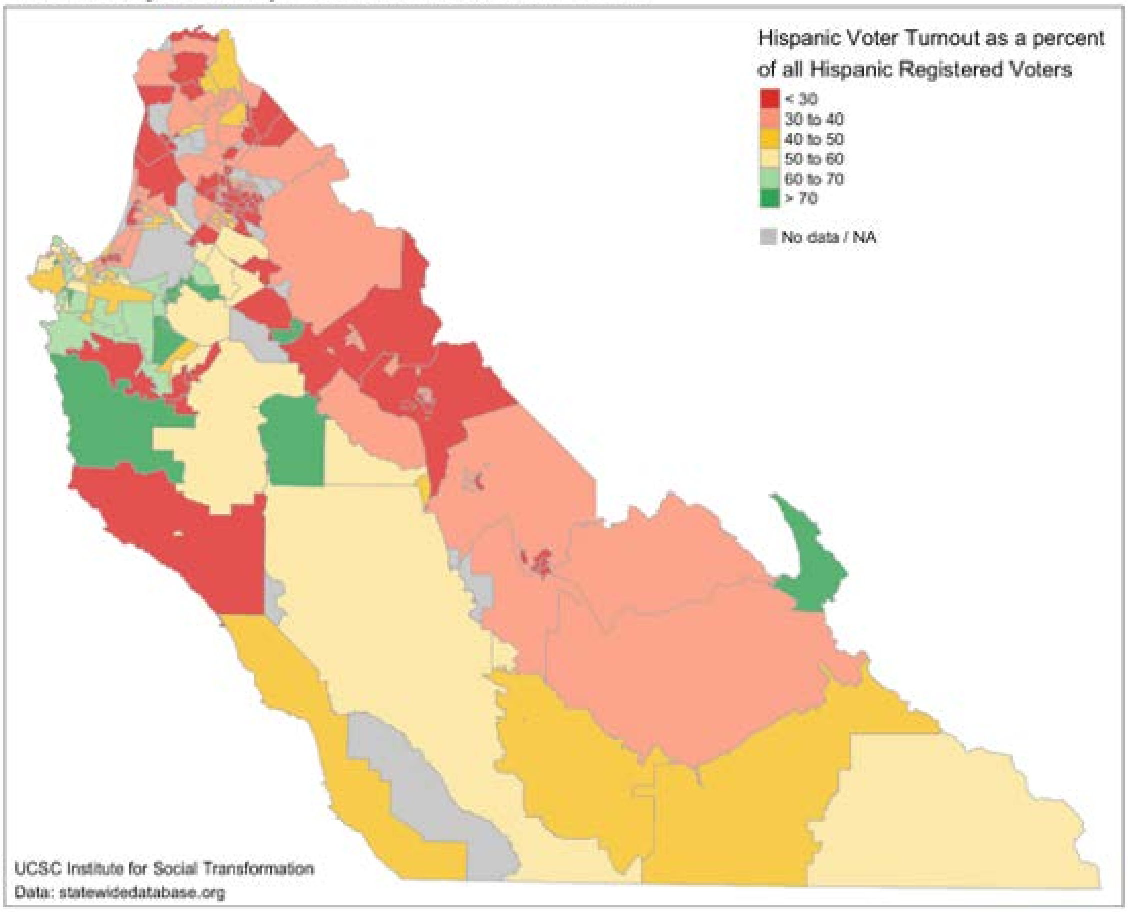
What are we measuring?
This measures the proportion of residents who actually voted within each county in the tri-county region (Monterey, Santa Cruz, and San Benito) out of the total number of residents 18 and older in the region, as well as displays the proportion of registered Hispanic vs non-Hispanic voters that voted in the most recent general election in Monterey County, the county with the largest population and lowest turnout in the region.

How are we doing?
Voter turnout has varied considerably over the last decade, though has generally increased. Voter turnout has been considerably higher across all counties during presidential election years. Though increased participation in presidential election years is not surprising, voter turnout rose considerably across all counties for the 2020 Presidential Election. Over two-thirds of the adult population in Santa Cruz County voted in the 2020 election, which is up over 6% from the previous presidential election year. Overall, however, voting rates are low—as low as 24% of the adult population in Monterey County in the mid-term election of 2014. When considering voter turnout by racial groups and location, there is a considerable difference in representation. In Monterey County, Hispanic voter turnout for the 2022 general election was below 40% of registered Hispanic voters in most of Salinas and the Salinas Valley. In comparison, voter turnout amongst the non-Hispanic population was rarely below 40% during this most recent general election cycle. This shows a disparate rate of Hispanic participation in our local elections, which can influence regional policy outcomes.

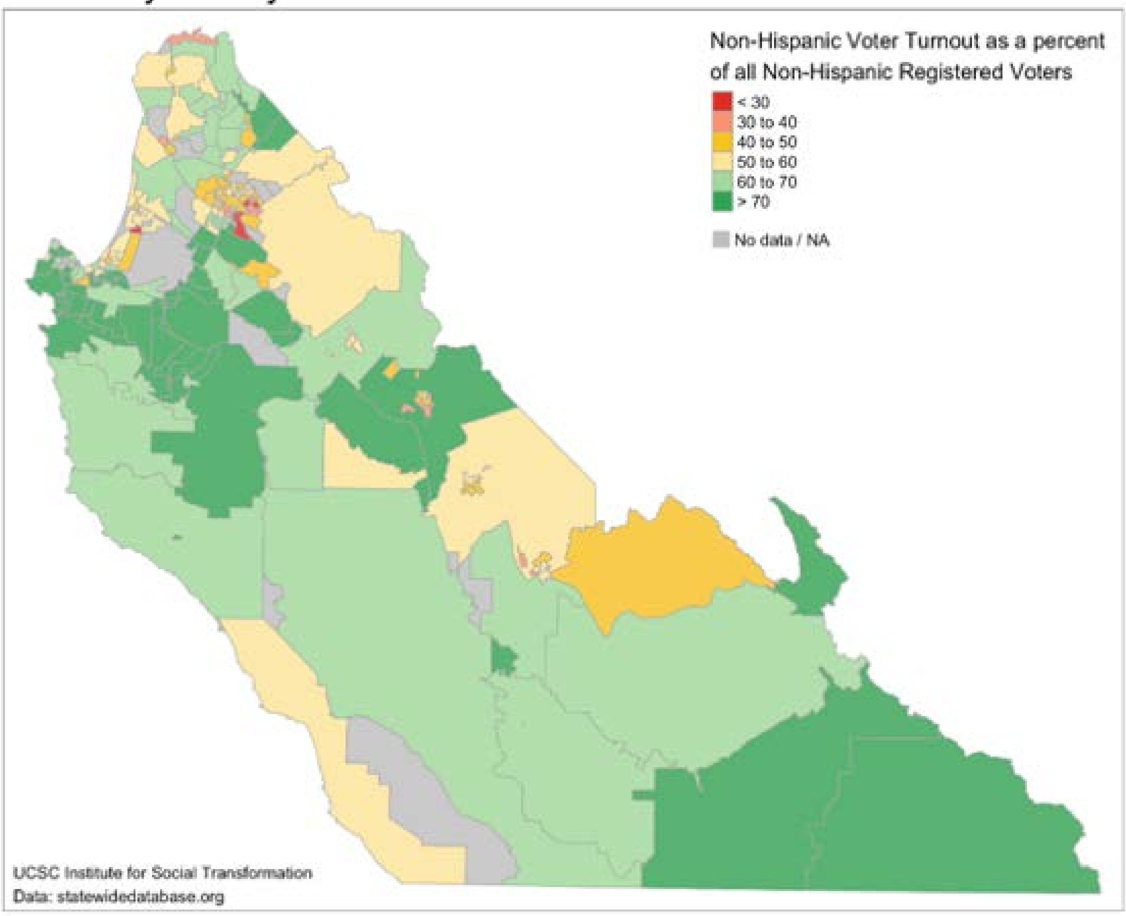


Recent Voter Turnout in Monterey County by Race

Monterey County General Election 2022



Monterey County General Election 2022



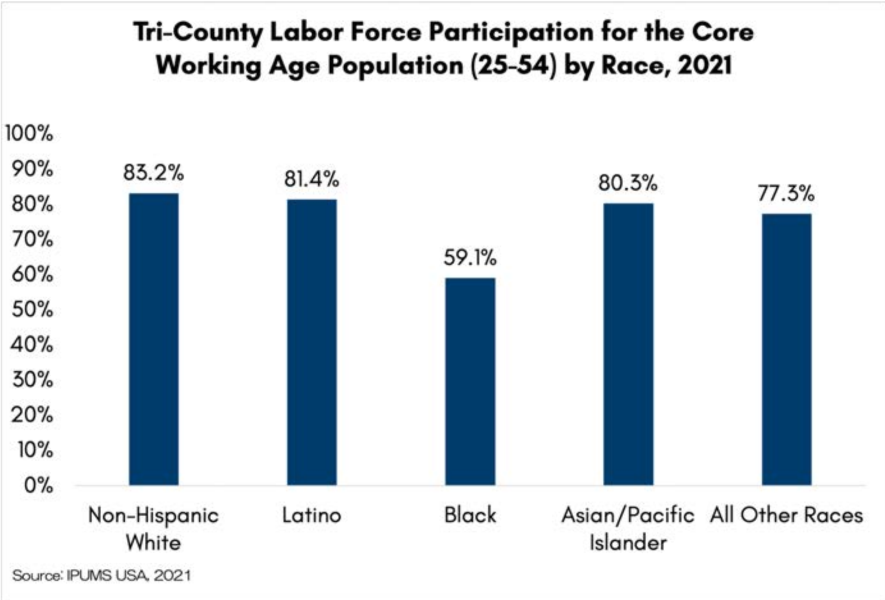
Labor Force Participation

Why is this important?

Labor force participation is an important measure of individuals in the population that can work and are economically active, either in the paid workforce or actively seeking employment. While it doesn't measure unpaid work, which is an important contribution as well, it does provide an important measure gauging how large and diverse the labor force is.

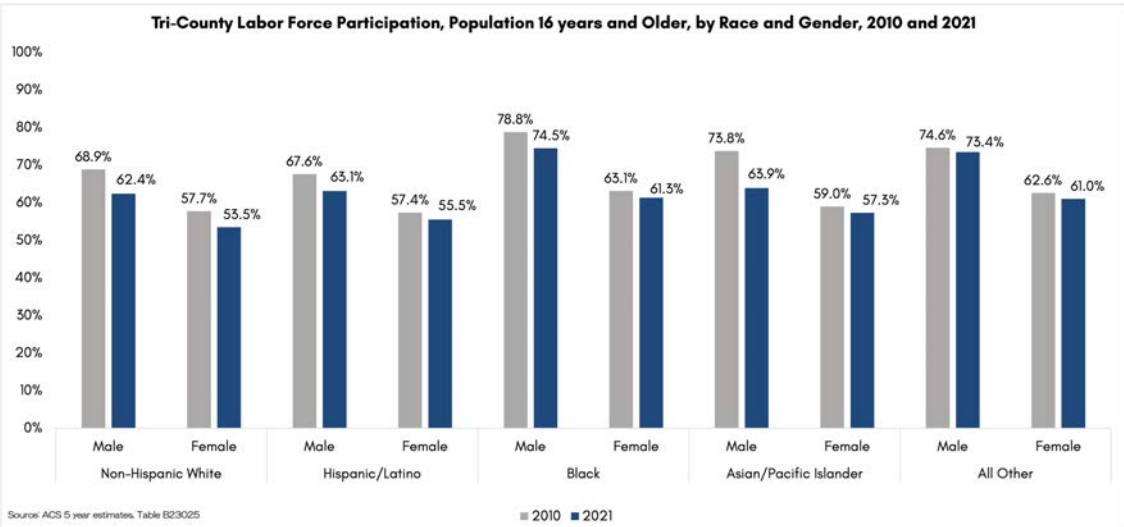
What are we measuring?

This measures the proportion of the resident working population that are in the labor force. We look at both everyone 16 years and older, and just those in the core working age population, aged 25-54. This includes both employed and unemployed workers at the time of response. Unemployed workers must have sought out work in the past 4 weeks prior to response to be considered members of the labor force.



How are we doing?

Across all subgroups, we have seen a notable decrease in labor force participation over the last decade. Though a dip in labor force participation can be attributed to the economic conditions surrounding the COVID-19 pandemic, the general decreasing trend is predominantly a result of a growing number of residents that are not seeking work. On one end, a sizeable proportion of our region is home to an aging population of retirees. Simultaneously, we have seen a surge in the proportion of our young adult population that is seeking educational attainment and therefore entering the job market later in life than their predecessors (see the Percentage of Population with Higher Education indicator above). This would also explain the higher average labor force participation within the core workforce population ages 25-54, given that it excludes potential workers ages 16-24.



Undocumented Labor Force Participation

Why is this important?

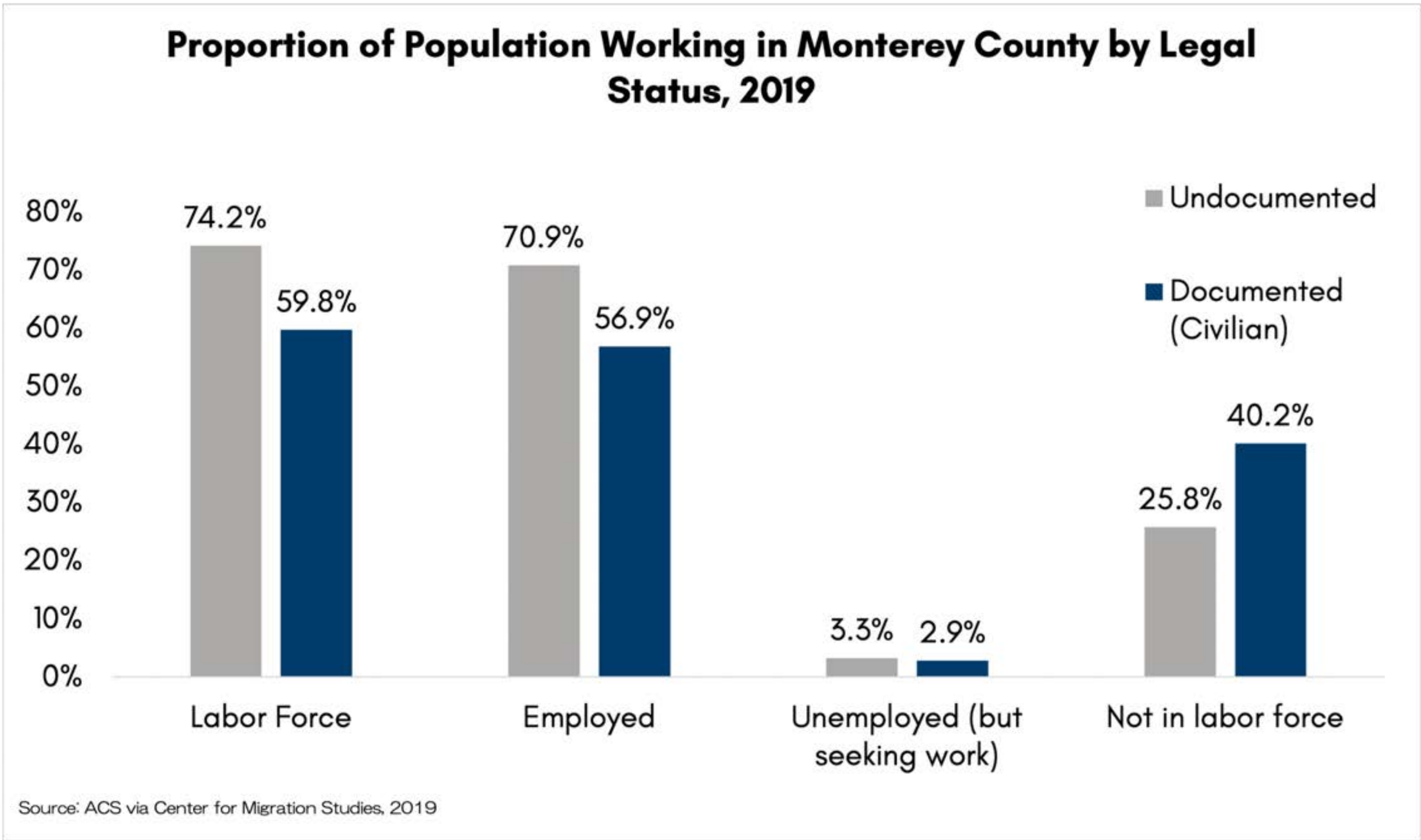
Formal recognition in the labor market is important for people to be adequately protected by labor law and occupational health and safety regulations. People without full documentation are often overlooked when assessing labor market participation or economic output yet contribute substantially to our economy.

