Setting Job Standards for a New Economy
An Innovative Living Wage for Silicon Valley

Working Partnerships USA
Center for Popular Democracy
Partnership for Working Families

October 2014
The County of Santa Clara is Silicon Valley’s second largest employer of local workers, with $2.5 billion in contracts each year. Through a comprehensive living wage policy, the County can use this purchasing power to create quality jobs and revive our struggling middle class.

**FAIR COMPENSATION**

35% of Santa Clara households don’t make enough to cover basic costs of living

1 in 3 jobs in Santa Clara County do not offer even a single paid sick day

A $19.06 living wage allows workers to take care of their families

Workers can earn up to 12 paid sick days each year

**FAIR WORKWEEK**

65% increase in the number of part-time workers who want full-time jobs (in Santa Clara County over the past 6 years)

Access to Hours
Contractors must offer any additional work to qualified current part-time employees first

4 in 10 workers do not know their schedule more than a week in advance (nationwide, workers aged 26–32)

Fair Scheduling
Workers shall receive their schedules at least 2 weeks in advance, and may request flexible or predictable hours
ECONOMIC OPPORTUNITY

Young workers, veterans, and emancipated foster youth face high unemployment rates (statewide, 51% of foster youth are likely to be unemployed 2–4 years after leaving care)

Local & Targeted Hiring
Incentives for contractors to hire county residents and disadvantaged jobseekers

Voice at Work

1 in 2 workers who complain about unlawful or dangerous conditions experience illegal retaliation

Protection from Retaliation
Contractors may not discriminate against workers who request their rights under the living wage

57% of employers threatened to close the business due to union elections, 47% threatened to cut pay, and 34% fired workers for organizing

Labor Peace
Contract bids will be reviewed for the County’s vulnerability to potential labor disputes

wpusa.org/living-wage
EXECUTIVE SUMMARY

THE LIVING WAGE MOVEMENT is based on the simple principle that taxpayer dollars should not be used to create poverty-level jobs. Over 140 cities, counties and other local entities have enacted living wage policies, each tailored to the needs of their own community and workforce. From Baltimore in 1994 to Milwaukee County in 2014, living wage policies have exhibited 20 years of success in increasing economic opportunity through responsible use of public funds.

In Silicon Valley, the need for more living-wage jobs has never been clearer. Even as the region’s economy is growing and profits are soaring, access to middle-wage, family-supporting jobs is shrinking, creating an “hourglass economy” that leaves massive numbers of workers trapped at the bottom in low wage, dead end, service occupations. Twenty-eight percent of all jobs in the county do not pay a living wage, and thirty-five percent of all working households have incomes below the basic self-sufficiency standard.

There is no single silver bullet solution to this problem of the disappearing middle class—it will require every actor in Silicon Valley pitching in to bend the economy’s arc away from expanding inequality towards inclusion and opportunity.

In this moment, the County of Santa Clara has the opportunity to lead by enacting the nation’s first comprehensive living wage. This means not just setting a wage floor, but incorporating provisions that promote healthy workplaces; expand access to economic opportunity; protect workers from discrimination, intimidation or retaliation; and address the growing problem of insecure, temporary and contingent work, in which constantly changing work hours and schedules leave workers and families struggling to predict household income week to week, hold a second job to pay the bills, provide stable care for their children, or pursue further education.
A number of jurisdictions have moved forward on each of these issues, but in a piecemeal manner. Santa Clara County can build on their success by enacting a streamlined ordinance that integrates these critical workforce protections not piecemeal but in a unified framework.

The County’s spending affects tens of thousands of jobs and lives. It is Silicon Valley’s second largest employer of local workers, with over 16,000 employees. But its economic footprint extends well beyond its own workforce. In a model similar to that used by many of the region’s leading technology companies, the County subcontracts a considerable portion of its business to other entities—a total of approximately $2.5 billion in annual contracting.

By enacting a comprehensive living wage, the County can create a model for responsible contracting. With state and local government contracts in the U.S. estimated to total roughly $1.5 trillion annually, the potential impacts of such a model are enormous. At the same time, the County’s leadership can set an example for the private sector.
AMONG THE MOST POWERFUL economic policy tools available to all local communities is a living wage. The living wage movement is based on the simple principle that public dollars should not be used to create poverty-level jobs. Over 140 cities, counties and other local government entities have enacted living wage policies, each tailored to the needs of their own community and workforce.

