



County of Santa Cruz

HUMAN RESOURCES AGENCY

Cecilia Espinola, Director

1000 Emeline Avenue, Santa Cruz, CA 95060
(831) 454-4130 or 454-4045 FAX: (831) 454-4642

March 29, 2005

AGENDA: April 12, 2005

BOARD OF SUPERVISORS

County of Santa Cruz
701 Ocean Street
Santa Cruz CA 95060

Report on Living Wage Program for Non-Profit Agencies

Dear Members of the Board:

On June 10, 2003 your Board amended the County's Living Wage Ordinance to apply new living wage requirements for non-profit agencies receiving County funds. Application of the ordinance amendment was effective July 1, 2003 and the program is nearing the end of its second year of implementation. Your Board directed HRA to return with a report on the County's living wage program for non-profit agencies on April 12, 2005. The purpose of this letter is to provide your Board with information on the program requirements for non-profit agencies, monitoring efforts to ensure compliance with the non-wage provisions of the ordinance, and an analysis of progress achieved to raise the wages of their lowest paid workers. Both the Human Care Alliance and the Living Wage Coalition have reviewed this report.

Living Wage Program Requirements for Non-profit Agencies

The living wage ordinance amendment applies the following program requirements to all non-profit contractors receiving County funds:

- Compliance with all non-wage provisions of the ordinance, including: (1) employee rights to report a violation of the Living Wage Ordinance Amendment and to non-retaliation, (2) labor relation neutrality, and (3) employee retention in the event a contract for services for an amount greater than \$50,000 is terminated prior to its expiration and a new contract is let with a subsequent provider for the same services.
- Wage data reporting for all non-profit agencies with employees earning less than the County's living wage standard.

Consistent with the program for for-profit vendors, all exemptions in the current ordinance also apply to non-profit contractors. Agencies meeting any of the following exemption criteria are not subject to comply with the living wage program requirements:

- Five or fewer employees.
- Cumulative contracts with the County in any fiscal year under \$15,000.
- Workers covered under a collective bargaining agreement.
- Programs operated by non-profit contractors that do not receive any County funds.

Monitoring Living Wage Program Compliance

County departments have developed procedures to monitor program compliance and obtain wage data from agencies subject to the ordinance reporting requirements. As a condition of receiving County funding, at the time new contracts are negotiated, all non-profit agencies must complete a form self-certifying that the agency is in compliance with the non-wage provisions of the ordinance (see Attachment 1). Non-profit contractors must also complete a Living Wage Data Report (see Attachment 2). This report enables staff to track the following information:

- (1) the number of nonprofit contractors who have achieved the living wage goal;
- (2) number of agencies exempt from ordinance requirements; and
- (3) all agencies with workers earning less than the County's living wage standard.

The wage data provided is used to track progress to raise worker wages and to estimate costs for each agency to achieve a living wage for all of their employees.

The following is a summary of the living wage program reporting results for **FY 2004/05**, as well as a summary of progress achieved and challenges identified by agencies in their efforts to work towards the goal of a living wage for their lowest paid workers.

200445 Living Wage Program Reporting

The table below summarizes the program reporting status of non-profit agencies receiving County funding in FY 2004/05.

FY 2004/05	
Living Wage Program for Non-Profit Agencies	
Non-Profit Agency Ordinance Reporting Status	No. of Agencies
Agencies exempt from reporting wage data	18
All staff paid living wage	32
Non-exempt agencies required to report wage data	28
Total Non-profit Contractors	78

For the 18 agencies exempt from reporting wage data, 3 were exempt because they have a collective bargaining agreement, 10 because they have fewer than 5 employees, and 5 because of less than a cumulative \$15,000 in contracts with the County.

Progress Achieved

Based on current wage data, a total of 32 agencies or 41% of County-funded non-profit agencies pay all employees at or above the living wage rate of **\$11.77/hour** for employees with benefits and **\$12.84/hour** for employees without benefits. This is a significant achievement given the current fiscal climate.