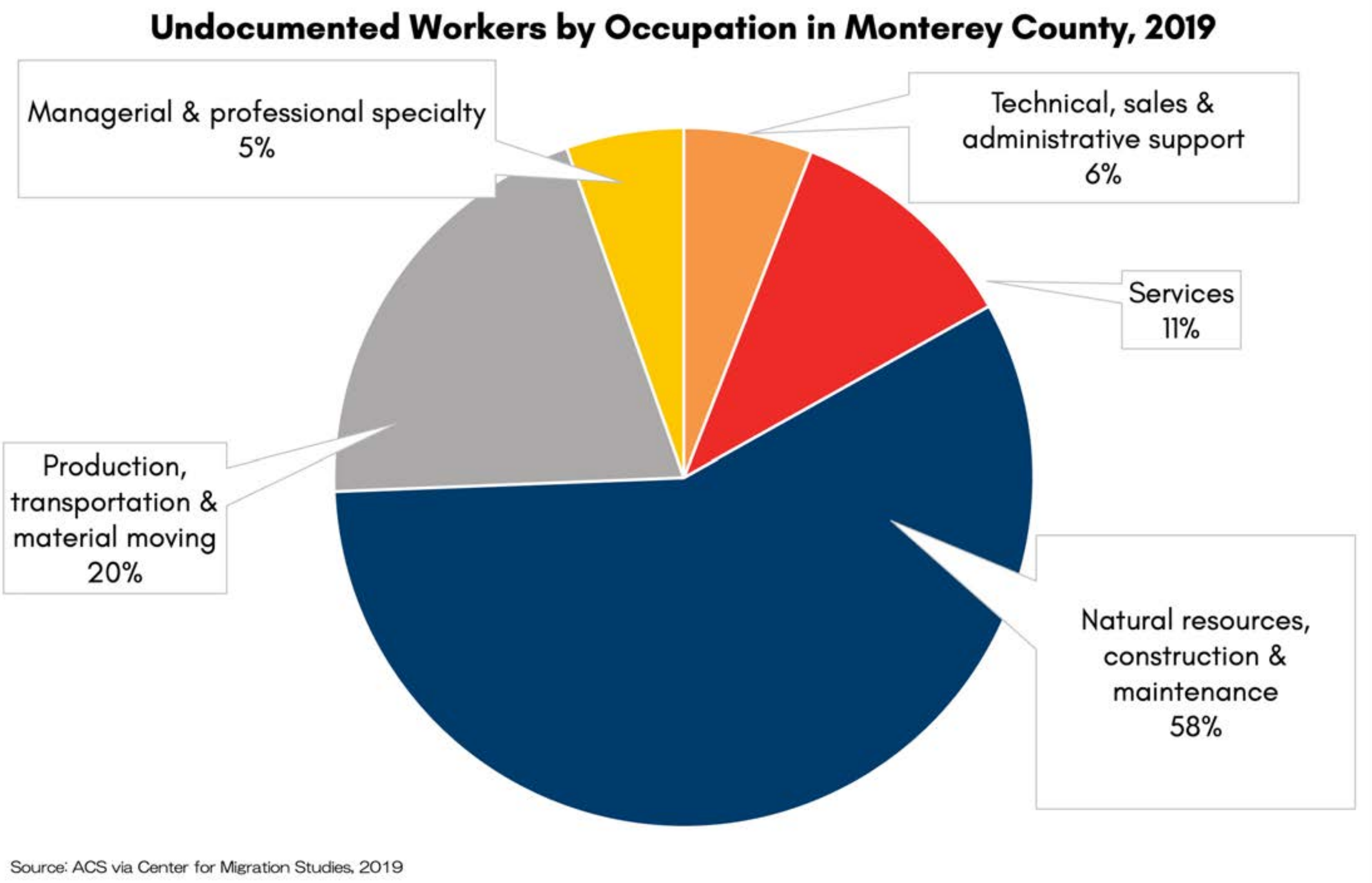
What are we measuring?

The first chart measures people's labor market participation by their legal status. The second chart shows which occupations undocumented workers were employed in within Monterey County in 2019. The third table includes estimates for the number and proportion of immigrant residents in Monterey County, both authorized and unauthorized, for the year 2012.

How are we doing?

The majority of undocumented residents in our region are in the labor force, with nearly 75% either employed or looking for work, substantially higher than 60% of documented residents. Within the undocumented labor force, the vast majority are currently employed. In fact, civilian employment is 14% higher amongst undocumented workers than the civilian documented population. This shows that the undocumented workforce is actively contributing to our local economy at a higher rate than those who are documented.





Undocumented workers predominately support the natural resources (agriculture), construction, and maintenance sector, with over half of undocumented workers employed in such occupations.
These jobs, though vitally important to our regional economy, mostly offer low wages and make it difficult to support a household in our region.

Undocumented immigrants of the region experience substantially worse economic circumstances than authorized immigrants, with substantially lower homeownership rates, higher poverty rates, and less access to health insurance. Yet, it is worth noting that the most detailed demographic data we have assessed for the undocumented and authorized immigrant populations in Monterey County was collected over a decade ago. Moving forward, it is of great importance that future data collection and assessment be conducted in order to more accurately measure the economic and social well-being of the immigrant population in our region.

Monterey County Immigrant Demographics, 2012		
Total Population	**#**	**%**
Nativity and Legal Status		
Authorized Immigrants	36841	9%
Unauthorized Immigrants	54009	13%
Homeownership		
Authorized Immigrants	5339	39%
Unauthorized Immigrants	2047	15%
Poverty Rate		
Authorized Immigrants	12885	35%
Unauthorized Immigrants	29175	54%
Health Insurance Coverage		
Authorized Immigrants	16631	63%
Unauthorized Immigrants	14896	38%
Child Population (Under 18 years old)	**#**	**%**
Nativity and Legal Status		
Unauthorized Immigrants	5634	5%
Poverty Rate		
Resides with at least 1 Authorized Immigrant Parent	12990	54%
Resides with at least 1 Unauthorized Immigrant Parent	21191	63%

Source: *Unauthorized and Uninsured* by Enrico A. Marcelli and Manuel Pastor, 2015

New Business Creation

Why is this important?

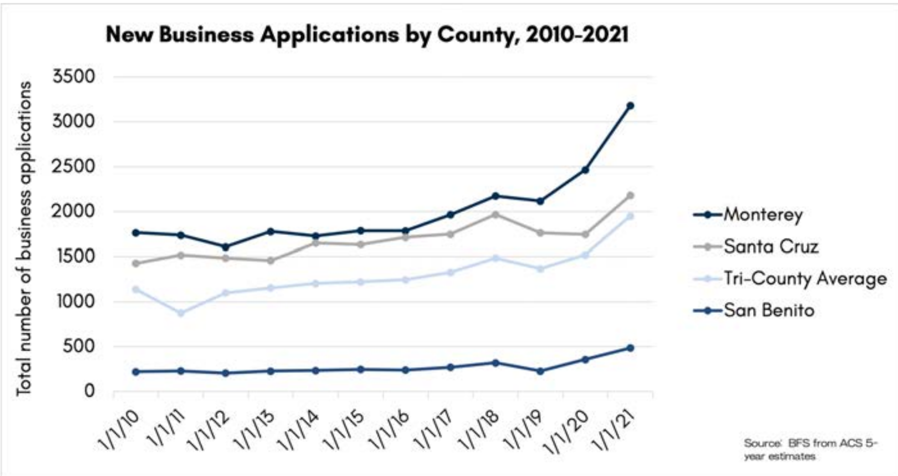
A healthy economy benefits from high levels of innovation and entrepreneurship. As residents seek to begin new business endeavors, they must apply for a new business license. A large and growing number of business license applications signals a rise in entrepreneurship and a positive outlook on the local economy.

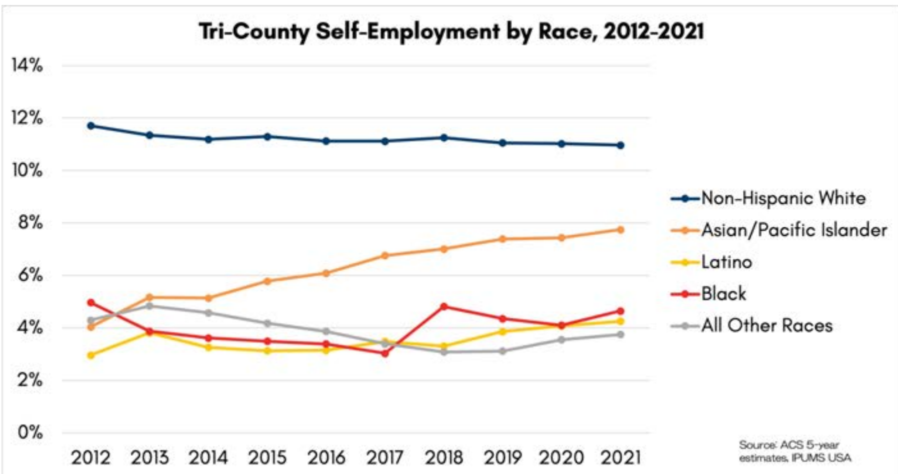
What are we measuring?

We have two measures. One is the total number of new business license applications submitted to each county office in a given year. The second is a measure of the proportion of the population receiving self-employment income in the past 12 months. Self-employment income is defined as income derived from services that cannot be classified as wages due to the lack of an employer-employee relationship.

How are we doing?

Due to differences in population size, the sheer number of new business applications varies noticeably by county. However, the general trend of submissions appears similar across the region, gradually climbing in all three counties over the last decade. There is a prominent uptick in the number of applications from 2020 onward, signaling a sharp increase in new businesses being launched in our region through the COVID-19 pandemic. Though this may seem counter-intuitive to the significant toll that pandemic conditions took on our economy, it is believed that the surge can be attributed to the large pool of unemployed workers who sought self-employed business opportunities to support their financial needs. Yet, the all-time high in business applications did not necessarily translate to an equitable increase in self-employment income. Self-employment has remained steady or slightly decreased amongst all racial groups except Asian residents, who have shown a considerable increase in self-employment income over the last decade. What this does show, however, is a growing positive view towards new business as a means of income following the COVID-19 pandemic.



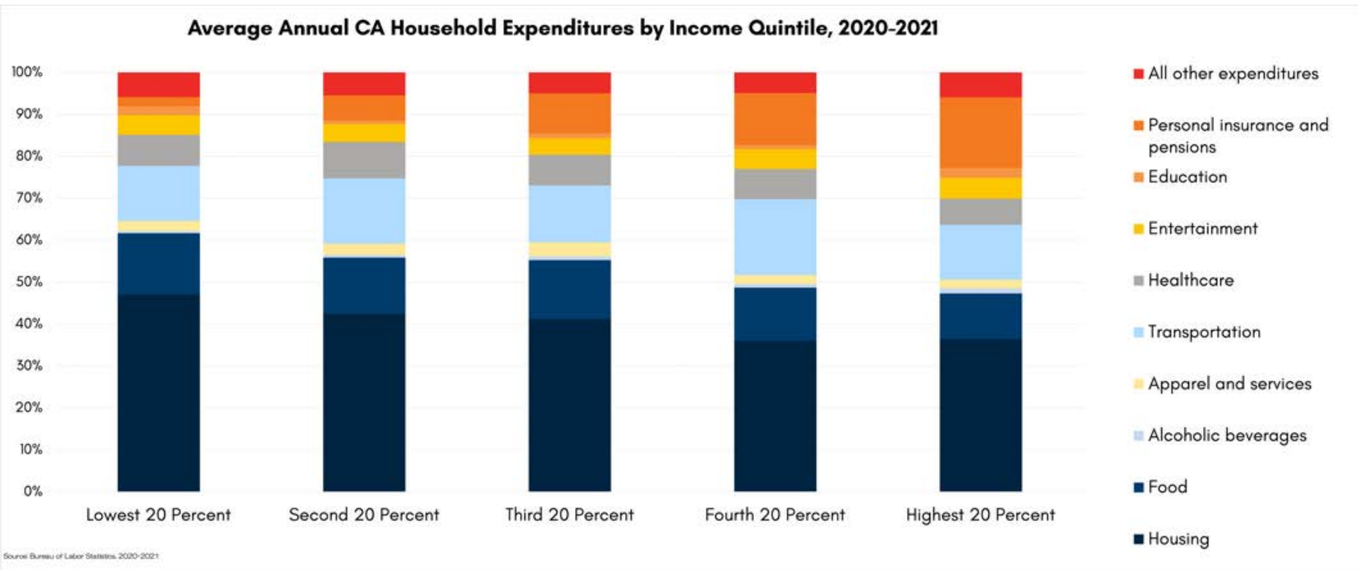


Household Consumption

Why is this important?
State-level household consumption expenditure captures the spending habits of California residents by sub-category. While the federal poverty line is an arbitrary cut-off for determining federal assistance allocations, assessing average household expenditure provides details about how specific categories (i.e. housing, transportation, food) comprise an average household's annual spending. Therefore, this metric can be used to assess inequalities in spending on basic needs, savings, and leisure goods and services.

What are we measuring?
Since we don't have consumption data at a county level, we measure the average household expenditures by category for households in each income quintile in the entire state of California for the period of 2020-2021.

How are we doing?
Household spending varies considerably by income quintile across several key sub-categories. Lower income households spend a higher proportion of their income on housing costs compared to higher income quintiles. Households in the lowest quintile spend 47% of their income on housing, compared to only 36% in the highest quintile. Spending on food shows a similar pattern—lower income households spend nearly 15% of their income on food, compared to 11% for higher income households. Yet, households in the highest income quintile spend over twice as much of their income (1.2% versus 0.5%) on alcohol compared to households in the lowest income quintile. Also of note, higher income households spend a significantly larger proportion of their income on personal insurance and retirement savings (pensions) compared to lower income households, spending 17% of their income on this critical risk mitigation and wealth accumulation categories, compared to 2% of low-income households. These trends highlight the major differences in spending priorities between high- and low-income households. Lower income households focus the majority of their expenses on meeting their basic needs such as food and shelter, while higher income households can afford to invest more in their future through life insurance, pensions, and other financial protections. This further contributes to financial inequality by ensuring that the highest income households are protected against an unstable economy while their lower income counterparts have less protections.



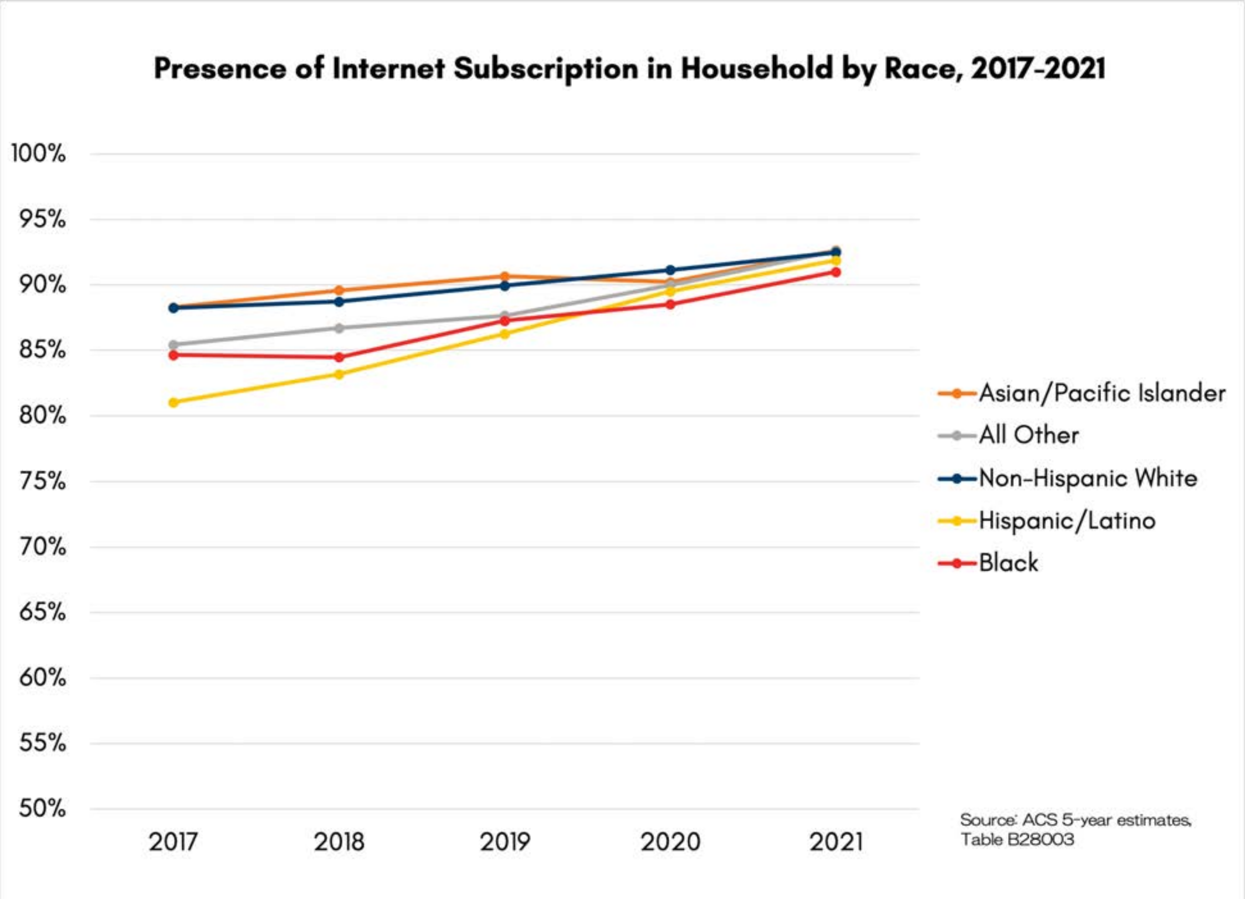
WIDESPREAD TECHNOLOGY INFRASTRUCTURE

Household Internet Access

Why is this important?
Participating in our modern economy is becoming increasingly less possible without internet access. The internet has become a platform for businesses, consumers, advertisers, educators, and so many other actors in our regional economy. Consistent and stable internet access is essential.