Several communities have gone further by establishing policies to address the emerging issues that are impacting employees in today’s workplaces, including earned sick days, predictable schedules, and access to full-time work. As the nature of work in the United States has shifted to become more insecure, unpredictable and contingent, greater and greater burdens have been placed on those workers—especially working women — who are juggling work with family responsibilities, as well as young adults or displaced workers trying balance work with education or training.

Beyond setting a wage rate, jurisdictions have begun to address these issues by adopting policy approaches designed to provide family economic stability and broaden opportunity for access to quality jobs. A few of the many jurisdictions with living wage, economic security and opportunity policies include:

- City of San Jose: Wage floor with health benefits credit, annual inflation adjustment, 12 paid days off, labor peace, and worker retention.

- City of Richmond: Wage floor with health benefits credit, annual inflation adjustment, 12 paid days off+10 unpaid days off, targeted hiring (Local Employment Ordinance), and Ban the Box.

- City & County of San Francisco: Wage floor, mandated health benefits (Health Care Accountability Ordinance), annual inflation adjustment, 12 paid days off+10 unpaid days off, labor peace (SFO), worker retention (Displaced Worker Protection Act), local and targeted hiring (First Source Hiring Program), Ban the Box (Fair Chance Ordinance), and fair workweek provisions (Family Friendly Scheduling Ordinance).

Santa Clara County can and should build on these best practices from localities across the nation to ensure its investments are creating decent, quality jobs for local communities, and in the bigger picture, to lead by example in beginning to rebuild Silicon Valley’s eroding middle class.
WHY DOES SANTA CLARA COUNTY NEED A LIVING WAGE?

Santa Clara County has a significant economic footprint in Silicon Valley’s local economy and workforce. It is the second largest local employer in Silicon Valley with over 16,000 local employees. Even more significantly, it contracts out roughly $2.5 billion annually—more money than the annual revenues earned by 120 of Silicon Valley’s top 150 companies last year.1

With its reach, the County has a unique opportunity to make a significant contribution to restoring the ladder into the middle class. In its mission as a safety net provider, the County has a vested interest in increasing economic opportunity for county residents from all communities and backgrounds to achieve self-sufficiency through work.

A comprehensive living wage policy would align the County’s direct labor market impacts with its policy goals of increasing self-sufficiency, supporting families’ economic security, and increasing economic opportunity and equity for the county’s diverse populations.

The following pages describe the components of a comprehensive living wage and the problem each seeks to address.

LIVING WAGE VERSUS MINIMUM WAGE—WHAT’S THE DIFFERENCE?

Both living wages and minimum wages set a wage floor for all covered workers. The difference lies in which businesses and workers are covered by the policy.

A minimum wage is a statutory requirement that applies to all businesses operating in a particular geographic area and/or industry sector, like hotels or retail stores. In addition to federal and state minimum wages, an increasing number of cities are enacting local minimum wage ordinances which apply to all businesses within city limits.

A living wage applies to the money being spent by a local jurisdiction, such as a city or county. It is generally applied to both the jurisdiction’s direct employees and to businesses that contract with the jurisdiction to provide services, or otherwise receive taxpayer funding. Employers who do not do business with the jurisdiction are not affected.

Throughout this brief, “living wage” refers to the definition given above.
FAIR COMPENSATION

THE PROBLEM: Too many workers and their families are struggling to survive on poverty-level wages, with no health care coverage or retirement plan, and without even being able to take a day off if they or their kids get sick.

