



October 10, 2016

Julie Pierce, ABAG President  
Dave Cortese, Chair, Metropolitan Transportation Commission

Dear Ms. Pierce and Mr. Cortese:

I write to give comment on the Plan Bay Area Draft Preferred Scenario. My comments will address four issues related to the performance of the preferred scenario around Middle-Wage Job Creation. Two are criticisms of the draft preferred scenario:

- 1) the model for projecting middle-wage job creation is faulty; and
- 2) the resulting performance numbers are misleading; and performance against economic vitality targets, (even if projections were accurate) is coincidental, not the result of planning or policy choices.

And two points are offered as constructive proposals for strengthening the implementation agenda:

- 3) the Economic Development District process must be refocused on creating and sustaining middle wage jobs and ensuring access to those jobs for low wage residents; and
- 4) successful PBA implementation efforts will require incentives for local jurisdictions to promote economic vitality for everyone in the region.

**Middle-Wage Job Model:** We commend the regional agencies for incorporating Middle-Wage Job Creation as an explicit Performance Target for Plan Bay Area. However, the forecasting methodology has not, to date, been developed so as to be able to project wage shares of job growth. As a result, the draft Performance Target Results for Performance Target #9, which purport to show a 43% increase in middle-wage jobs under all five scenarios, are misleading and should not be considered or adopted as an accurate representation of the trends in job growth.

The methodology behind the 'middle-wage' job projections identified some industries as "middle wage" industries and then projected job growth in those industries. But that projected growth in "middle-wage industries" does not necessarily mean those jobs will pay good wages or reduce income inequality in the region. Most of the industries include a wide range of jobs and wages—for example, "financial services" is included as a middle wage industry, but "manufacturing" is excluded. Industries like construction (included as a middle wage industry) will produce many low wage jobs unless wage standards and incentives are part of Plan Bay Area's implementing policies. The forecast also assumes that we have workers in the Bay Area who can afford to live here and can perform with the skills required by these industries. As we suggested in the past, the model needs to look into actual wages not an entire industry in order to provide a better reflection of the economic landscape.

**Preliminary Results:** As a result of the faulty job projection methodology, performance targets misleadingly show that we are doing well on "Increasing jobs in middle-wage industries." Current census data shows the opposite—the Bay Area is on a path towards

greater income inequality with a precipitous decline in the number of middle wage jobs.<sup>1</sup> Even if the inputs to the model were real jobs numbers (not industry projections), they are static across all scenarios, and therefore performance results are a reflection of economic growth, not policies or planning decisions. This economic reality check is not helpful to ensuring the economic vitality that our communities seek.

**PBA Implementation-A Bay Area Economic Development District:** We support the stakeholder process of developing a Comprehensive Economic Development Strategy for the Bay Area as one aspect of implementing PBA. But to achieve the goal of creating middle wage jobs and ensuring that local workers get those jobs we must refocus that process on 1) providing incentives or policy recommendations to ensure continuous creation of middle wage jobs (if the economic boom cycle slows down); 2) creating programs that will ensure skill upgrades and pathways for low wage workers into middle wage jobs: and 3) improving the quality of the low wage jobs that will continue to exist. Without these implementation measures, the naturally occurring creation of middle wage jobs will lead to more people moving in from outside the Bay Area to take these jobs and greater income inequality and displacement for our existing low wage workforce.

**PBA Implementation-Incentives for Local Jurisdictions:** The OBAG program has created some incentives for local jurisdictions to focus on increasing housing production and transit-oriented development and mitigating the displacement of Bay Area communities, which are all priorities for PBA. This program can now also be used to create incentives for local jurisdictions to promote economic vitality. Policies to be included in a menu of economic vitality measures--living wage ordinances and minimum wage increases, community workforce agreements, public land for public good measures and target hiring measures. We propose that a new incentive program to support Priority Production Areas could also focus on middle wage job creation, pathways and skills into those jobs and the upgrading of low wage jobs so that our existing communities do not continue to suffer the disruption of economic displacement and increasing poverty.

We are encouraged that the draft preferred scenario for PBA 2040 includes middle wage job growth as a goal. Without this objective, our housing and transportation plans could fail to support the diverse and vibrant communities who have made the Bay Area the most desirable place to live and work in the US. We hope that final implementation measures that support PBA will meaningfully contribute to achieving this goal.

Yours truly,



The Rev. Kirsten Snow Spalding  
Executive Director

cc. Metropolitan Transportation Commissioners  
Association of Bay Area Governments Executive Council

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<sup>1</sup> <http://www.mercurynews.com/2016/10/03/silicon-valley-east-bay-gain-wealthy-households-while-middle->