What are we measuring?
This measures the proportion of households with internet access by racial group. Internet access includes the use of both dial-up internet and broadband internet subscriptions.

How are we doing?
Internet access has steadily increased over the last 5 years, rising from 81-88% to over 90% across each racial group. Additionally, the racial disparity in internet access has shrunk with less than a 2% difference in internet access between racial groups. Though this is a positive trend for our region, we still have substantial progress to make in order to improve access to all households in our entire region. In particular, it appears that internet access is most disparate in the northern and southern most areas of Monterey County, as well as south Santa Cruz County. Continued efforts to expand high quality, stable internet access should prioritize these communities in order to prevent racial and socio-economic disparities in internet access.



GROWING

A sign of a healthy growing economy is one that is increasingly producing enough goods and services to enable broad gains in well-being and greater opportunity. Good job and work opportunities are growing, and incomes are increasing, especially for the poor. Economic systems are transforming for the betterment of all, including and especially poor and excluded communities. Economic growth and transformation is not only captured by aggregate economic output measures (such as GDP), but must include and be measured by other outcomes that capture overall well-being.

Key Conclusions:

- Our region is highly dependent on low-wage industries. In contrast, employment in high value-added industries such as information and business services has flattened.
- Real GDP per capita continues to increase in our region, but more slowly than the California state average. Though the trend is positive, there is room for concern that our economic growth may fall further behind other parts of the state.
- Statewide labor productivity has broadly accelerated over the past decade, even through the COVID-19 pandemic, and points to improved economic performance.
- Across all racial groups, there has been a reduction in the percentage of people earning below 200% of the federal poverty line. Major improvement was seen specifically for the Latino and Asian/Pacific Islander population in our region.
- Food insecurity amongst households has remained steady, impacting an average of 1/10 households in the tri-county region. Yet, experiences with food insecurity are more prevalent in Monterey County than elsewhere.
- There is a 10 to 16 year difference in life expectancy in different parts of the region, depending on zip code. Lower life expectancy is estimated in the southern, more inland portions of the region.

INCREASING GOOD JOB AND WORK OPPORTUNITIES

Employment by Industry

Why is this important?

Our economy is comprised of numerous diverse industries, ranging from agriculture to finance to education and public services. A growing economy will provide access to jobs in a wide range of industries. It is also important to identify which industries provide the most employment to our working population.

What are we measuring?

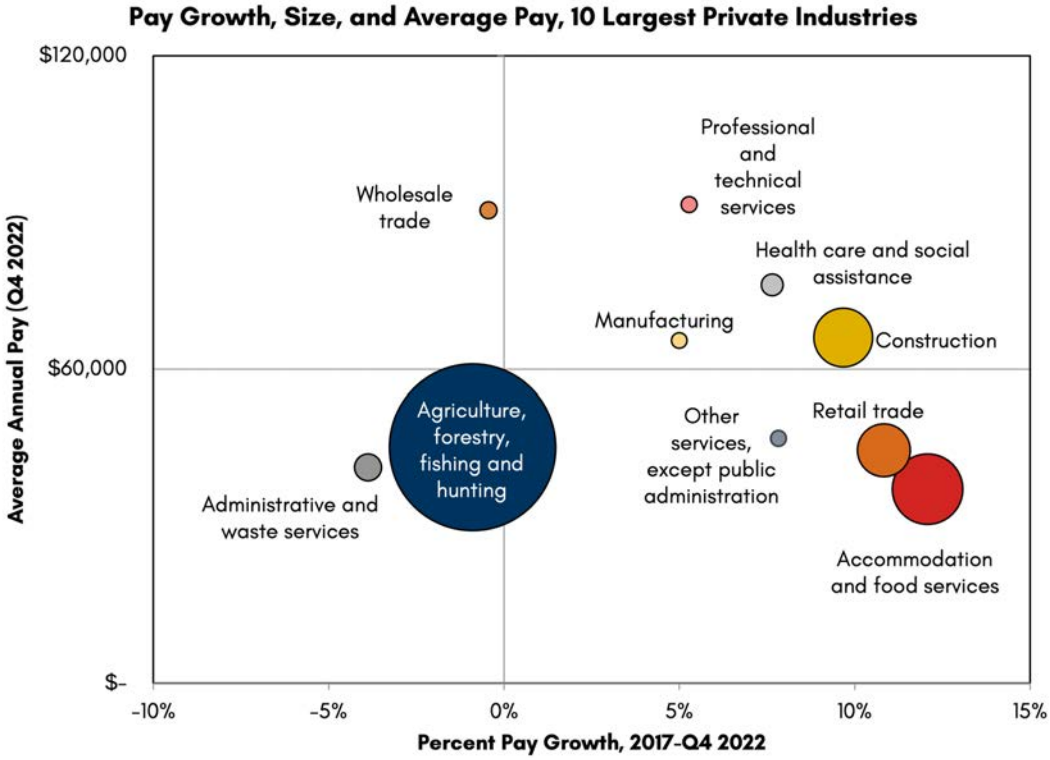
We are measuring the proportion of workers employed in each industry, particularly sorted by average earnings and earnings growth, as well as overall job growth by industry and proportion of employment by sexual identity for the year 2021.

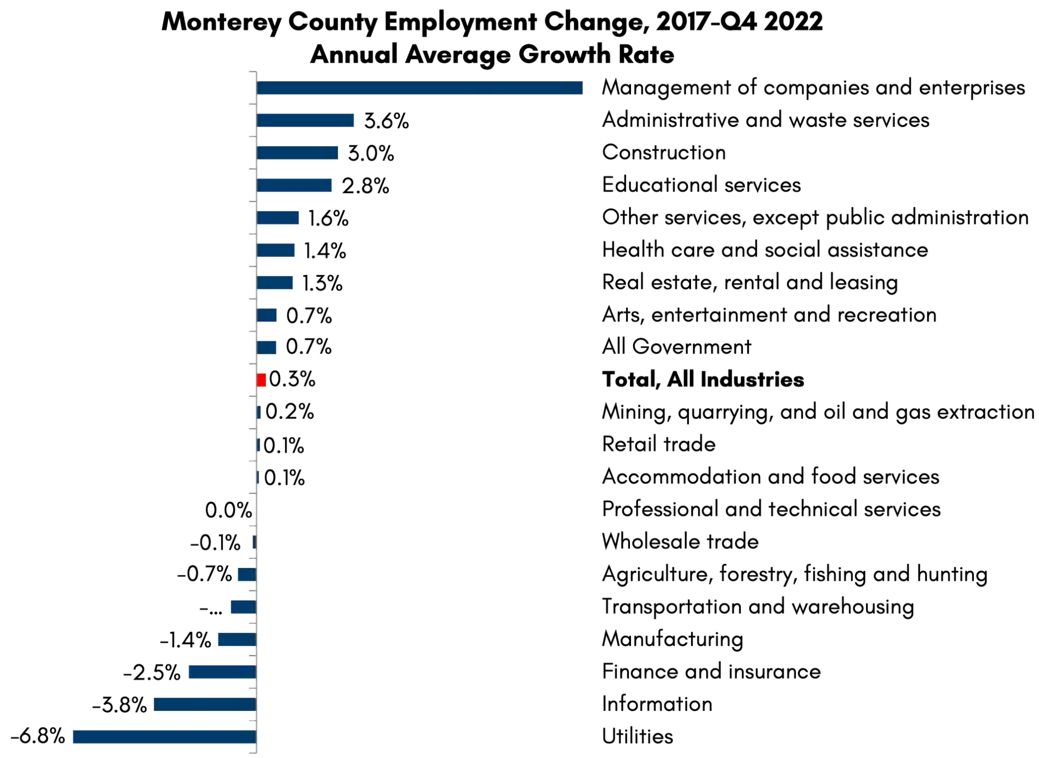
How are we doing?

In looking at basic employment patterns, the data is clearest at a county level, so we look at each county in turn. The bubble charts in the following pages show employment in the 10 largest private sector industries, with the size of the bubble proportional to total employment in that industry. The vertical axis shows average annual earnings, and the horizontal axis shows percent pay growth from 2017 to the 4th quarter of 2022 (the most recent quarter available when we did this analysis). In an ideal economy, we'd have large bubbles in the upper right hand quadrant—large employment with high wages and growing wages—as well as in the lower right hand quadrant—industries with low earnings, but in which we're seeing substantial increases in annual earnings. The least desirable outcome is to have large bubbles in the lower-left quadrant, indicating substantial employment in industries with low earnings and in which those earnings are declining.

Monterey County

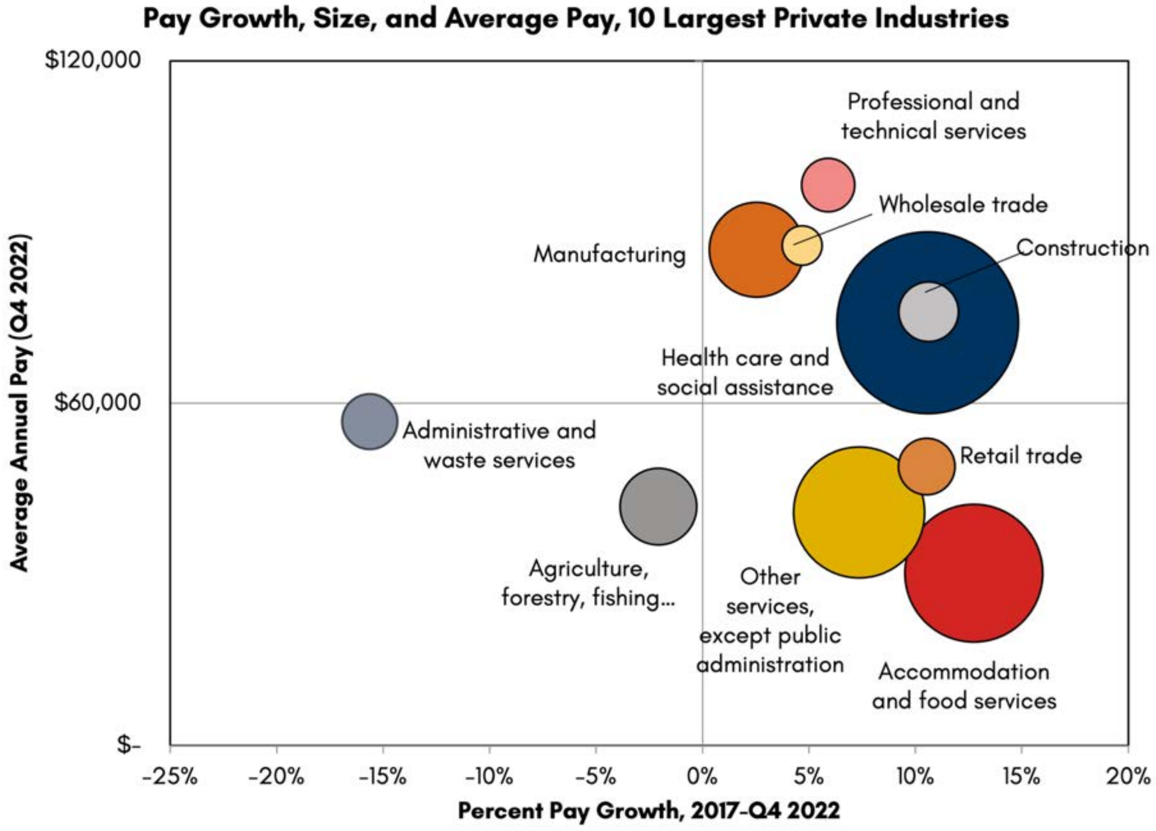
Monterey County's economy is challenged by having most employment in relatively low-wage industries, particularly agriculture, but also accommodation and food services, and retail trade. There have been substantial increases in average annual earnings in recent years in retail trade and accommodation and food services, but a decline in average annual earnings in agriculture during this time. Health care is a major employment sector in the county which has higher wages, and has seen substantial wage growth. Health care employment continues to grow in the region, while many of the other largest sectors have seen little or negative net growth in the past 5 years.

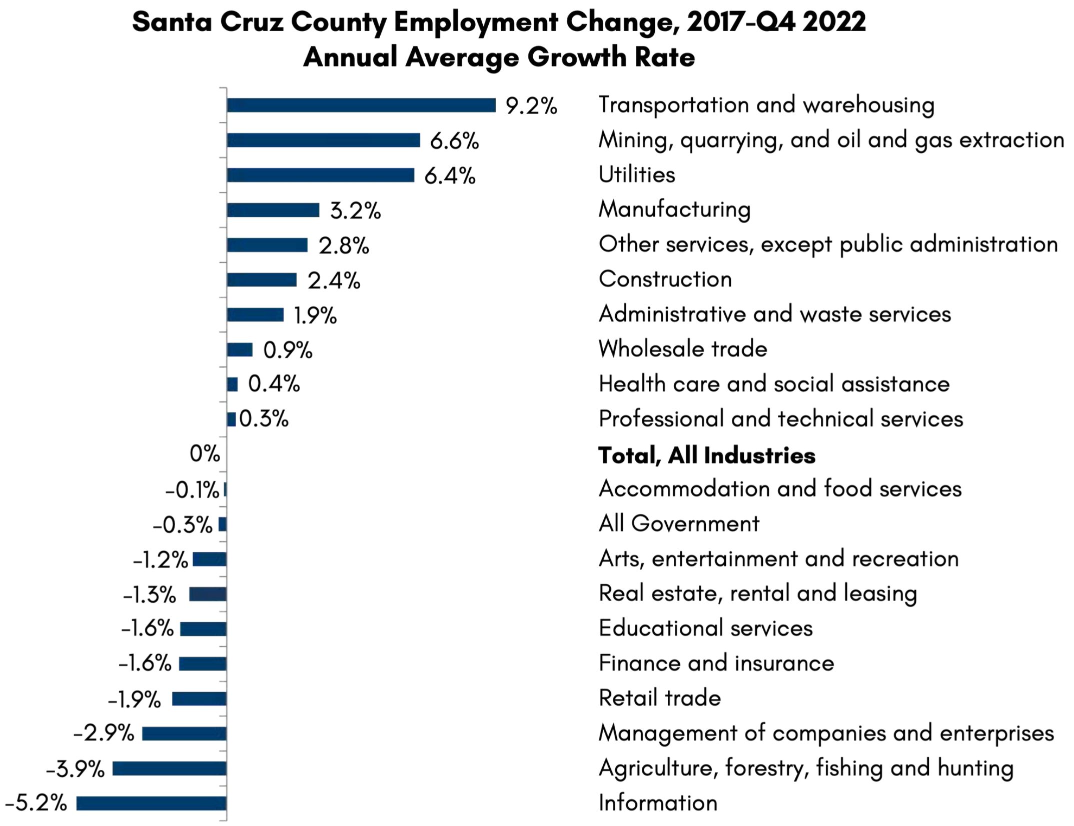




Santa Cruz County

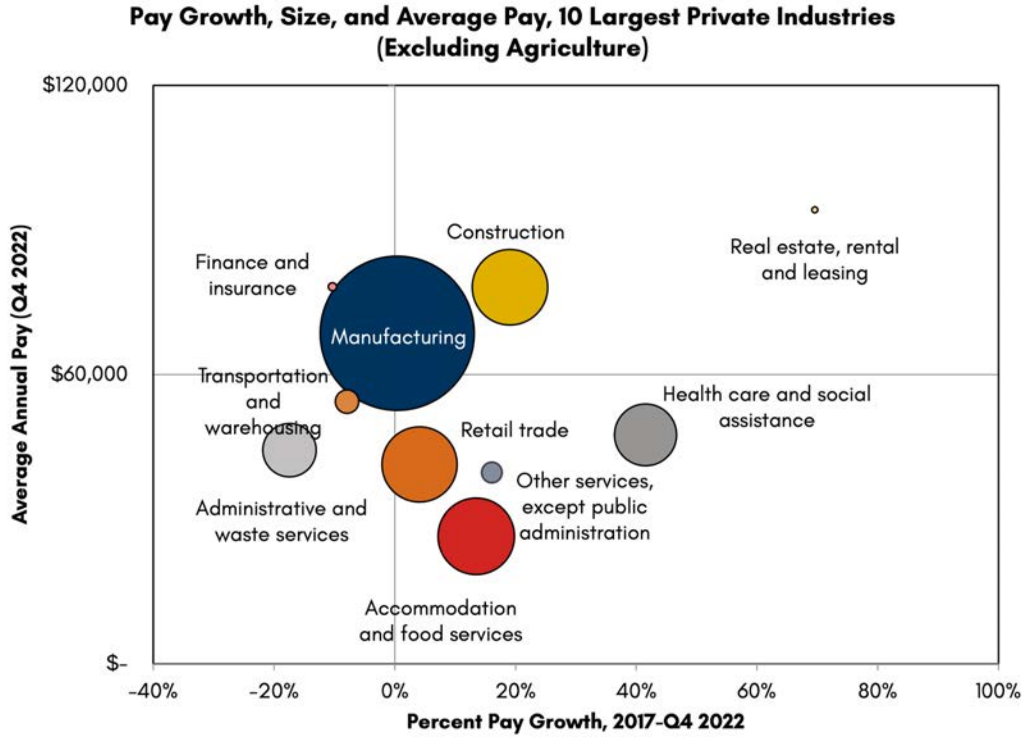
Health care is the largest private sector industry employer in Santa Cruz County, though the county also faces similar challenges as Monterey, with large amounts of employment in relatively low-paying sectors. The county has seen little job growth in health care in the past five years, though average earnings have increased in that industry, along with many other of the largest employment sectors.