- Seven of the 20 largest occupations in Silicon Valley—and 28% of all jobs in the Valley—do not pay a living wage (using the 2013 City of San José Living Wage as a benchmark).²,³
- Thirty-five percent of working households (those with at least one worker) do not make enough money to cover the basic cost of living in Silicon Valley.⁴
- As a result, over 225,000 people in Silicon Valley were unable to put enough food on the table in 2012.⁵
- Over one third (35%) of jobs in Santa Clara County do not offer even a single paid sick day. Among Latino workers, over half (52%) labor in jobs that offer no paid sick days.⁶
- In the Santa Clara County workforce, 12.5% of all employed workers—112,000 people—had no health insurance in 2013. Among Latinos, 26% of employed workers were uninsured.⁷
- As of 2010, 6.3 million working Californians did not have access to employer-sponsored retirement plans. Sixty-four percent of those workers are people of color.⁸
- Nearly 50 percent of middle-income California workers will retire at or near poverty.⁹

PROPOSED PROVISIONS:

WAGE FLOOR WITH HEALTH/RETIREMENT CREDITS:
- $19.06 if no health or retirement benefits offered (current San Jose Living Wage rate).
- $17.06 if affordable health benefits are offered
- $15.06 if affordable health benefits are offered and employer contribution to a retirement plan is offered, with a value of at least $2.00/hr
- Annual inflation adjustment matching that used by the City of San José.

PAID SICK DAYS:
- Allow all workers to accrue 1 hour of paid sick time per 20 hours worked, up to 12 sick days earned per year.
- Sick time can be used for a worker’s illness, to care for an ill child, family member or other designated person, or as “safe days” for victims of domestic violence, sexual harassment, assault or stalking.
- Paid Time Off can be offered in lieu of sick time, as long workers can use the time for sick leave purposes.

JURY DUTY PAY:
- Paid time off for workers who are required to report to jury duty, up to 5 days.
THE PROBLEM: Today, an increasing number of workers across the country are finding themselves in jobs where their work schedules change dramatically from week to week and even from day to day.

Constantly changing work schedules make it extremely difficult for workers and families to predict household income week to week, hold a second job to pay the bills, provide stable care for their children, or pursue further education. Unwanted drops in hours and volatile changes in work month to month or week to week can also impact eligibility for social service programs like child care and food subsidies. This problem is exacerbated by our subcontracted economy, where workers often lose their jobs when contracts change hands, even though the jobs remain the same.

Furthermore, an increasing number of jobs offer only part-time hours, forcing workers to piece together multiple jobs to get to full-time work. Part-time employment typically means lower wages, lack of health and pension benefits and fewer advancement opportunities.

- Almost one quarter of all jobs in Silicon Valley—235,000 workers, or 23%—are part-time, up from 18% in 1999.¹⁰,¹¹
- Over the past five years, the number of involuntary part-time workers—those who want full-time work—has grown by 65%. Women are more likely than men to be involuntary part-timers.¹²
- A national study of workers aged 26 to 32 found that extreme and unpredictable fluctuations in work schedules are widespread. Four out of ten workers did not know their schedule more than a week in advance. The timing of their shifts fluctuated from week-to-week and the number of hours they receive (along with their paychecks) rose and fell unexpectedly.¹³
- Workers who are Latino, Black, female, or parents of young children were the most likely to be in a job with unpredictable scheduling.¹⁴

**PROPOSED PROVISIONS:**

**ACCESS TO HOURS:**

- If a contractor has additional County-funded hours of work in jobs held by current part-time employees, it shall offer those hours of work first to its existing part-timers.

**FAIR SCHEDULING:**

- Employees shall receive a minimum of two weeks’ advance notice of work schedules. (Exemption for jobs whose nature is explicitly on-call.)
- Employees have a “right to request” a flexible, predictable, or stable work schedule from their employer.
- Employees shall be protected from discrimination or retaliation for exercising their right to make scheduling requests.

**WORKER RETENTION:**

- When a service contract changes hands, the new contractor must retain the existing workforce for 90 days, and offer available permanent positions to retention workers who receive a satisfactory performance evaluation.
THE PROBLEM: People of color, women, and disadvantaged populations are disproportionately impacted by low wages and economic insecurity, and are often excluded from economic opportunity. In addition, vulnerable populations such as U.S. veterans, at-risk youth, emancipated foster youth and individuals with a past arrest or conviction record face particular barriers to employment. High unemployment among the Valley’s vulnerable populations has lasting ramifications for their long-term economic security, putting an added strain on public services.

