Public Forum on Living Wage and Nonprofits

OCTOBER 24, 2016
SANTA CLARA COUNTY DISTRICT TWO SUPERVISOR CINDY CHAVEZ
Introductions & Opening Remarks
Preview

- Overview of the Living Wage Ordinance
- Policy Considerations
- Invitation for Stakeholder Comments
- Closing Remarks and Next Steps
Brief History of the Living Wage Ordinance

December 2014

- Policy approved by Board of Supervisors
- Nonprofit organizations deferred until further completion of outreach process

March 2015

Call for problem solving process to convene two public forums on the Nonprofit Living Wage Policy

July 2015

Policy effective for any new qualifying Request for Proposals over $100,000
Provisions of the Living Wage Ordinance and Policy

“Employees of County Contractors, and their Subcontractors, who provide Direct Services within the geographic boundaries of Santa Clara County...shall be compensated at least pursuant to the following standards for their work as part of the County Service Contract” (Board of Supervisors Policy 5.5.5.5: Living Wage Provisions in County Contracts)

Direct services are services for which the County directly contracts, and are expressly specified in the contract.

- **Living Wage w/o Health-Benefit Credit and Retirement Credit**
  - $19.06

- **Living Wage w/either Health-Benefit Credit and Retirement Credit**
  - $17.06

- **Living Wage w/ both Health-Benefit Credit and Retirement Credit**
  - $15.06
## Living Wage Rates (FY 16-17)

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
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</thead>
<tbody>
<tr>
<td>Living Wage w/o Health-Benefit Credit and Retirement Credit</td>
<td>$21.39</td>
</tr>
<tr>
<td>Living Wage w/either Health-Benefit Credit and Retirement Credit</td>
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</tr>
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<td>$17.39</td>
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Current Exemptions

<table>
<thead>
<tr>
<th>Does not include:</th>
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<tbody>
<tr>
<td>Volunteers</td>
</tr>
<tr>
<td>Interns</td>
</tr>
<tr>
<td>On-call and per diem wages</td>
</tr>
<tr>
<td>Reimbursements by stipend</td>
</tr>
<tr>
<td>Hourly wages not paid by County Services Contracts</td>
</tr>
<tr>
<td>Employees working for less than 5 hours per week</td>
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</tbody>
</table>
Current Exemptions Continued

Certain type of agreements:
- Community Based Organizations
- Public Works Projects
- Revenue Agreements, or where reimbursement to contractor is linked to a match from another entity, whether or not the revenue is through the County to another entity or utilized directly by the County
- Compensation Contracts
- Intergovernmental Agreements
- IHSS Contracts
- Contracts with County Employees
- Contracts under $100k for their term

The collective bargaining agreement for applicable parties (e.g. vendors) shall supersede the Living Wage Policy requirements

The Board of Supervisors, at its sole discretion, or that of its designee, may grant an exemption from some or all of the Living Wage Policy for individual contracts
Lessons Learned from Current Policy

- Living Wage Policy has been applied in the County for 15 months
- 94 RFPs were issued in FY 15-16 (182 total solicitations)
- 49 solicitations had Living Wage applied
- 11 solicitations were dependent on corporate structure of the winning bidder, so Living Wage might have applied
Policy Considerations Raised by Nonprofit Contractors

- Staff met with nonprofit contractors and County counterparts to document concerns
- The following are some of the broad issues raised to date from nonprofit contractors
Concern: Additional Costs May Reduce Amount of Services Offered

May require additional funding to maintain the same service levels

Potential increases in employee productivity and less turnover
Concern: Pay Compaction

**Lateral:** may result in pay inequities between employees doing the same work but for different agencies.

**Vertical:** pay compaction between supervisors and their employees.
Concern: Timeline

Unclear implementation timeline may have adverse effects on active solicitations
Concern: Competitive Disadvantage for Those Meeting the Living Wage

If Living Wage does not apply to all vendors, then those who do not pay living wage have a competitive advantage over those that do.
Comments from Stakeholder Organizations

- Silicon Valley Council of Nonprofits (SCVN)
- Behavioral Health Contractor’s Association (BHCA)
- Working Partnerships
Guidelines for Comments

- Submit your speaker cards
- Time will be allocated depending on the total number of speakers
- Your name will be called
- This meeting is being recorded, and audio will be on the website
Potential Timeline for Development of a Living Wage Policy for Nonprofit Contractors

- 21-Nov-16 Stakeholder Feedback Due
- 1-Feb-17 Policy Forum #2
- 11-May-17 FGOC Review
- 8-Aug-17 Board of Supervisors Review

- Pre-Policy Input
  - 24-Oct-16 Policy Forum #1
- Draft Feedback
  - 2-Jan-17 Draft Policy for Review
- Draft Policy Revision
  - 1-Mar-17 Draft Policy Revisions
- 1-Jul-17 FY17-18 Begins
- 1-Oct-17

- Anticipated Effective Date
  - 7-1-2018
Closing Remarks & Next Steps

- Next forum will consider all comments and review a draft policy
- Provide additional comments or questions by emailing: livingwage@ceo.sccgov.org