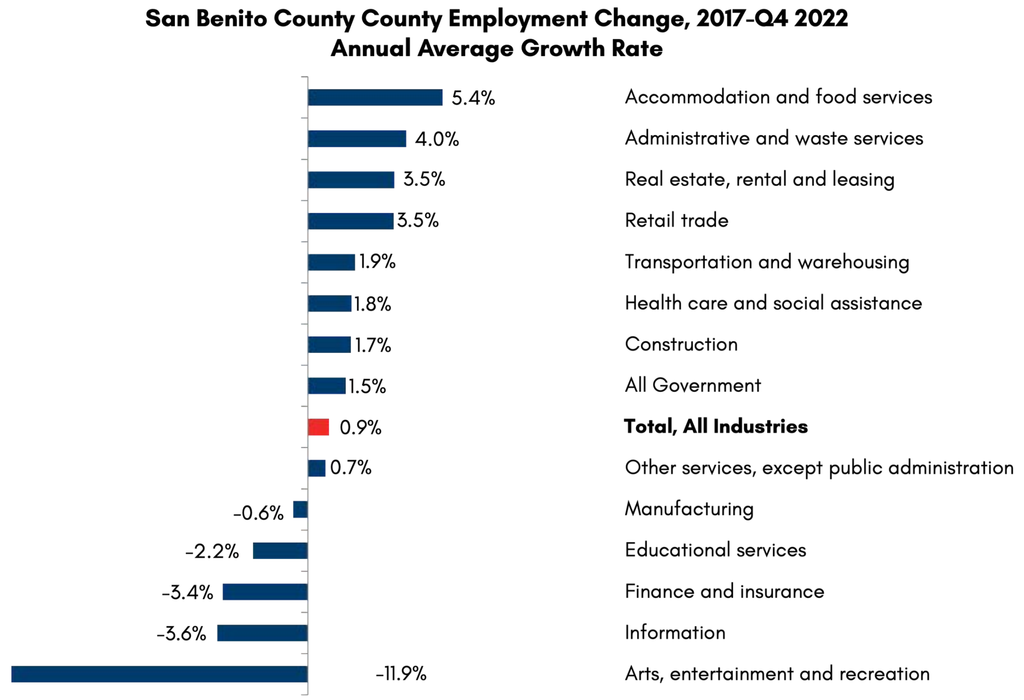




San Benito County

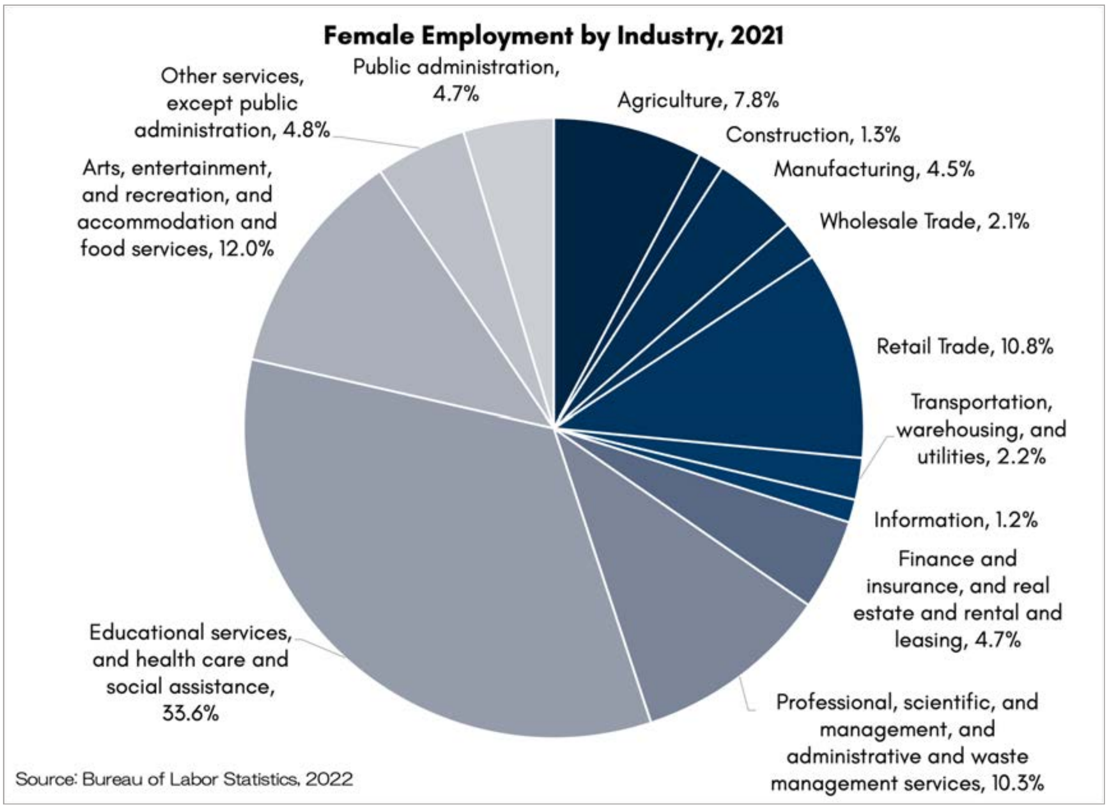
The largest employment sector in San Benito County is manufacturing, which is primarily food processing and fertilizer manufacturing, and the industry has reasonable earnings levels, though they have been stagnant in the past five years. Construction is a major industry as well, and this sector has seen some wage increases. Similar to most regions, retail trade and accommodation and food services are major employment industries with relatively low wages, and these sectors have seen little wage increase in the past five years, in contrast to Monterey County. Remarkably, employment in both retail and in accommodation and food services have seen a net growth in the past five years, with employment more than recovering in these sectors from the pandemic related decline. This is in contrast to the other two counties, in which employment in these sectors has not recovered.

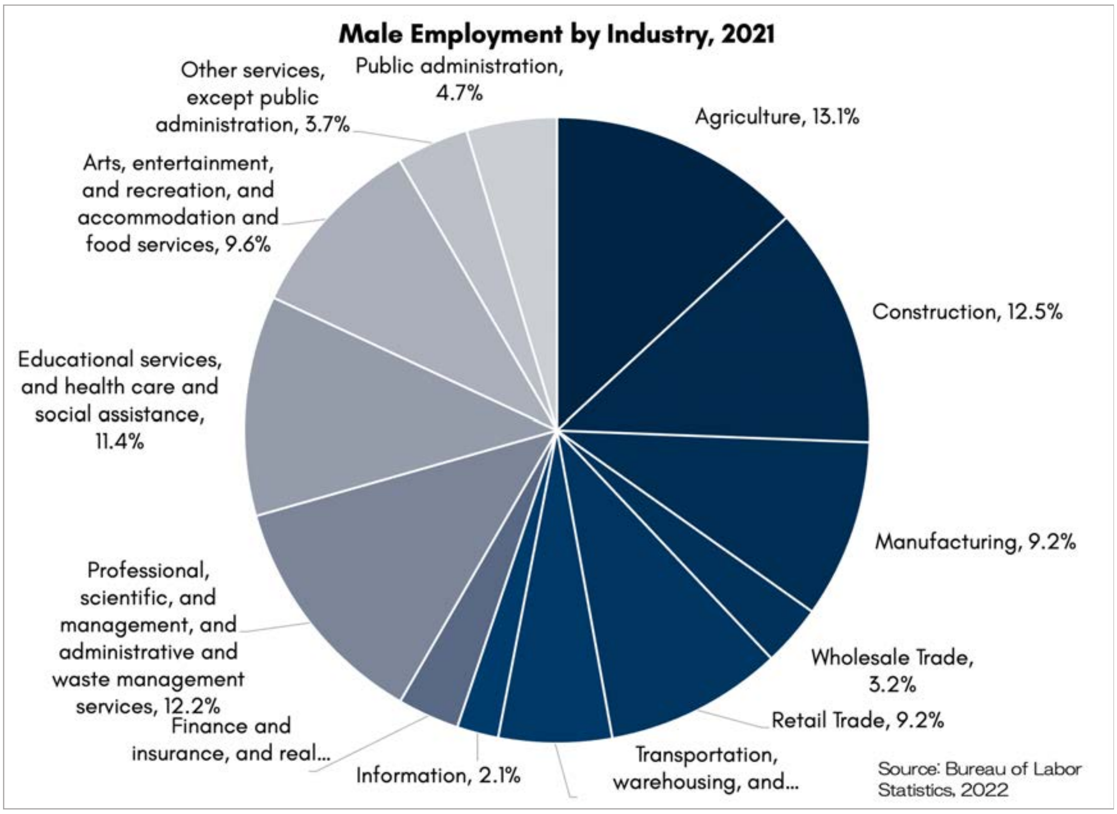




Patterns of Employment by Gender

These employment patterns have different implications for workers of different race and gender, since the composition of the workforce in each sector differs substantially. The top three largest industries that employ female workers are Education and Health/Social services, Arts/Entertainment/Hospitality services, and Retail Trade. The top three largest industries that employ male workers are Agriculture, Construction, and Management services. Educational services and health care have shown much more consistent growth.





Per Person Economic Output

Why is this important?

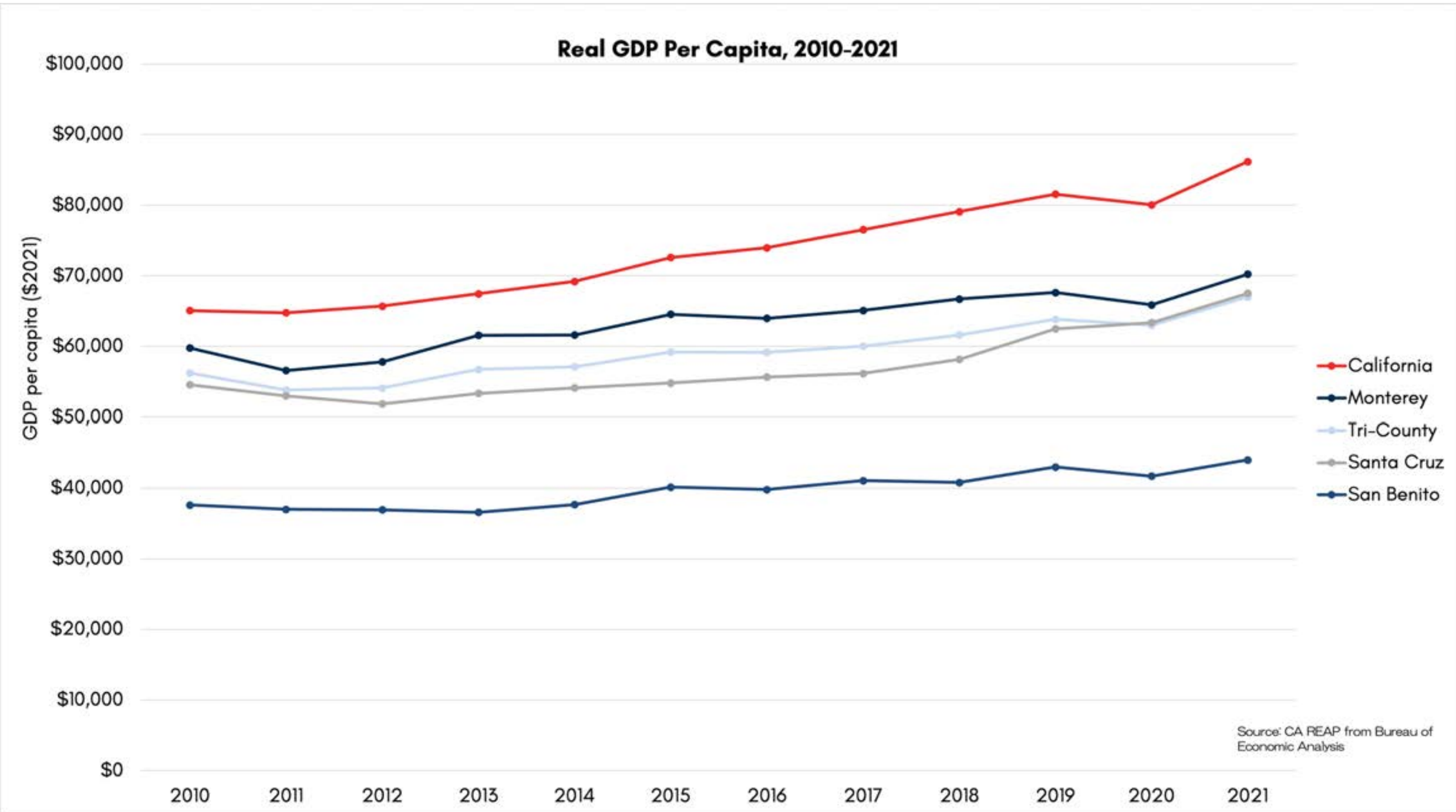
Gross Domestic Product, or GDP, is a measure of total economic output. Assessing GDP per capita provides insight on economic output relative to population size and can be used as a simple baseline measure to determine the productivity and prosperity of our economy.

What are we measuring?

This is a measure of the GDP generated by each county divided by the total number of people in that county. This metric combines total consumption expenditures, net exports of goods and services, and gross both government and private domestic investments.

How are we doing?

Across all counties, we have seen a gradual rise in inflation-adjusted GDP per capita over the last decade. San Benito County has trailed behind Monterey and Santa Cruz consistently over time. Monterey County has ranked the highest in GDP per capita out of the tri-county region for the entire decade, showing the incredibly important role the county plays in the greater central coast economy. The positive trend in GDP per capita shows that our regional economy is continuing to grow with regard to the value of exports, expenditures, and investments. But growth in the region has trailed growth in the state. In 2010, the tri-County GDP per capita was 86% of the state-wide GDP, but by 2021, it had fallen to 78%. This is a worrying sign of our lagging regional economy.



Inadequate Earnings

Why is this important?

