



# County of Santa Cruz

## HUMAN RESOURCES AGENCY

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May 9, 2002

AGENDA: May 21, 2002

### BOARD OF SUPERVISORS

county of santa Cruz  
701 Ocean Street  
Santa Cruz, CA. 95060

### **Living Wage Status Report: Application to Non-Profit Agencies**

Dear Members of the Board:

Elsewhere on today's agenda, your Board will consider a status report from the General Services Department Director and the County Administrative Officer on implementation of the Living Wage ordinance for private vendors. That report indicates that on April 9, 2002, staff met with the Living Wage Coalition (LWC) and the Human Care Alliance (HCA) to discuss the potential ~~future~~ applicability of the ordinance to non-profit agencies. At that meeting, all parties acknowledged that implementation of a mandatory Living Wage program for non-profit organizations is not viable at this time, given the County's current fiscal situation. In light of this, the LWC, the HCA and County staff agreed to schedule another meeting to develop additional recommendations concerning living wage strategies for non-profit agencies. The purpose of this letter is to provide your Board with a status report on this issue.

#### Areas of Agreement

On April 24, 2002 staff convened a follow-up meeting with the LWC and the HCA. During this meeting several areas of agreement were reached. The LWC and the HCA agree in principle that they are jointly committed to the goal of a Living Wage program for non-profit contractors in Santa Cruz County. However, with the passage of Measure L, as well as reduced state and federal funding allocations, both groups acknowledge that implementation is not feasible at this time. Despite budget limitations, both groups expressed a commitment to continue meeting on a regular basis in order to develop creative strategies for increasing wages of lowest paid workers. In addition, the LWC and HCA agree that it is important for non-profits to furnish the County with wage and benefit information in order to establish a baseline, identify gaps, and monitor progress achieved. Specific reporting tools that do not place unrealistic demands on non-profit agency staff will be jointly developed by the LWC and HCA.

#### Other Issues

As you know, in June 2001 your Board approved an additional 4% COLA, directed to the lowest paid workers earning less than \$14 per hour. Both the LWC and HCA acknowledge that this additional funding allocation made a significant difference for many agencies and their employees. Results of the County Living Wage Survey conducted after receipt of the 4% COLA in September 2001, determined that 25 out of 60 Community Programs have achieved the goal of a living wage for all of their workers. In addition to resources provided by your Board, many agencies have made significant progress to raise wages through other funding strategies.

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While recognizing the wage gains achieved in FY 2001/02, all parties acknowledge that the economic climate for FY 2002/03 is less favorable in terms of increasing staff salaries. The LWC and HCA discussed how the FY 2001/02 ~~4%~~ COLA funds should be treated in FY 2002/03. If non-profit agencies experience budget reductions in FY 2002/03, the LWC recommends that wage gains achieved by low wage workers **as** a result of the 4% COLA be maintained. The LWC contends that budgets of non-profit agencies should not be balanced on the backs of their lowest paid workers. The HCA, although supportive of retaining wage gains achieved in FY 2001/02, maintains that agencies must have maximum flexibility to address budget reductions. For the HCA, budget reductions will require agencies to make extremely difficult budget decisions based on unique agency requirements and a number of competing demands. As agencies assess staffing requirements, they will need to evaluate core services and client needs and respond to mandates dictated by a variety of funding sources. In addition, some agency personnel policies have guidelines protecting seniority rights of workers in times of budget reductions.

Despite the challenges of difficult economic times and shrinking budgets, all parties remain supportive of a living wage program and will continue working together to address the need to increase wages of the lowest paid workers in our community.

**IT IS THEREFORE RECOMMENDED** that your Board:

1. Accept and file this report; and
2. Direct staff to continue meeting with the Living Wage Coalition and the Human Care Alliance to discuss living wage strategies for non-profit agencies, with a report back on January 28, 2003.

Very truly yours,

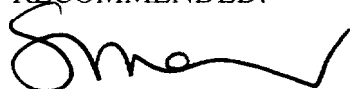


CECILIA ESPINOLA

Director

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RECOMMENDED:



SUSAN A. MAURIELLO

County Administrative Officer

CC: County Administrative Office  
Living Wage Coalition  
Human Care Alliance