As you may recall, in August of 2001, your Board approved an additional 4% COLA directed at raising wages of non-profit agencies' lowest paid workers. After application of the 4% COLA, a survey of the 60 Community Programs and 8 other non-profit agencies in receipt of the additional funds determined that 27 agencies had achieved the goal of a living wage for all of their employees. At that time the living wage standard was \$11/hour for workers with benefits and \$12 for workers without benefits. The living wage rate has increased twice since implementation of the ordinance. Despite the current economic climate, five additional agencies have achieved the goal of providing a living wage for their employees since the August 2001 survey.

While not every County-funded non-profit agency has been able to achieve the goal of a living wage for their lowest paid workers, current wage data demonstrates a continuing commitment to maintain wage gains achieved in more robust fiscal times. Of the 28 agencies providing wage data for their workers in FY 04/05, 19 have achieved additional wage gains for their lowest paid workers since implementation of the ordinance. Approximately half of all reported wage increases are between \$2.00 - \$3.50 per hour and half \$2.00 an hour and below. Nine agencies have not been able to raise wages for their lowest paid employees since the implementation of the ordinance.

Although not all agencies have been able to increase worker wages or provide COLAs, five agencies developed other strategies to support their employees by increasing staff benefits such as providing additional annual leave/vacation days, increasing health insurance coverage and offering paid time-off for educational trainings. This information was voluntarily reported by some agencies in an optional section of the Living Wage Data Report. Because agencies were not required to provide this information, it is not known how many other contractors may have utilized similar strategies to maintain wage gains or increase benefits for agency staff. In some cases the current economic climate has required that smaller agencies merge with larger organizations as a strategy to continue to provide programs and services to the community.

Estimated Costs To Achieve a Living Wage

Current wage information provided by non-profit contractors also included estimated costs for agencies to achieve a living wage for their employees earning less than the County's living wage standard. Based on the County's FY 2004/05 living wage rate of \$11.77 for workers with benefits and \$12.84 for workers without benefits, the table below summarizes estimated costs for the 28 non-profit contractors to achieve a living wage for their lowest paid workers. For the purposes of understanding the cost impact to the various agencies, staff clustered contractor costs by estimated **cost** thresholds, and provided aggregated estimated costs for each threshold level.

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**Estimated Costs to Achieve a Living Wage
 For Non-profit Agencies Lowest Paid Workers**

Estimated Costs To Achieve Living Wage	No. of Agencies	Aggregated Estimated Cost
Less than \$10,000	9	\$28,088
\$10,000- \$24,999	10	\$190,767
\$25,000- \$39,999	2	\$51,338
\$40,000 or more	7	\$480,901
Totals:	28	\$751,094

Contractor cost estimates to achieve a living wage for their lowest paid workers were calculated using the midpoints of pay ranges for agency employee positions paying less than the current living wage standard. The cost estimates are based on wage rates alone and do not take into account associated payroll taxes and benefit costs. Additionally, estimated costs do not address agency wage compaction, which is estimated to be a significant consideration for non-profit contractors.

Summary

The current wage data now available demonstrates that a number of agencies achieved progress in raising the wages of their lowest paid employees.

The Human Resources Agency, in collaboration with other County Departments that contract with the non-profit community, will continue to monitor program compliance and track progress towards the goal of a living wage for non-profit agencies' lowest paid employees.

It is therefore RECOMMENDED that your Board accept and file this report on the Living Wage Program for non-profit agencies who receive County funding, and direct the Human Resources Agency to return in May 2006 with an annual Living Wage Report.

Very truly yours,



CECILIA ESPINOLA
 Director

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Attachments:
 Non-Wage Provisions Self-certification Form
 Living Wage Data Report

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RECOMMENDED:



SUSAN A. MAURIELLO
County Administrative Officer

cc: County Administrative Officer
Health Services Agency
Probation Department
Parks and Recreation
Human Care Alliance
Living Wage Coalition
Human Services Commission

LW Form 2

County of Santa Cruz [Non-Profit Agency Attachment]
Living Wage Ordinance
FY 2004/05 Non-Wage Provisions Self-certification Form

Agency Name: _____
County Dept: _____ **Contract No:** _____

All nonprofit agencies receiving County funding, unless exempt from the ordinance requirements, shall comply with the following non-wage provisions of the Living Wage Ordinance (Chapter 2.122 of the County Code):