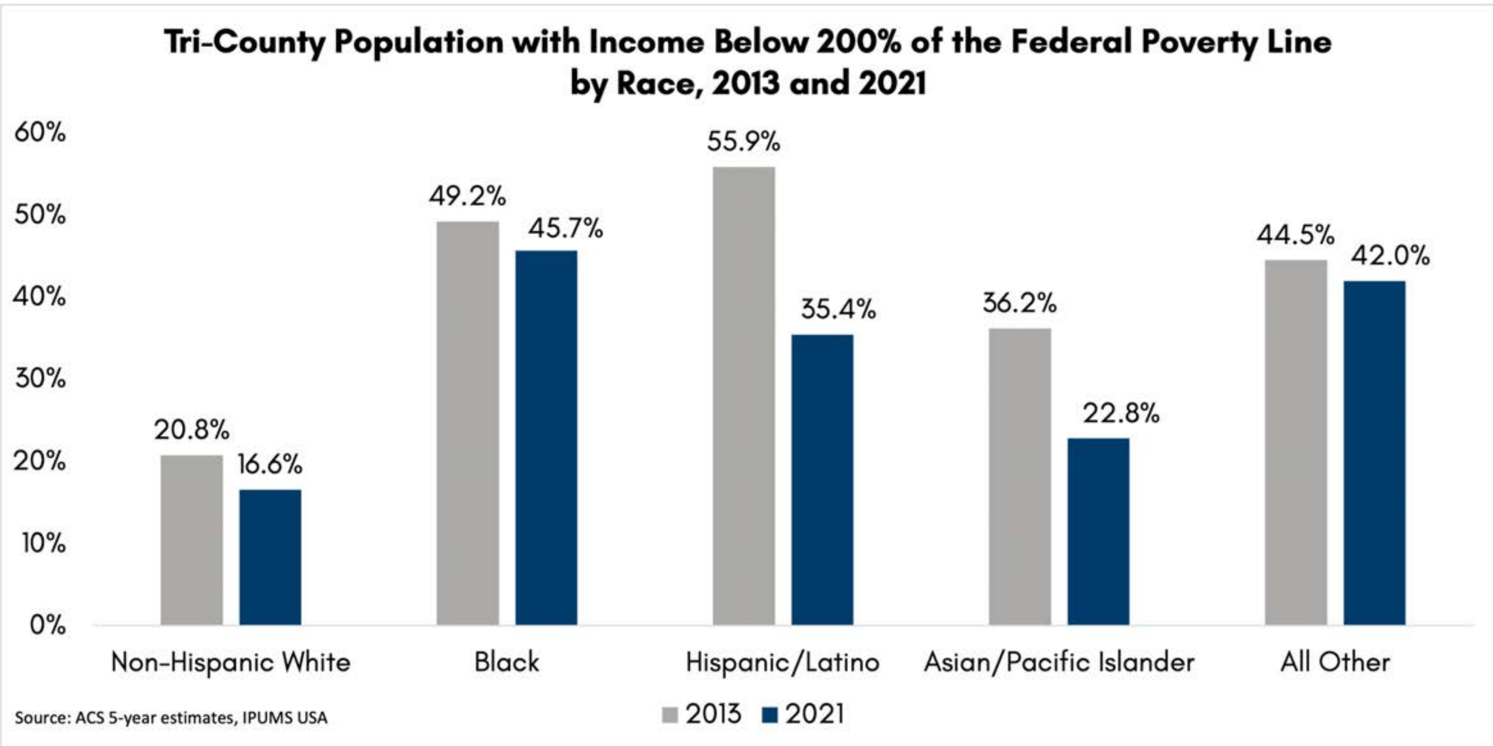
Having adequate earnings to support basic living expenses is a basic measure of economic well-being. Though the federal poverty line is a useful tool for the implementation of governmental assistance, it is not a truly accurate indicator of poverty status in the 21st century. Instead, measuring the proportion of the population under 200% of the federal poverty line captures a broader number of those who may be experiencing poverty and, by definition, are considered “low income”.

What are we measuring?

The federal poverty line is a measure of economic status that is calculated annually by the US Department of Health and Human Services. The metric is established by assessing average household income and size for each year, which is then used as a cut-off for identifying households as either impoverished or not impoverished. In comparison, 200% of the federal poverty line includes residents whose incomes fall within 200% of the federal poverty line cut-off, meaning some have incomes over the federal poverty line. This measure is also disaggregated by racial groups.

How are we doing?

From 2013 to 2021, our region has seen an overall decrease in the proportion of those living below 200% of the federal poverty line across all racial groups. The most notable decreases have come in the Latino population, dropping by over 20% in the last decade. However, there is still a clear difference in the current proportion of those under 200% of the federal poverty line by race. Over 45% of Black residents in our region are considered “low-income” while under 17% of their Non-Hispanic White neighbors meet the same definition. Though the decrease in proportion of those living below 200% of the federal poverty line is promising, we still must acknowledge the massive racial disparity present between racial groups.



Food Insecurity

Why is this important?

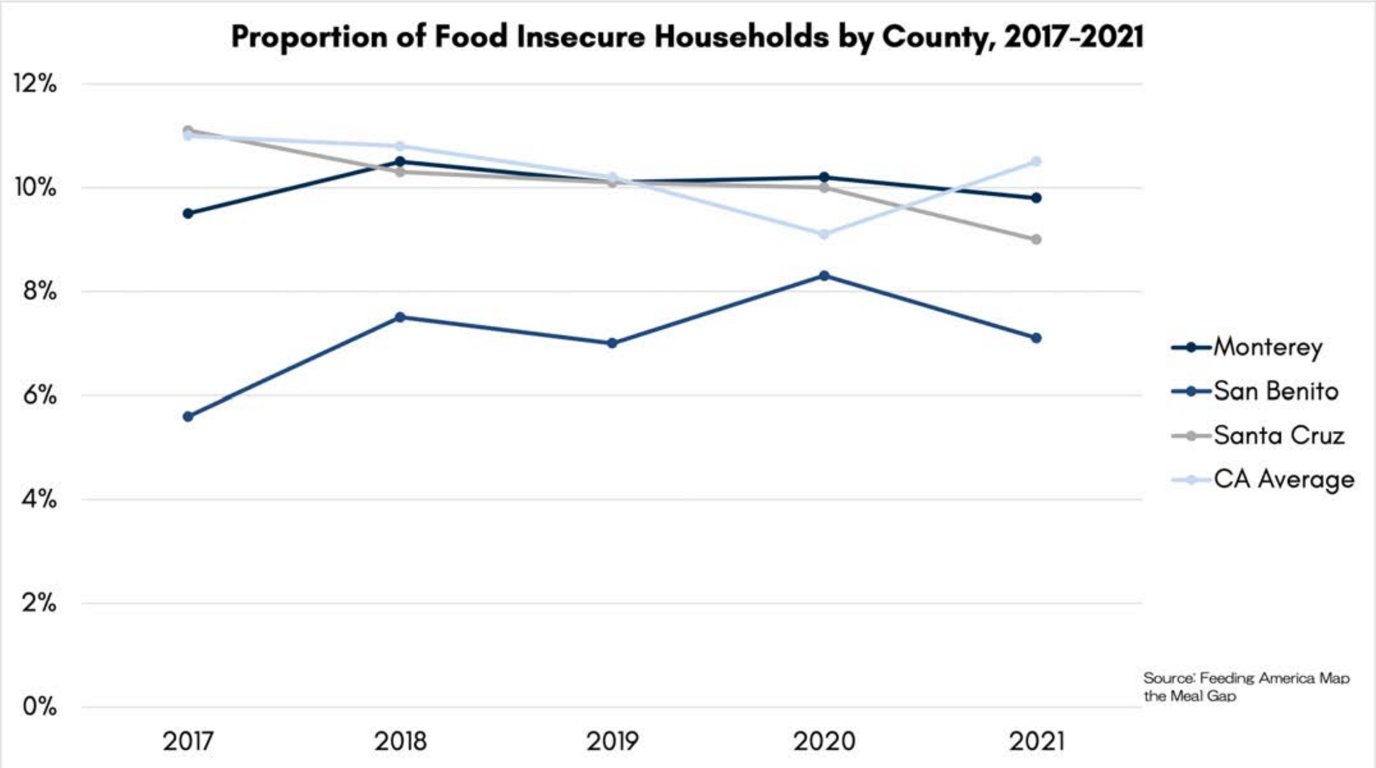
Everyone having sufficient and regular food is a critically important basic measure of economic well-being. Food insecurity is defined as inconsistent access to enough food for every person in a given household. Though it may be a temporary experience, food insecurity can have lasting and widespread negative effects on families and communities. People who experience food insecurity are more susceptible to housing instability, decreased health care accessibility, and loss of job productivity. Children who experience food insecurity also face limited educational attainment and stunted growth.

What are we measuring?

This measures the proportion of households who identified themselves as "food insecure" by racial group. This data was collected by the organization Feeding America through a survey fielded to households that sought out services from local food banks. We assessed these results on a county level.

How are we doing?

The proportion of food insecurity varies over time by county. San Benito County has consistently reported the lowest rates of food insecurity, peaking at 8.3% in 2020. In contrast, both Monterey and Santa Cruz Counties reported food insecurity rates higher than 8% across all time points in the last 5 years. However, Santa Cruz County has experienced a consistent decline in food insecurity rates over time, falling from a peak of 13.9% in 2017 to 9% in 2021. The rate of food insecurity in Monterey County has stayed relatively the same with just 1% variation over the last 5 years. The findings suggest Santa Cruz County was able to decrease food insecurity rates each year since 2017, including during the 2020 pandemic.



Housing Burden

Why is this important?

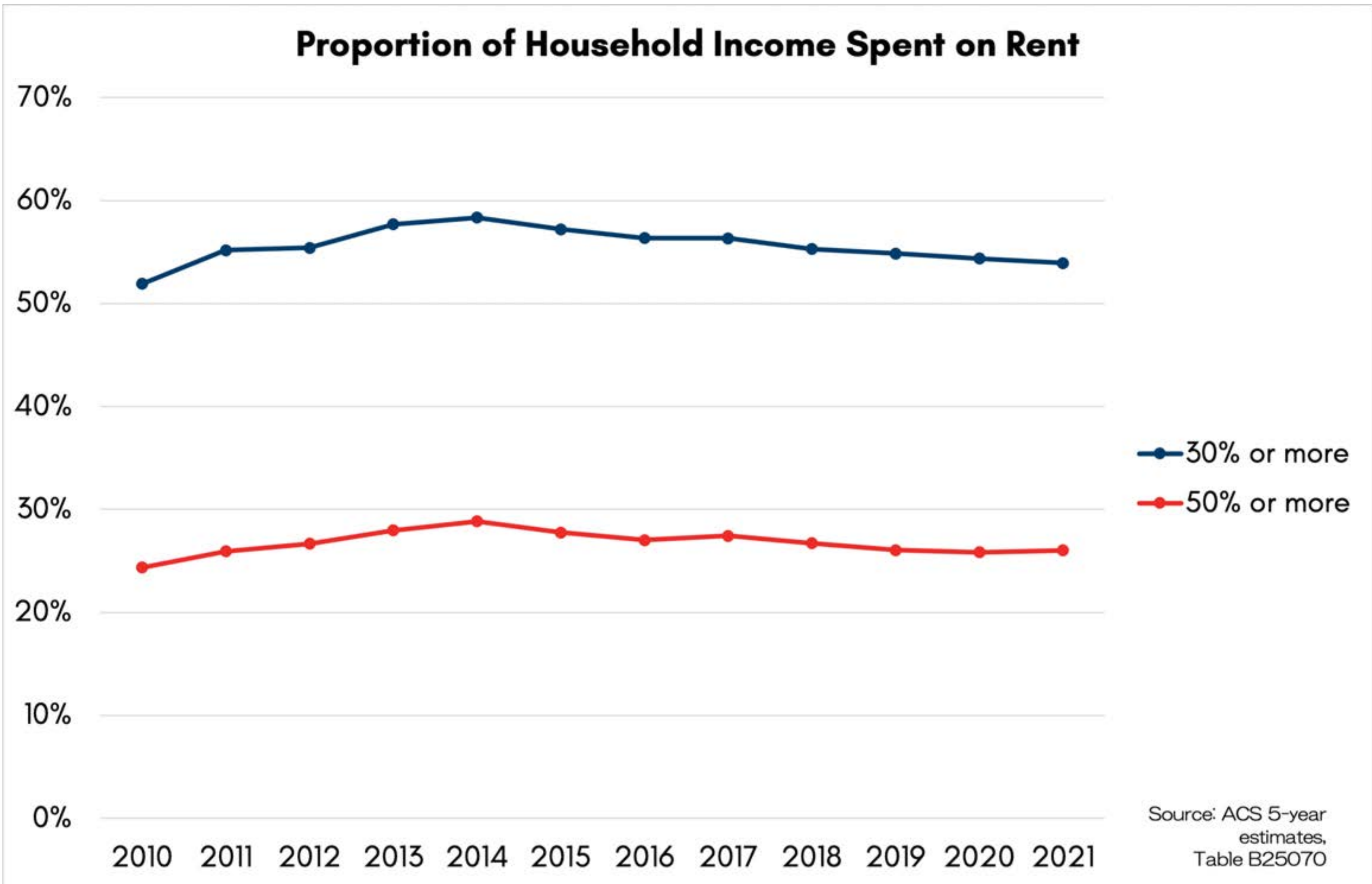
Households nationwide are subject to housing burdens including high rental and mortgage costs, low housing availability, and poor quality of housing. In these instances, households are forced to spend additional costs to alleviate these burdens. This results in added financial strain and may also contribute to residents searching for housing options outside of our region.

What are we measuring?

To measure housing burden, we assessed housing costs. The chart shows the percentage of the population who rent spending 30% or more and 50% or more of their household income on rent. Spending 30% of income on housing is considered affordable.

How are we doing?

Concerning housing costs, the majority of our renting population spends 30% or more of their income on rental costs. Over time, this already significant proportion has increased slightly from 52% to 54%, peaking at 58% in 2014. This means that across the entire decade, over half of renters in our region have been cost-burdened by housing expenses. More alarming is the fact that just over a quarter of all renters actually spend half or more of their income on housing.



Life Expectancy at Birth

Why is this important?

Life Expectancy is a key metric for determining the health and long-term capabilities of a population. A growing economy not only should ensure longevity for the populations that contribute to it, but should support long, healthy lives for all regardless of geography.

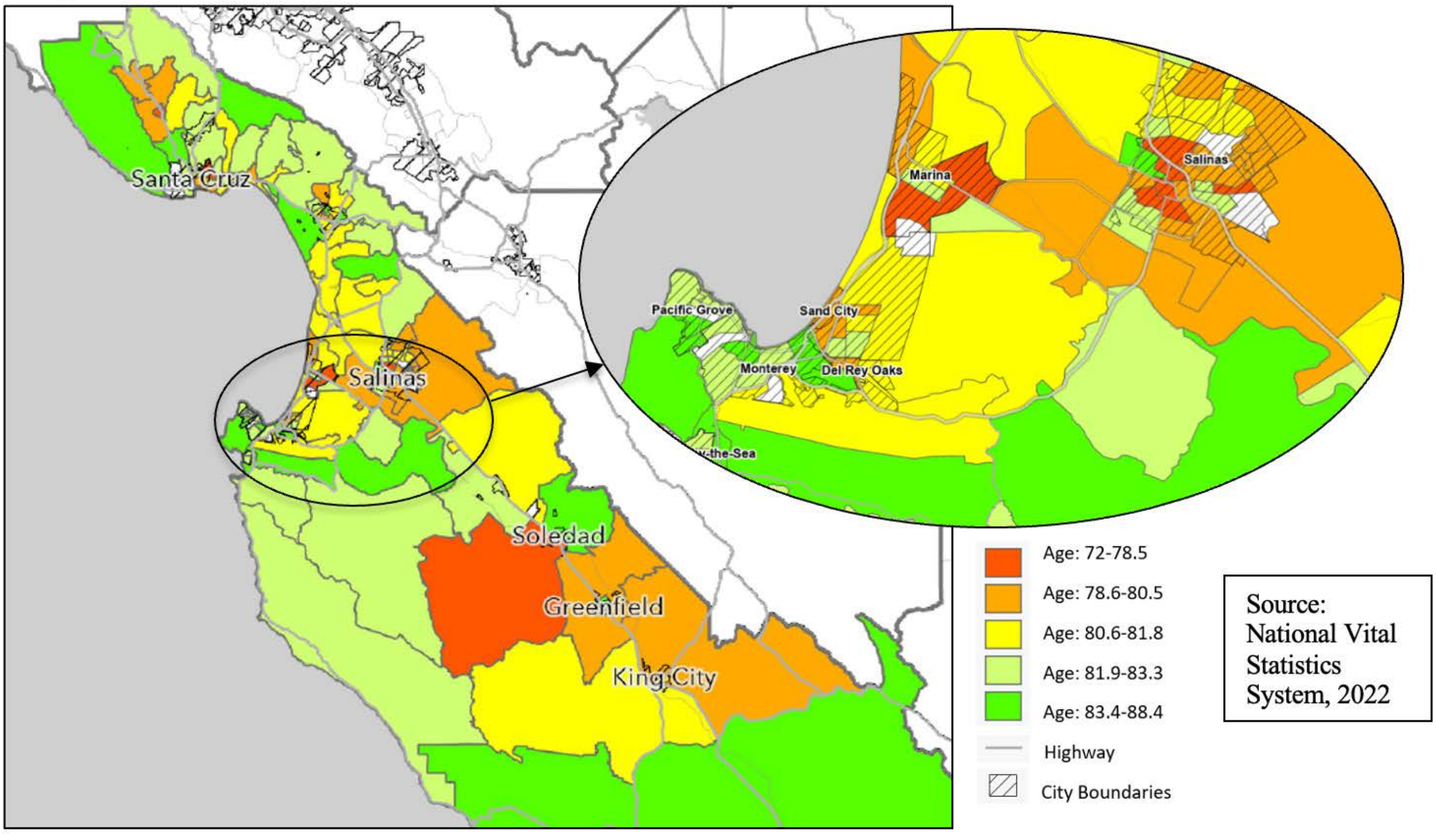
What are we measuring?