• For youth and young adult workers under age 25, the Santa Clara County unemployment rate in 2012 was 17% - more than double the general unemployment rate.\(^\text{15}\)

• The unemployment rate among Santa Clara’s 70,000 veterans was 10.8%, considerably higher than the general unemployment rate.\(^\text{16}\)

• More than 150 foster youth are emancipated annually in the county.\(^\text{17}\) Among foster youth statewide, 51% are likely to be unemployed 2 to 4 years after leaving care.\(^\text{18}\)

• Tens of thousands of adults in Santa Clara County with criminal or arrest records face difficulties finding employment with 60% of employers surveyed nationally being less likely to employ adults knowing their criminal record.\(^\text{19}\)

PROPOSED PROVISIONS:

BAN THE BOX / FAIR CHANCE HIRING:

⇒ Employers shall eliminate the “box” which asks about criminal history on their initial job application for positions funded by County contracts, except where it is a necessary screening requirement.

TARGETED HIRING:

⇒ Requirement OR incentive for contractors to utilize a First Source hiring center or equivalent to make new County-funded job openings available to targeted workers, such as CalWORKs clients, foster youth, veterans, underrepresented minorities or other disadvantaged jobseekers.

⇒ Consider developing a pilot First Source hiring program run by the Santa Clara County Social Services Agency designed to increase opportunities for its clients and other disadvantaged jobseekers to be hired by employers doing business with the County.

LOCAL HIRING:

⇒ Bidding preference for contractors whose workforce is primarily composed of Santa Clara County residents.
**VOICE AT WORK**

THE PROBLEM: Establishing workplace standards is only effective if employers abide by those standards and employees are able to freely ask for their rights under the law without fear of being harassed, discriminated against or fired for speaking up. Unfortunately, this happens all too often, in some workplaces leading to a climate of fear in which the employer can refuse to pay its workers what they are owed, force them to work in unsafe conditions, and threaten to fire anyone who complains.

Although the majority of employers are law-abiding, lack of accountability and worker protections can undercut those responsible businesses. In a public bidding process, the responsible employers will be underbid by the scofflaw company who cuts costs on the back of its workers. Strong policies against employee harassment, intimidation, and retaliation are necessary to ensure a level playing field.

- In 2012-13, the California Department of Labor Standards Enforcement received 3,514 complaints for retaliation in the workplace; most involved employers retaliating against workers who had filed or planned to file a claim with the Labor Commission.\(^{20}\)

- The San Jose office of the California Labor Commissioner confirmed nearly 2,000 cases of wage theft last year, awarding the victims $8.4 million in wages they were owed which their employers had not paid.\(^{21}\)

- National surveys show that when workers complain about unlawful conditions in the workplace, nearly half experience some form of illegal retaliation.\(^{22}\)

- Employers routinely resort to “threats, interrogation, harassment, surveillance, and retaliation” against workers seeking to exercise their right to organize into a union. A study of over 1,000 union elections showed that 57% of employers threatened to close the business, 47% threatened to cut pay, and 34% fired workers for participating.\(^{23}\)

**PROPOSED PROVISIONS:**

**ANTI-RETAILATION:**

- Contractors may not discriminate or retaliate against workers who request their rights under the County living wage policy, or who file a complaint with the County.

**LABOR PEACE:**

- RFP language shall include, and bids shall be reviewed for, the County’s vulnerability to potential labor disputes.

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**BENEDICTO REYES**\(^*\) works 60 hours a week as a driver for the County of Santa Clara. Monday through Friday, he arrives at work at 3 in the morning to get behind the wheel. By the time he gets home – nearly an hour south of San Jose – he can barely play with his three children or help with their homework before he’s got to go to bed to get ready to do the same thing the next day. He’s not a County employee. He got hired by a company who got hired by another company who got hired by the County. He lives paycheck to paycheck, many months coming up short. Even in San Benito County, 50 miles from San Jose, his mortgage payment is nearly $3,000 a month. Months when he gets sick are harder because even after years with this company, he can’t take a sick day without losing pay. “I need to work the overtime because if not, I cannot support my family with 40 hours….I would like to work a little bit less so I could spend more time with my family, but I could only do that if I were paid a higher rate.” Benedicto also works overtime because his company needs it. Many of his coworkers have left for driving jobs with wages of $20 an hour, so his company is struggling to meet client demand and Benedicto, one of their longest-standing employees, is stepping up to fill in.