1. Employee rights to report violation and to non-retaliation: (Section 2.122.110)
Any employee claiming violation of the Chapter may report such acts to the County and may bring an action in the appropriate Court of the State of California or other appropriate administrative agency, against an employer to enforce his or her rights. Nothing in this Chapter shall preclude an employee from seeking any or all forms of relief and damages.
2. Labor relation neutrality: (Section 2.122.130)
Contractors for services and subcontractors shall not hinder or further collective bargaining organization or other collective bargaining activities by or on behalf of an employer's employees. However, this restriction shall not apply to any expenditure made in the course of good faith collective bargaining, or to any expenditure made pursuant to obligations incurred under a bona fide collective bargaining agreement.
3. Employee retention: (Section 2.122.140)
In the event that any contract for services for an amount greater than \$50,000 is terminated by County prior to its expiration, any new contract with a subsequent contractor for those same services shall include the following term:

Contractor shall make best efforts to offer employment to qualified employees of the prior contractor for the performance of this contract. Such efforts shall not be required in regard to employees who are (1) exempt under the Fair Labor Standards Act, (2) family members of prior contractor, (3) employed by prior contractor for less than six months, or (4) convicted of a job-related or workplace crime. Upon request by the County, the Contractor shall demonstrate to the County that good faith efforts have been made to comply with this provision.

Within the last five years, has your agency had any violations with the National Employees Relations Board or the California Labor Commission? Yes ___ No ___

I certify, under penalty of perjury, that _____ is in
(Name of Agency)
compliance with all of the above stated non-wage provisions of the County Living Wage Ordinance.

Signature of Executive Director

Date

County of Santa Cruz
FY 2004/05 -LIVING WAGE DATA REPORT

Agency Name: _____ Contract No. _____ County Dept. _____

Please complete this form checking all appropriate boxes for all covered employees in your agency. Covered employees are defined in the ordinance as any employee of a nonprofit contractor who lives or works in Santa Cruz County. The signature and date on this form will serve as self-certification of the agency's ordinance exemption status.

1. Collective Bargaining Agreement

Check this box if positions in this agency are represented by a bargaining unit or labor union and have a collective bargaining agreement in effect.

2. All Positions Paid Living Wage Rates (\$11.77/hr with benefits; \$12.84 without benefits)

If all positions in this agency have pay rates that are at or above the living wage rates, check this box.

3. Living Wage Ordinance Exemption Categories

Check this box if your agency is exempt from the requirements of the ordinance. Indicate by checking the appropriate box(es) below which exemption(s) applies to your agency:

- A. Agency has five or fewer employees.
B. Agency has cumulative contracts with the County in current fiscal year less than \$15,000.

If items 1, 2, or 3 are checked, your agency is exempt from wage data reporting requirements. No additional forms are required. Sign and date this form and return to appropriate County Department.

4. A Program In Our Agency Does Not Receive Any County Funds

Check this box if a program in your agency is exempt based on the fact that it receives no County funding. Indicate the program in your agency that falls under this exemption and the number of program employees. Program Name: _____ No. of Employees: _____

5. Some Positions Have Pay Rates Less Than Living Wage Rates

Check this box if any positions in this agency have any part of their pay ranges at less than the living wage rates. If this box is checked, the following additional form must be completed and returned with your signed contract: Non-Wage Provisions Self-certification Form (Form 2)

All non-profit agencies not exempt from the new living wage ordinance requirements must also provide wage data information for all employees in job classifications paying less than the current living wage standard. A form to collect this information will be electronically distributed to non-profit contractors in January with a March deadline (date to be determined) to complete and return to the County.

I certify, under penalty of perjury, that the above information is true and correct to the best of my knowledge.

Signature of Executive Director _____ Date _____

Section Below is Optional

Efforts to Maintain and Increase Wages for Positions (Check all applicable boxes)

- Our agency was able to bring all workers up to a living wage in FY _____.
Our agency was not able to increase pay rates for employee positions in the FY 2004-05 budget.
Pay rates for positions in this agency were not reduced in the budget for FY 2004-05.
Our agency was able to give our employees the following pay increases (fill in blanks):
Cost of Living Adjustment (COLA) increases of _____%
Step or annual increases of _____ (% or \$\$)
Our agency was able to increase employer-sponsored benefits (Check appropriate boxes):
Health insurance benefits
Paid sick leave/vacation leave benefits
Unpaid sick leave/vacation leave benefits
Other _____