This measures the average maximum age that individuals within a given census tract are expected to live in Monterey and Santa Cruz Counties. The color scheme is graded, with more red-colored tracts indicating lower life expectancy, and more green-colored tracts representing higher life expectancy.

How are we doing?

There are clear disparities in life expectancy between census tracts in both Monterey and Santa Cruz counties. Census tracts in inland parts of the region such as central Salinas, Soledad, and Greenfield all report average life expectancies below 76 years of age. In contrast, communities along the coastal portions of the region such as Monterey, Pacific Grove, and Santa Cruz all report average life expectancies of above at least 81 years of age. The spread of life expectancy variations appears to lie within the spread of socio-economic status, with lower life expectancy aligning with lower income neighborhoods. This highlights a major inequity in longevity for residents in inland and low-income portions of our region.

Life Expectancy by Tract for Tri-County Region, 2020



ECONOMIC TRANSFORMATION FOR THE BETTERMENT OF ALL

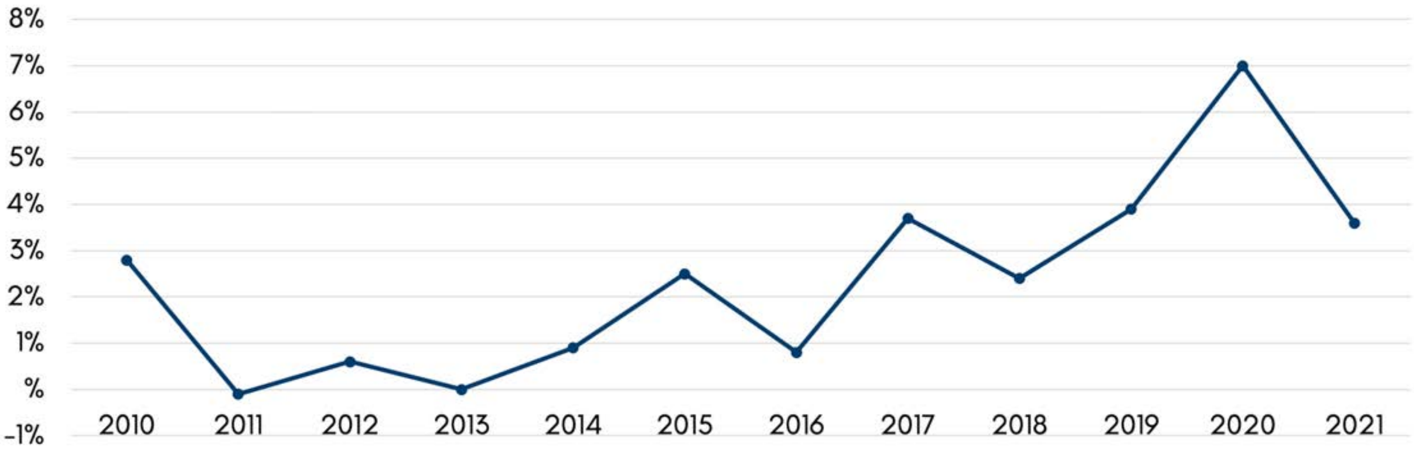
Economic Productivity

Why is this important?
Labor productivity measures gross domestic product (GDP) per hour worked on average. This metric is used to assess economic performance by comparing total economic output with the total labor used to produce that output. A growing economy should boast consistent improvements in labor productivity over time.

What are we measuring?
Data on labor productivity at a county level doesn't exist, so we have chosen to measure the difference in labor productivity between each year for the state of California.

How are we doing?
There has been a net positive increase in labor productivity for the state of California over the last decade. Despite a period of decreased productivity in the years 2011 and 2013, the state has seen a major jump in percent change in productivity in the most recent years. Notably, the largest increase in labor productivity occurred from 2019 to 2020. However, this does not represent an improvement in economic performance during the COVID-19 pandemic. Instead, this spike can be explained by the change in labor composition, also known as labor quality. Pandemic-related unemployment primarily impacted lower wage workers, in turn leaving higher wage workers as a larger proportion of the working population. As a result, the data shows an abnormal jump in per hour economic output since the average worker output increased by default. Though the data point for 2020 may be deceptive, our state has nonetheless seen a positive increase in labor productivity, and therefore improved economic performance over the past decade.

Percent Change in Labor Productivity for Private Nonfarm Businesses in California, 2010-2021



Source: Bureau of Labor Statistics, 2021

Employment in High-Technology Sectors

Why is this important?

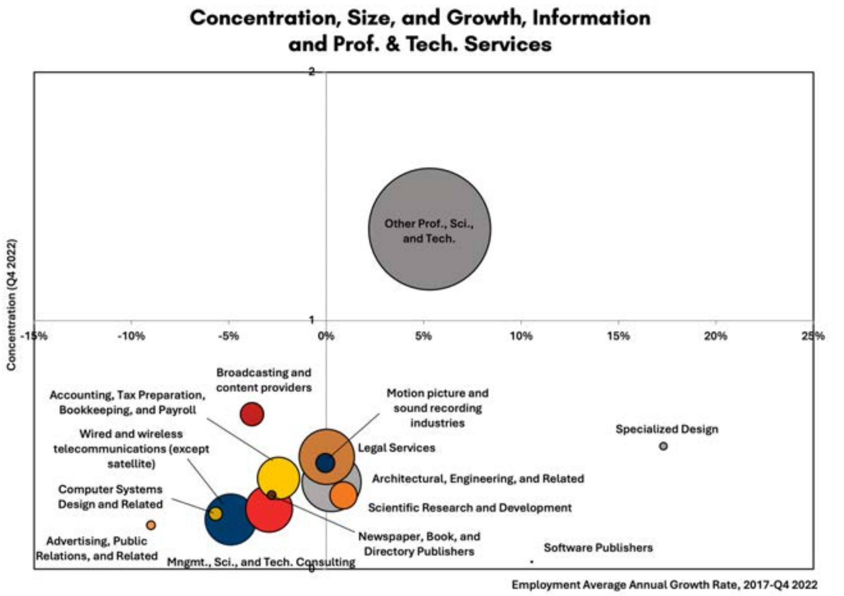
The expansion of high-technology industries such as engineering, computer sciences, and telecommunications indicates a shift to industries that have higher wages.

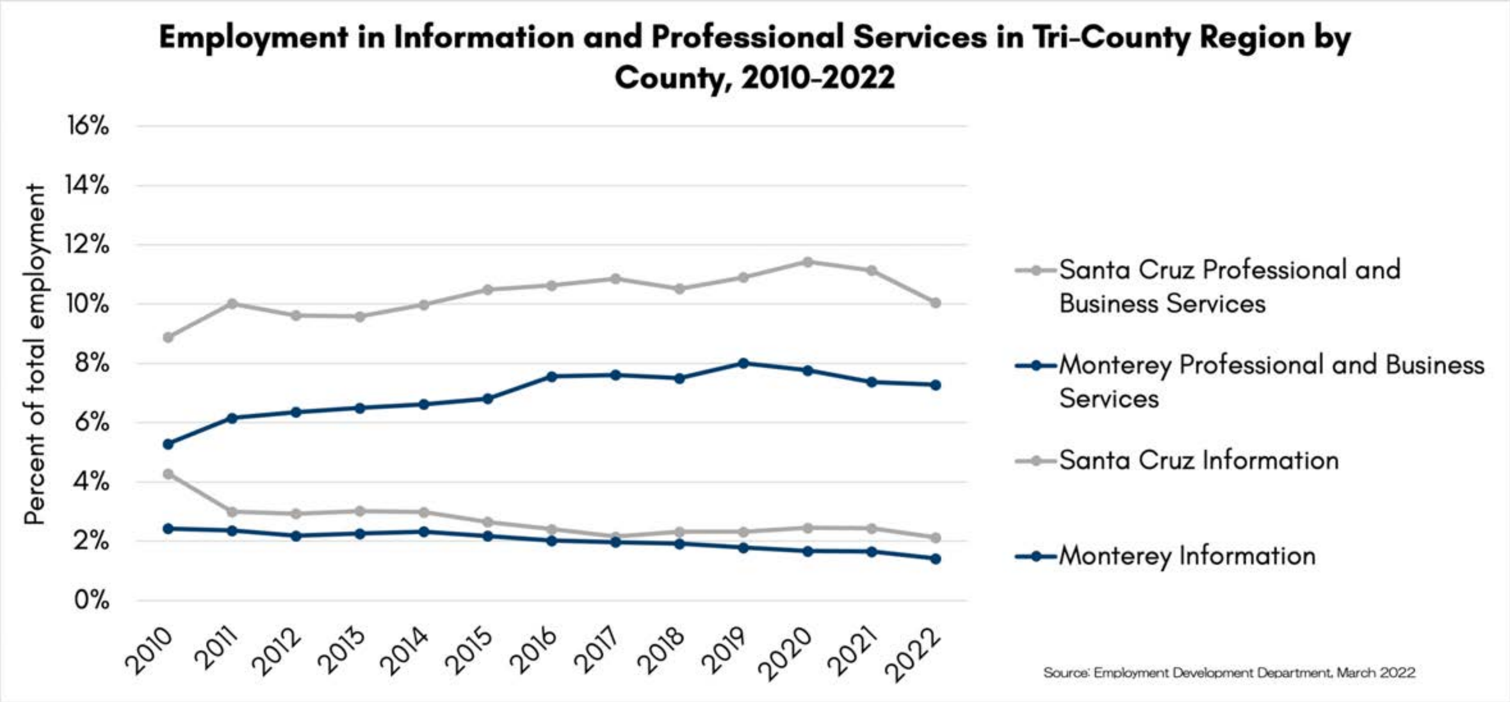
What are we measuring?

The first chart measures the average annual employment growth rate along the horizontal axis and the level of employment concentration along the vertical axis (a value higher than 1.0 means that a higher proportion of people work in that industry in the county than in the nation as a whole) for sub-sectors within this industry. The size of the bubble is proportional to the number of people employed in that industry. The second chart shows employment in two key high wage industries in the Tri-County area over time.

How are we doing?

Employment in the professional and technology sector has varied in different sub-sectors, with the largest job growth and concentration of employment occurring in professions such as marketing research, photography studios, interpretation services, and veterinary practices. Employment in general professional and business services as a whole has steadily grown over the last decade. Yet, in both Monterey and Santa Cruz counties, there has actually been a slight decrease in employment in the information sector overall for jobs such as telecommunications, publishing, and broadcasting.





SUSTAINABLE

A sustainable economy is one in which economic and social wealth is sustained over time, thus maintaining inter-generational well-being. Economic and social wealth is the social worth of the entire set of assets that contribute to human well-being, including human produced (manufactured, financial, human, social) and natural capital. In the case of natural capital, human use must preserve or restore nature's ability to produce the ecosystem goods and services that contribute to human well-being. Decision-making must thus incorporate the long-term costs and benefits and not merely the short-term gains of human use of our full asset base.

Key Conclusions:

- Electricity and natural gas energy intensity continues to improve, showing that less energy is being consumed in proportion to the amount of worker output.
- Greenhouse Gas emissions per capita have decreased steadily over the past decade. In fact, emissions in 2020 were less than 80% of those generated in 2010. This is a good trend, but remains slower that the pace required to reach key climate change mitigation goals.
- Daily air particulate matter has decreased significantly since 2013. This is a clear measure of improved air quality throughout our region.

REDUCED NATURAL RESOURCE USAGE

Energy Intensity

Why is this important?

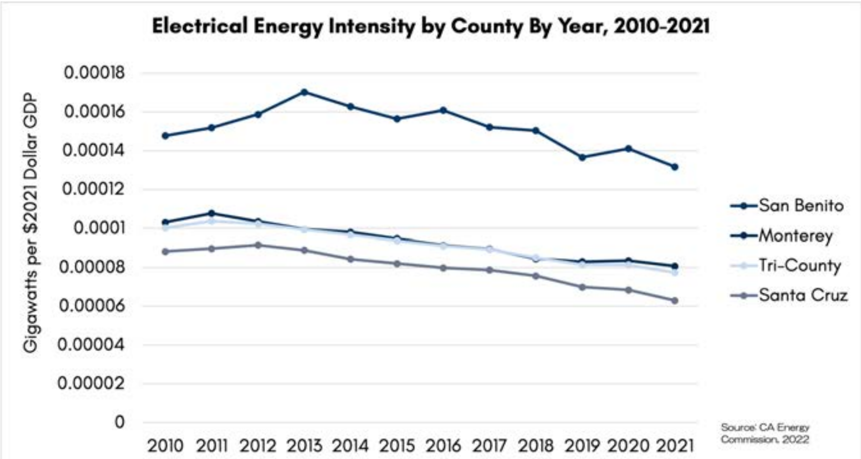
Energy intensity refers to the quantity of energy required per unit output or activity, so that using less energy to produce a product reduces the intensity. Countries with low energy intensity are considered more economically efficient given that they require less worker output to generate energy.

What are we measuring?

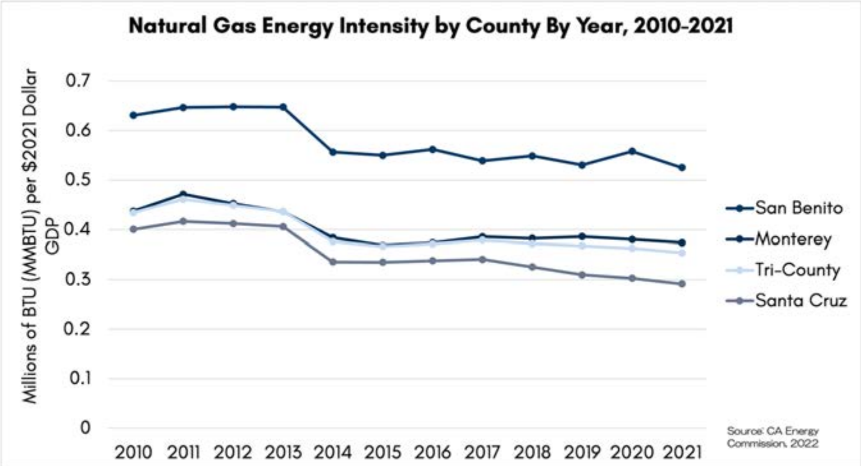
This measures both the amount of electrical energy and natural gas energy consumed per unit of economic output. Electrical energy consumption is shown in gigawatts per hour (GWH) while natural gas energy is shown in millions of British Thermal Units (MMBTU). Economic output is calculated based on annual GDP per county.

How are we doing?

Electrical energy intensity has decreased at varying rates across all three counties in our region over the last decade. Monterey and Santa Cruz Counties have shown similar decreasing trends in electrical energy intensity from 2010 to 2021. San Benito County, however, has consistently boasted the highest rate of electrical energy intensity each year in this range. Despite consistently representing both the smallest GDP and the lowest electrical energy consumption (gigawatts per hour) out of the tri-county group, San Benito County disproportionately uses more electrical energy per hour, per dollar generated. Though the tri-county average shows slight improvement in electrical energy efficiency of economic production, the electrical energy efficiency proportionate to GDP is still of concern.



Natural Gas energy intensity has decreased in a similar fashion over the last decade. All three counties show similarly decreasing trends in natural gas energy intensity from 2010 to 2021, with San Benito County again holding the comparatively worst natural gas energy consumption efficiency per dollar each year.



Greenhouse Gas Emissions

Why is this important?