\(^*\) This worker asked for a pseudonym to be used to protect him from employer retaliation.

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SETTING JOB STANDARDS FOR A NEW ECONOMY

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WHAT ARE THE IMPACTS OF A LIVING WAGE?

The first local living wage policy was created in Baltimore in 1994. In the ensuing two decades, at least 140 jurisdictions have adopted living wage policies. There is therefore abundant evidence and a rich body of research investigating the impacts of living wage policies. Highlights from this body of research include:

**SIGNIFICANT WAGE INCREASES FOR LOW WAGE WORKERS.** Affected low-wage workers see higher earnings through both increased wages and increased access to hours, often with more access to full-time work. In Los Angeles, 9,600 workers received direct or indirect raises due to the living wage law, generating an annual gain of $20 million for workers receiving direct raises due to the law plus $2 million for those receiving indirect raises.  

**MAJOR BENEFITS TO WORKING WOMEN AND WORKERS OF COLOR.** Workers who benefit from living wage ordinances tend to be majority female and majority people of color. For example, in Boston—where the living wage policy covered a large number of non-profit human service providers—the affected workers were 80% female and 64% people of color.  

**NO NET LOSS OF JOBS.** Numerous studies have found no net effect of living wage laws on total employment in either the affected industries, or at the city or metropolitan level. A 2010 study by the Center for American Progress looked at 20 years of employment data to compare cities with living wage laws and those without. It found that passage of a living wage law had no measurable effect on citywide employment or on employment in the industries most likely to be affected by the living wage laws or most sensitive to the perceived business climate of a city.  

**NOMINAL BUDGETARY IMPACT.** Studies of the costs incurred by local government due to living wage policies have found only minor increases to local government budgets, with some cities experiencing no net budgetary impact. In 2003, the Brennan Center for Justice surveyed local officials from 20 cities with living wage ordinances. For most cities, contract costs increased by less than 0.1% of the overall local budget.  

**POSITIVE IMPACT ON NUMBER AND QUALITY OF BIDDERS.** Multiple studies have shown that the bidding for municipal contracts remains as or more competitive following the passage of living wage ordinances. In some cases, the establishment of a level playing field encourages a larger number and a higher quality of bidders. In Hartford, CT, an increased number of security firms entered the bid process following implementation of the living wage because their wages were now more competitive.  

**MORE STABLE WORKFORCE AND INCREASED PRODUCTIVITY.** Studies in Baltimore, Boston, Los Angeles, and San Francisco have shown that firms enjoy lower turnover among employees following enactment of a living wage ordinance. Lower turnover and increased productivity reduces additional costs to employers for recruitment, hiring and training. At San Francisco airport, annual turnover of security screeners fell from 95% to 19% after their wages increased.  

In short, local living wages are a policy innovation that has demonstrated two decades of success in aligning local governments’ expenditures with their public policy goals of promoting economic stability and expanding economic opportunity.
CALL TO ACTION

Recognizing the need and the opportunity, community members from across the geographic and political spectrum have spoken up in support of a Comprehensive Living Wage for the County of Santa Clara.

This coalition calls on the County of Santa Clara to enact a comprehensive living wage policy for its employees and service contractors, as described in this brief and summarized below:

FAIR COMPENSATION

Purpose: Ensure that workers earn enough to afford the basic cost of living, support healthy workplaces, and encourage retirement security to reduce future retirees’ dependence on the safety net.

- Basic Wage Standard
  - $15.06/hr with health and retirement benefits; $17.06/hr with health only; $19.06/hr with no benefits
  - Annual inflation adjustment matching that used by the City of San José.

- Paid Sick Days: Allow all workers to accrue 1 hour of paid sick time per 20 hours worked, up to 12 sick days earned per year.

- Jury Duty Pay: Paid time off for workers who are required to report to jury duty, up to 5 days.

FAIR WORKWEEK

Purpose: Do not force employees to accept involuntary part-time or inconsistent work that strains families economically and impacts family stability.