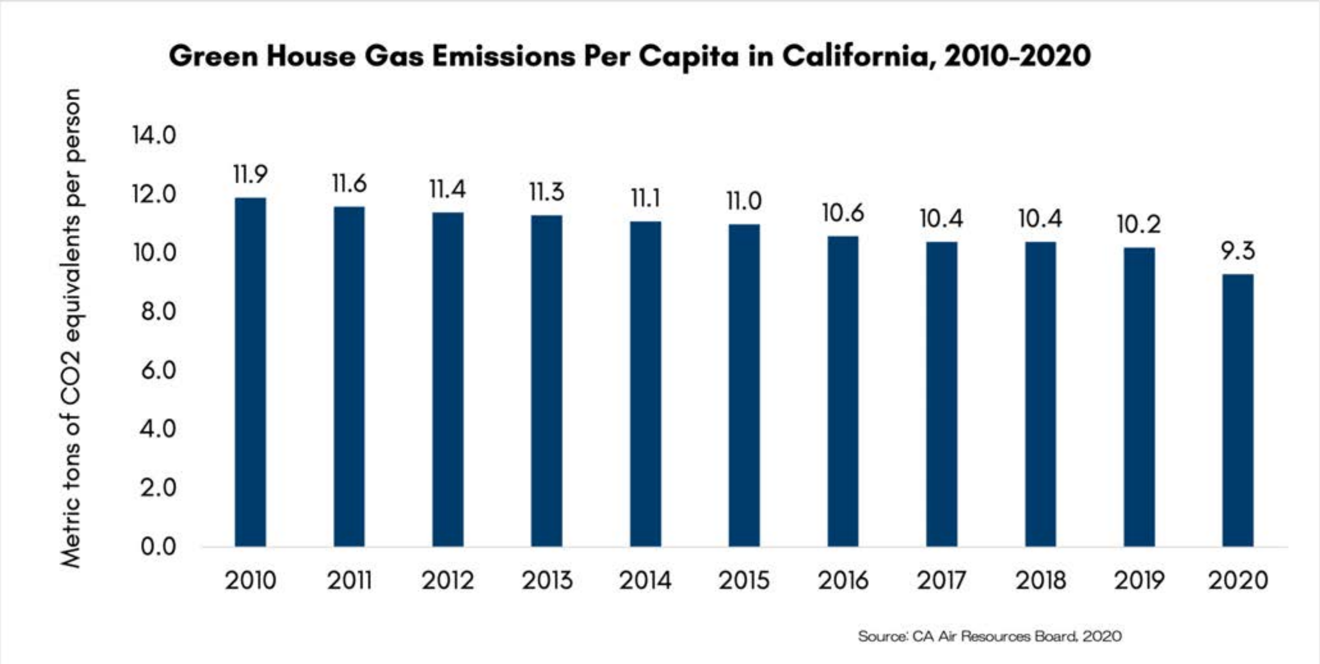
Greenhouse gases naturally function to trap atmospheric heat and, when present at appropriate levels, maintain normal climate temperature. When industrial burning of fossil fuels contributes to an excessive amount of greenhouse gas emissions, an immoderate amount of heat is contained in the atmosphere, resulting in abnormally high climate temperature. A sustainable economy will meet industrial fuel needs without excessive use of fuels that contribute to this global climate change.

What are we measuring?

Greenhouse gases include atmospheric chemicals such as methane, carbon dioxide, and chlorofluorocarbons. Carbon dioxide makes up the largest proportion of industrial greenhouse gas emissions. In our region, the majority of carbon dioxide emissions arise from traditional gas-powered vehicles and agricultural operations. This indicator measures the amount of carbon dioxide (CO2) equivalents in metric tons emitted across the state of California per person over the years 2010 through 2020.

How are we doing?

At the state-level, greenhouse gas emissions have declined steadily over the last decade. There has been a 2.6 metric ton decrease per person in CO2 emissions from 2010 to 2020. Though this is a slight difference over time, this is nonetheless a promising outlook for sustainable economic development for California. It is of note, however, that environmental health specialists and climate scientists globally have expressed concerns over the slow rate at which greenhouse gas emissions are declining. At the current rate of decrease locally, we are not on a trajectory to reach net zero emissions by 2050 as recommended at both the state and local levels. Moreover, statewide carbon dioxide emissions have increased in recent years and still comprise the largest proportion of total greenhouse gas emissions for the state. In order to minimize future climate disasters in our region such as wildfires, flooding, and drought, it is crucial to dramatically accelerate our emissions reduction response. These events will negatively affect our agricultural and hospitality industries, as well as endanger the health and well-being of residents in our region.



Air Quality Index

Why is this important?

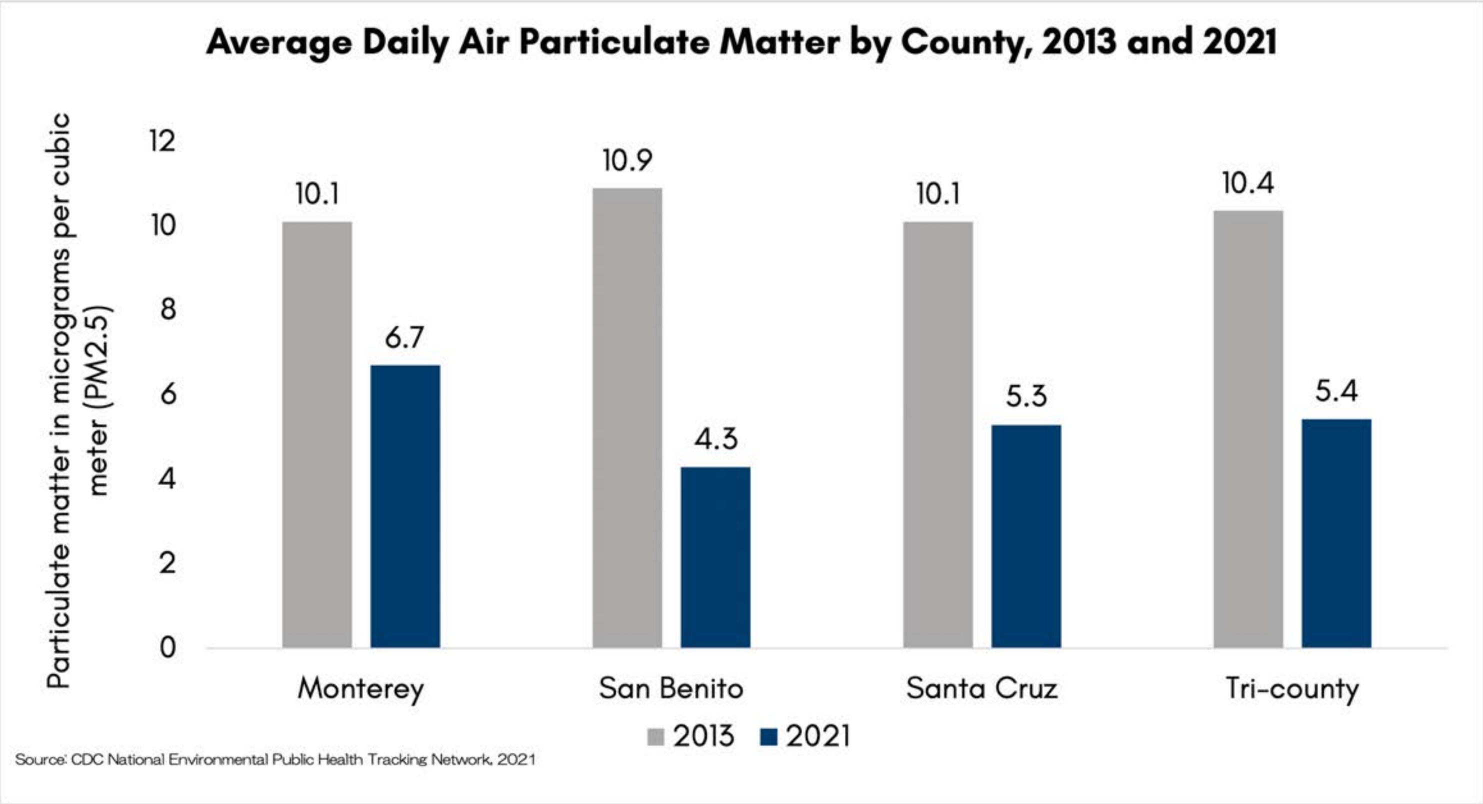
Investing in clean air is not just a sign of a sustainable economy, it also serves as a platform for improved economic growth and community wellness. Access to clear air reduces instances of respiratory illness and promotes physical activity across the residing population. In turn, healthier communities produce a healthier, more efficient workforce, resulting in improved economic output. From a different perspective, monitoring air quality is a quantifiable way to measure the harm being done to our regional environment as a result of unsustainable economic output.

What are we measuring?

This measures the average daily density of fine particulate matter in micrograms per cubic meter (PM2.5) emitted by each county in the years 2013 and 2021.

How are we doing?

There has been a dramatic improvement in air quality in the past 8 years. Each county has reported a large decrease in daily air particulate matter, with the regional average emissions cut by nearly 50%. The greatest change in air quality occurred in San Benito County, dropping from the regional high of 10.9 PM2.5 to a current regional low of 4.3 PM2.5.



STABLE

A stable economy can be defined as one in which individuals, communities, businesses, and governments have a sufficient degree of confidence in the future and an increased ability to predict the outcome of their economic decisions. Individuals, households, communities, and enterprises are secure enough to invest in their future. Economic systems are increasingly resilient to shocks and stresses, especially to disruptions with a disproportionate impact on poor or vulnerable communities.

Key Conclusions:

- Our regional economy is less stable than the state as a whole. Monterey and San Benito County economies are less stable than Santa Cruz.
- Health insurance coverage has improved for all racial groups. However, the coverage gap between racial groups shows that Latino and Other residents are disproportionately under-covered.
- Though the violent crime rate has declined regionally, property crime and theft remain high in larger cities such as Monterey and Santa Cruz.
- Each county is spending less on social security and welfare programs than in years prior. This negatively impacts the financial stability of the lowest income residents.
- Medi-Cal enrollment is a crucial support for Latino and American Indian/Alaska Native residents in our region. In fact, over half of the Latino population in our region relies on Medi-Cal for their healthcare needs.

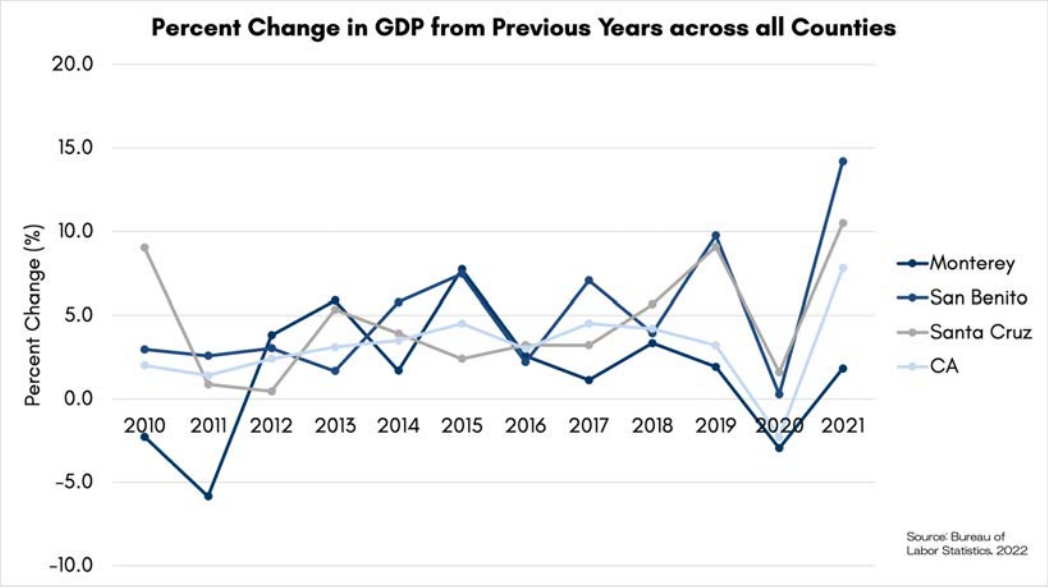
CONFIDENCE IN THE FUTURE AND ABILITY TO PREDICT ECONOMIC OUTCOMES

Stability in Economic Output

Why is this important?
A stable economy provides predictability, which is important for planning and for maintaining public sector expenditures. Percent change and standard deviation can be used to determine the stability of economic growth over time, and the impact of economic recession.

What are we measuring?
This measures the percent change in gross domestic product between each year from 2010 through 2021, as well as the standard deviation of the total percent changes for each county.

How are we doing?
The standard deviations between all year estimates in each county shows all counties are more volatile than the state as a whole. Santa Cruz County's economy is less volatile compared to Monterey and San Benito Counties. This difference may be due to a higher proportion of public sector employment in Santa Cruz County, as well as a lower dependence on exports from the agricultural industry. This may also be due in part to a larger proportion of the Santa Cruz County population being comprised of retirees with fixed income compared to Monterey and San Benito Counties. When assessing percent change over time, the volatility of Monterey County's GDP becomes more apparent. Compared to the California State average, Monterey County's percent change in GDP over time rises and falls drastically between years. This further shows the potentially unstable economic conditions that Monterey County residents are subject to compared to their counterparts in nearby counties.



	Standard Deviation
Monterey	3.61
San Benito	3.81
Santa Cruz	3.23
California	2.26

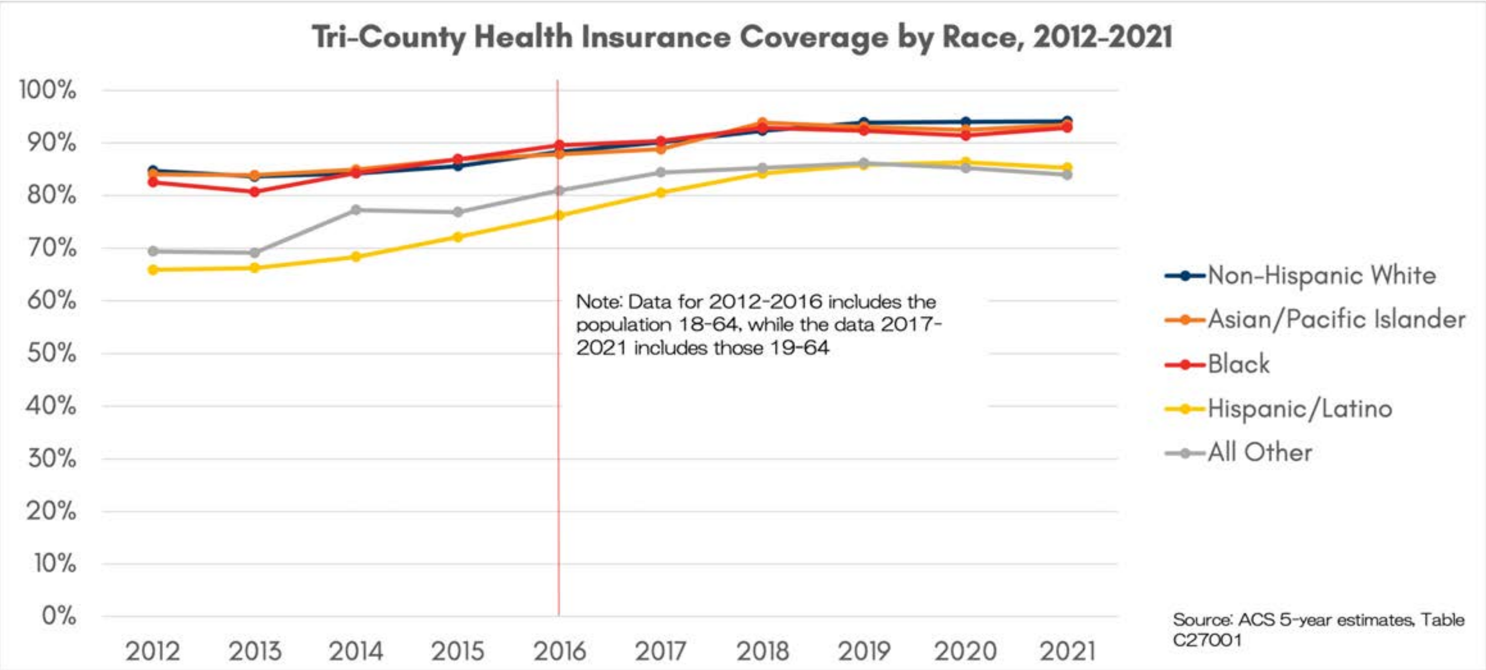
ABILITY TO INVEST IN THE FUTURE

Insurance Coverage

Why is this important?
A healthy workforce is necessary to sustain a stable economy. One of the most practical ways in which a government can invest in the health of their workforce is by ensuring access to healthcare. By assessing health insurance coverage, we can better estimate the ability of residents to maintain good health without sacrificing excessive funds and time away from the workforce.

What are we measuring?
This measures the proportion of individuals residing in Monterey, San Benito, and Santa Cruz counties by racial group that have access to health insurance from years 2012 through 2021.

How are we doing?
Health insurance coverage has steadily increased for all racial groups across the region over the last decade. Latino insurance coverage has increased the most since 2012, rising from 65.9% to 85.3% by 2021. Regardless of the positive trend in insurance coverage, there is still a clear gap in coverage rates between racial groups. Latino residents and those in the “All Other Races” category have consistently held lower health insurance coverage rates compared to Non-Hispanic White, Asian/Pacific Islander, and Black residents in our region. This leaves our Latino and Mixed/Other race residents at greater risk of experiencing financial instability if they become burdened by unexpected health insurance costs. In addition, these residents may be less likely to seek necessary or preventive medical treatment due to high medical costs, and therefore may suffer from worsened health conditions.



Level of Internal Conflict

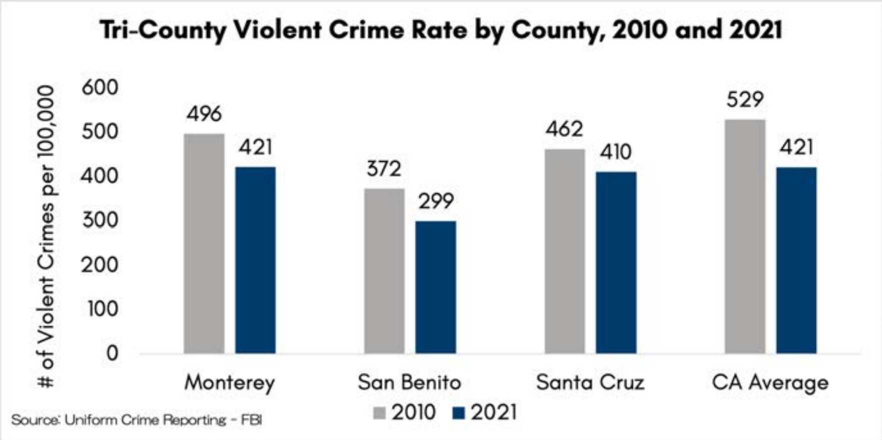
Why is this important?

Internal conflict commonly refers to conflicts that arise between a national government and opposition groups within a given country. Internal conflicts threaten the safety of the country's civilian population and may stall out standard economic functions such as trade, business operations, government regulation, and voting practices. To assess this metric at our regional level, we have instead chosen to evaluate the rate of violent crimes between residents and the proportion of crime sub-types by city.

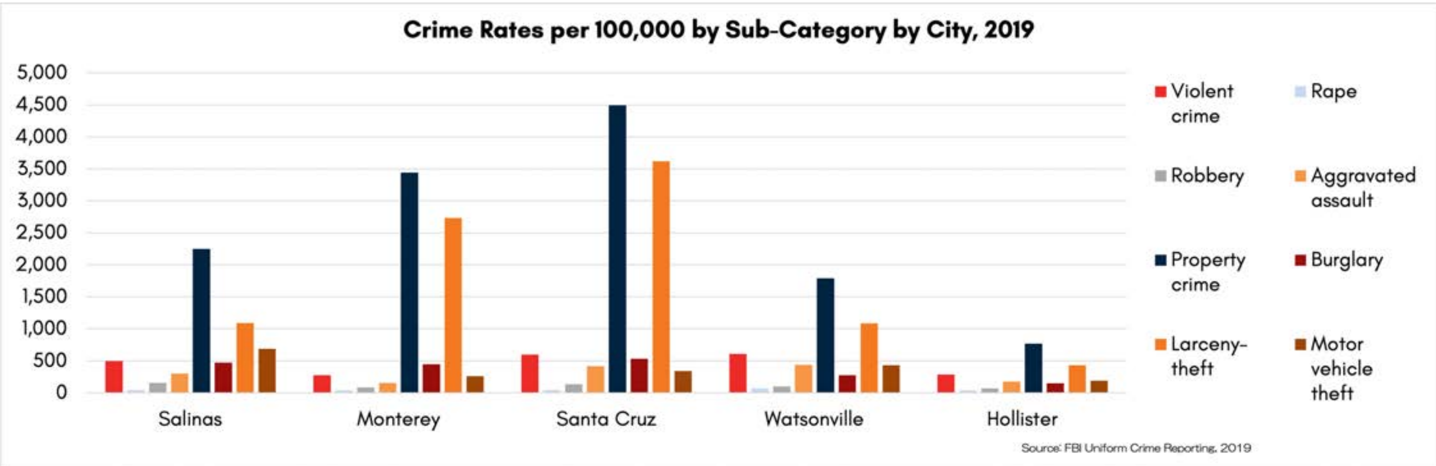
What are we measuring?

Violent crime is the number of violent crimes reported per 100,000 population. Violent crimes are defined as offenses that involve face-to-face confrontation between the victim and the perpetrator, including homicide, forcible rape, robbery, and aggravated assault.

How are we doing?



From 2010 to 2021, violent crime rates have dropped across all three counties in our region, as well as the state. For the entire Tri-County area, the regional rate of violent crimes decreased by about 15%. The most significant decrease in violent crime was represented by Monterey County, which saw approximately 75 less violent crimes per 100,000 from 2010 to 2021, violent crime rates have dropped across all three counties in our region, as well as the state. For the entire Tri-County area, the regional rate of violent crimes decreased by about 15%. The most significant decrease in violent crime was represented by Monterey County, which saw approximately 75 less violent crimes per 100,000 from 2010 to 2021. As a region, violent crime has declined at a slightly smaller rate than the state overall. The spread of violent crime, however, has remained virtually the same with the majority of crimes committed in Monterey County and the least in San Benito County. Yet, when assessing recent forms of crimes by city, it becomes apparent that per capita crime rates are considerably higher in the city of Santa Cruz compared to other cities in the region. Santa Cruz holds higher rates of violent crime, property crime, theft/burglary, and aggravated assault than both Salinas and Monterey. The most prevalent form of crime across the entire region is property crime, followed by general theft.



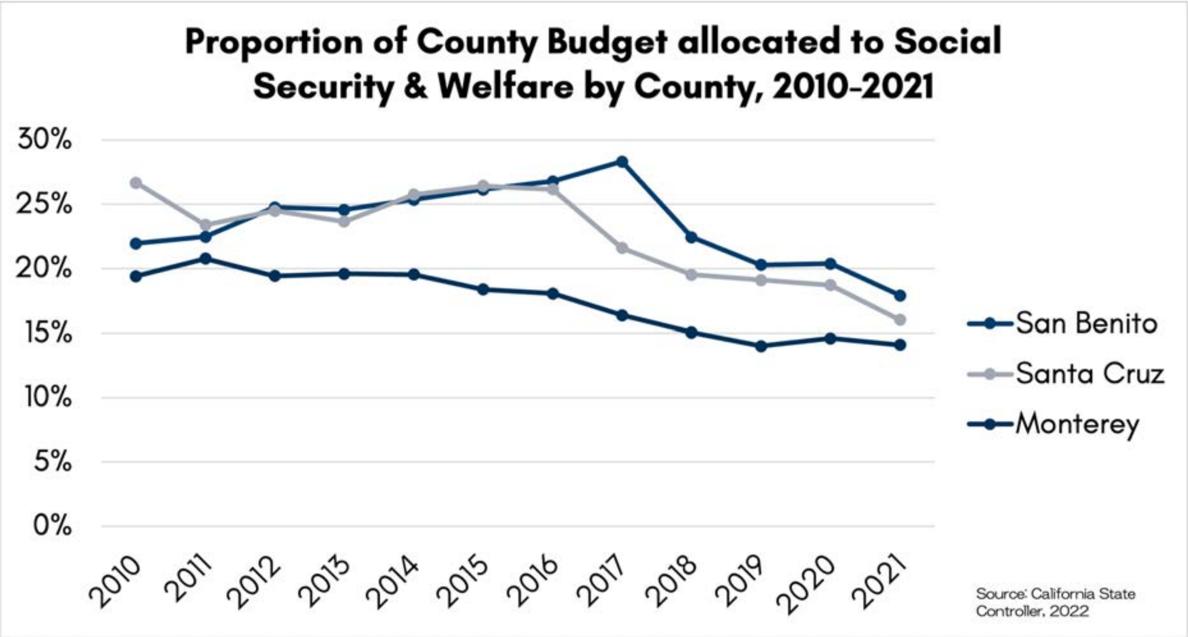
ECONOMIC RESILIENCE TO SHOCKS AND STRESSES

Spending on Social Security and Welfare

Why is this important?
Welfare is a form of public assistance designed to improve the standard of living of individuals and families nationwide. Social welfare programs include a range of government services such as housing, food, medical care, and financial assistance for daily life. Though these programs are funded at the state and federal level, program eligibility is often determined at the local level through county governments. For this reason, it is worth assessing how much funding is allocated at local levels for welfare programming, and to see how this may have changed over time.

What are we measuring?
This measures the percentage of each county's total budget that is allocated for social security and welfare each year from 2010 to 2021.

How are we doing?
Over the last decade, each county generally decreased the proportion of their budget that is allocated to social security and welfare services. Notably, Santa Cruz and San Benito Counties increased their funding allocation in these categories from the start of the decade to 2016 and 2017 respectively. However, following this period, there was a stark drop for each county's social security and welfare budget that continued to the current decade-lows. In contrast, Monterey County has consistently allocated a smaller proportion of their budget to these public assistance services. Across the region, the shrinking social security and welfare budget will likely negatively impact the financial stability of the lowest income households.



State and Federal Social Protection

Why is this important?

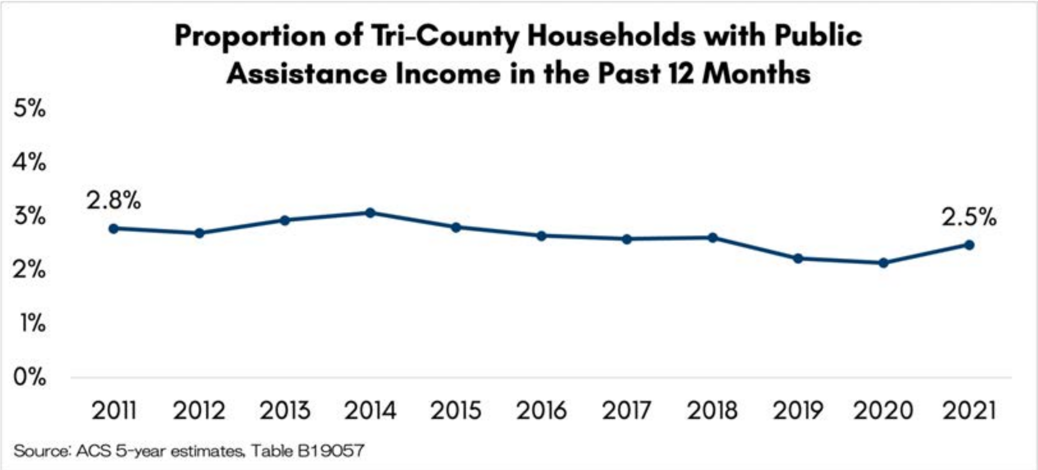
Government policies invested in social protection and labor market regulations reduce the risk of becoming poor, assist those who are poor to better manage further risks, and ensure a minimal level of welfare to all people. Measuring utilization of public assistance programs, such as California's Medicaid system (Medi-Cal), we can better assess how individuals are receiving the social welfare programming that has been offered to them at state and federal levels. Compared to the data shared in the prior indicator, Local government expenditure on social security and welfare, this indicator is a measure of state-level utilization of public assistance rather than county-level allocation of public assistance funding.

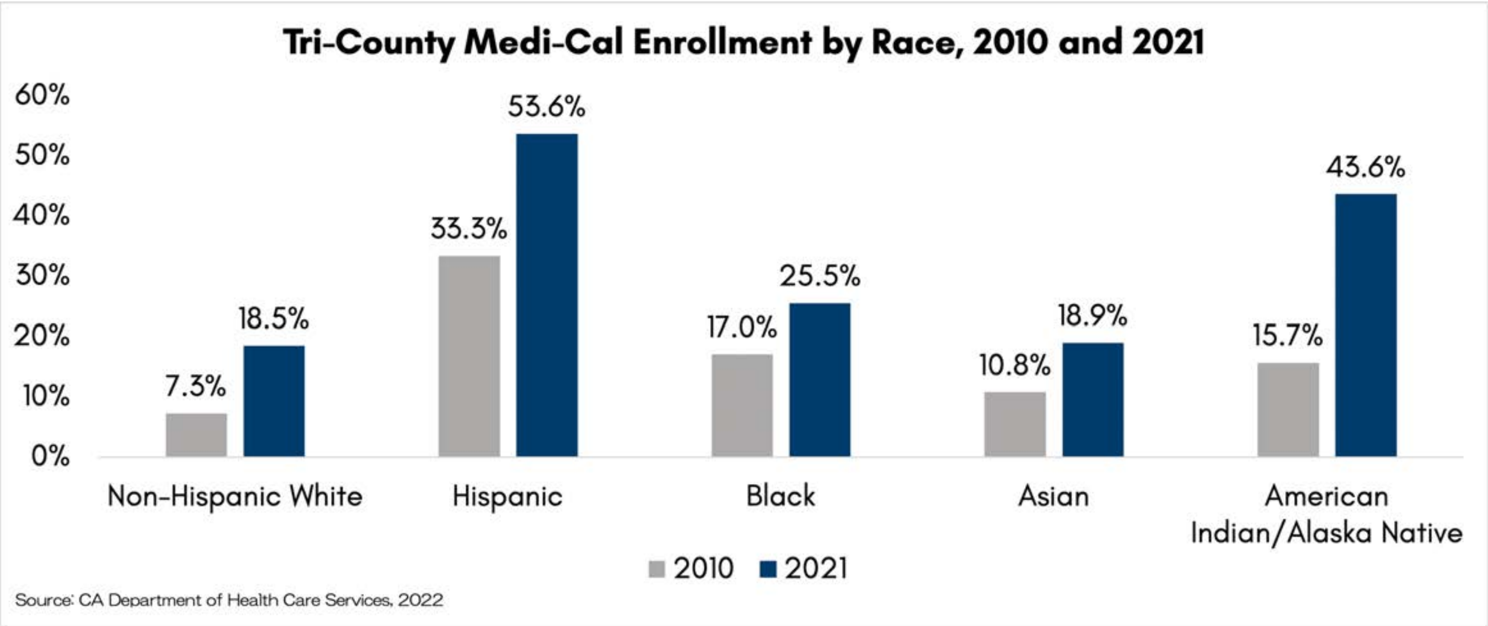
What are we measuring?

Medi-Cal enrollment consists of the total number of individuals deemed eligible for Medi-Cal by a valid eligibility determination, and who have enrolled into the program. This measurement excludes beneficiaries who have not met a monthly share-of-cost obligation. Public Assistance income refers to assistance programs that provide either cash assistance or non-monetary benefits to households from any governmental entity.

How are we doing?

Utilization of total public assistance in our region has stayed relatively constant in our region over the last decade, only decreasing insignificantly by 0.3%. However, within race enrollment in certain assistance programs, such as Medi-Cal, have increased across all age groups over time. The largest increases in Medi-Cal enrollment came from Latino and American Indian/Alaska Native residents. As of 2021, over half of the Latino population in our region is enrolled in Medi-Cal.





CONCLUDING THOUGHTS

This indicator report is designed to provide a high-level overview of broad, complicated trends in our economy, and our progress towards creating an economy that is inclusive and works for everyone. As we discussed in the beginning, while there are some encouraging signs, especially with regard to sustainability, overall, our region faces many challenges. There are stark racial inequalities in our region concerning areas as diverse as income, wealth accumulation, educational attainment, voting, entrepreneurship, and self-employment. There are also sharp disparities throughout our region in life expectancy, household consumption patterns, resilience in the face of economic uncertainty. Beyond this, we face challenges in transforming low-wage jobs into living wage careers and career building opportunities.

It is important to note that this report does not provide an analysis of the causes of our current economic patterns. Perhaps more important, this report does not review the many efforts throughout our region already underway that are working to address the various social and economic challenges highlighted in this report. Such a review would undoubtedly provide an optimistic picture of the energy, commitment, and care shown by leaders across our region working to build a more inclusive economy.

Our hope is that the data in this report helps people come together to develop even more effective efforts at addressing the challenges we've indicated. In the book *Equity, Growth and Community*, Benner and Pastor provide detailed evidence that points to a key factor underpinning regional economic prosperity and social equity: the existence of particularly diverse and dynamic epistemic (knowledge) communities (Benner and Pastor 2015). These occur when people and organizations representing diverse constituencies and sectors of a regional economy come together, informed by data about the regional economy, and use the knowledge generated from that data to devise effective economic strategies.

We hope this report can contribute to that process in the Monterey Bay region. As part of that discussion, we also hope you will be in touch with the authors, and with leaders at MBEP, with suggestions and feedback. We intend for this indicator report to become a regular, periodic method for us to collectively assess progress in our region. And in the spirit of continuous improvement and recognizing the power of collective wisdom and knowledge, we welcome any and all suggestions on how to make this kind of work even more useful going forward.

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