- Access to Hours: Offer hours to existing part-timers first, before creating more part-time jobs.

- Fair Scheduling:
  - Minimum of two weeks’ advance notice of work schedules, except in on-call occupations.
  - Employees have a “right to request” a flexible, predictable, or stable work schedule.

- Worker Retention: When a County contract changes hands, the new contractor must retain the existing workforce for 90 days, and if their performance is satisfactory, offer them the permanent jobs under the contract.

ECONOMIC OPPORTUNITY

Purpose: Offer equal employment opportunities to all workers to alleviate high unemployment and lack of access to economic opportunities among specific communities and sub-populations in the County.

- Ban the Box / Fair Chance Hiring: Eliminate the “box” which asks about criminal history on initial job applications, except where it is a necessary screening requirement.

- Targeted Hiring: Make entry-level job openings available to targeted workers, such as CalWORKs clients, foster youth, veterans or other disadvantaged jobseekers.

- Local Hiring: Bidding preference for contractors who hire Santa Clara County residents.

VOICE AT WORK

Purpose: Ensure employees are free to request their rights without fear of intimidation, discrimination or retaliation.

- Anti-Retaliation: Contractors may not discriminate or retaliate against workers who request their rights under the County living wage policy.

- Labor Peace: RFP language shall include, and bids shall be reviewed for, the County’s vulnerability to potential labor disputes.

2. California Employment Development Department, OES Survey Results, “Occupational Employment (May 2013) & Wages (2014—1° Quarter), San Jose MSA.

3. Ibid.


7. American Community Survey, 2013 ACS 1-year estimates; Extracted via American FactFinder.


11. US Census Bureau, Census 2000 Summary File 3; Sex by work status in 1999; Accessed via American FactFinder.


15. American Community Survey, 2012 ACS 3-year estimates. Sex by age by employment status for the population 16 years and over by race; Extracted via American FactFinder.


17. County of Santa Clara Social Services Agency, Department of Family and Children’s Services, Services for foster youth website: http://www.scgov.org/sites/ssa/department%20of%20family%20-%20children%20services/services%20for%20foster%20youth%20(cc25)/Pages/Services-for-Foster-Youth-(CC25).aspx

18. Children’s Advocacy Institute. “Expanding Transitional Services for Emancipated Foster Youth: An Investment in California’s Tomorrow.” University of San Diego School of Law; Funded by the Wellness Foundation; January 2007.


30. $19.06/hr is equal to the current City of San Jose living wage for contractors who do not offer health benefits.
The Silicon Valley Living Wage is backed by a coalition of community and labor organizations in Santa Clara County.

THE CAMPAIGN IS LED BY:

AFSCME Local 1587
Alexander Community Law Center
Asian Law Alliance
Center for Training & Careers, Inc.
Evergreen Teachers Association
Federation of Retired Union Members
International Brotherhood of Teamsters Local 350
Latinos United for a New America
Legal Aid Society Employment Law Center
NAACP San Jose Chapter
Pilipino Association of Workers and Immigrants
Sacred Heart Community Service
Santa Clara & San Benito Counties Building & Construction Trades Council
Santa Clara County Commission on the Status of Women
Santa Clara County Human Relations Commission
Silicon Valley De-Bug
UFCW Local 5
Vietnamese American Workers Rights Project
About the Authors:

Working Partnerships USA is a community-labor organization with a vision for an inclusive regional economy where working and low-income families and communities of color thrive. We lead innovative campaigns for quality jobs, health for all, equitable development and a strong democracy by organizing grassroots alliances to build the power of everyday people to lead and govern.

The Center for Popular Democracy works to create equity, opportunity and a dynamic democracy in partnership with high-impact base-building organizations, organizing alliances, and progressive unions. CPD strengthens our collective capacity to envision and win an innovative pro-worker, pro-immigrant, racial and economic justice agenda.

The Partnership for Working Families is a network of 17 affiliates, with allies in more than 30 other U.S. cities, that is building power from the roots of our communities. We forge lasting multi-racial coalitions that bring labor, community, faith and environment together to achieve a just economy and a true democracy, where everyone has a real voice in their workplace and in their community, and can live and work in dignity.