



DEFINING THE POVERTY, LIVING, AND MINIMUM WAGES
(05-12-15)

In the County of Los Angeles (County) wage stagnation compounds income inequality and, as a result, the County’s Board of Supervisors (BOS) is addressing this issue by pursuing adjustments in the **poverty wage**, the **living wage**, and the **minimum wage**. As an *employer*, the County has an obligation to adequately compensate its employees beyond a **poverty wage**. As a *contractor*, the County’s obligation is to ensure that contract employees are compensated at a **living wage** that does not require their reliance on social services and health benefits. And as a *municipal government*, the County has the ability and the opportunity to increase the **minimum wage**.

I. **Poverty Wage**

A. Definition: The “**poverty wage**” refers to the earnings of homecare workers who provide services to eligible frail, elderly, blind and disabled consumers of the In-home Supportive Service (IHSS) program. Disabled children are also potentially eligible for IHSS. The types of services provided by homecare workers through the IHSS program include housecleaning, meal preparation, laundry, grocery shopping, personal care services (such as bowel and bladder care, bathing, grooming and paramedical services), accompaniment to medical appointments, and protective supervision for the mentally impaired. IHSS is a State program administered by the County and is considered an alternative to more expensive out-of-home care, such as nursing homes or board and care facilities.

B. Current Wage: In May 2013, the Board of Supervisors (BOS) and Personal Assistance Services Council (PASC) approved a 65 cent wage increase which brought the IHSS wage rate to \$9.65 per hour. The wage increase did not become effective until May 2014. Prior to that, the last increase in the hourly rate was in 2007.

C. Impacted Population: There are over 140,000 In-Home Supportive Service (IHSS) homecare workers providing care for approximately 190,000 seniors and persons with disabilities in Los Angeles County. IHSS providers care for and support the County’s most vulnerable residents allowing them to remain safe and

independent in their homes and communities, thereby avoiding higher-cost institutional settings.

D. Background/Los Angeles County Legislation: The PASC functions as IHSS providers' employer of record for homecare workers, who are hired directly by service recipients. As the public authority established by the BOS in 1997 to facilitate worker/consumer matches, the PASC operates homecare worker registries, offers workers and consumers a voice in program and policy development, arranges training and support services for workers and consumers, enhances the delivery of personal assistance services to consumers, and improves working conditions for IHSS workers. The 2012 State budget enacted the Coordinated Care Initiative (CCI), a three-year demonstration pilot project to transfer the IHSS collective bargaining authority from the County/PASC to the State for eight Demonstration counties, including Los Angeles County. The transfer of collective bargaining to the State will only occur after 200,000 beneficiaries are enrolled in the CCI and/or upon notification by the Director of Health Care Services that the enrollment of eligible Medi-Cal beneficiaries has been completed in Los Angeles County. This process for enrolling beneficiaries into CCI began April 1, 2014 and the transfer of collective bargaining is scheduled to take effect on or after July 1, 2015. Upon completion of this transfer, a Statewide Authority will assume responsibility for collective bargaining for IHSS providers.

E. Proposed Increase: Place IHSS workers on a path towards an hourly rate of \$15.00 per hour that is achieved within 48 months with gradual increases of the wage to \$10.81 in 2015, \$12.11 in 2016, and \$13.44 in 2017.

F. Fiscal Impact: Pending report back by the CEO in response to the March 24, 2015 motion by Supervisors Ridley-Thomas and Solis.

G. Primary Proponents: the United Long Term Care Workers (ULTCW), which represents IHSS home care workers; and families with elderly and disabled members that rely upon this source of care for their family members.

II. Living Wage

A. Definition: The "living wage" refers to the minimum hourly compensation that Proposition A and cafeteria service contractors must pay their workers in order to do business with the County.

B. Current Wage: The County's Living Wage Ordinance (LWO) includes a two-tier wage that establishes one hourly rate for contractors who offer health insurance (\$9.64) and another rate for those that do not offer health insurance (\$11.84). At the current hourly rate (\$9.64) afforded County contract workers under the County's LWO, a worker with health benefits earns \$20,051.20 annually if employed in a 40 hour per week job.

C. Impacted Population: The LWO affects nearly 220 County contracts and an Internal Services Department estimate of 4,218 workers (April 2015).

D. Background/Los Angeles County Legislation: Proposition A, passed by County voters in 1978, permitted the County to contract for services that could be performed more economically by private entities than by County employees. Low-wage functions such as food service, security, janitorial and landscaping services, which disproportionately employ women and people of color, were most greatly impacted.

Following the passage of Proposition A, the County found that contractors often did not pay enough for employees to support their families. Contract employees' reliance on various forms of public assistance including health and social services, created an additional demand on County resources, and led the BOS to approve the LWO which became effective on October 22, 1999. Since the adoption of the LWO, the BOS has only increased the rate once, on June 15, 2007.

On August 27, 2013, the BOS approved a motion by Supervisor Mark Ridley-Thomas that sought to review how different methodologies would impact wage rates and the County budget. The motion also sought to identify a mechanism to make periodic adjustments to the LWO to reflect changes in the cost of living. The Chief Executive Officer's (CEO) report back recommended delaying action on adjusting the living wage rate and methodology pending receipt of additional information on the impact of federal health care reform, specifically the Patient Protection and Affordable Care Act (ACA), on the subject population.

In October 2014, Supervisor Ridley-Thomas introduced a new motion directing the CEO and Auditor-Controller to update the living wage and estimate the hourly wage required to meet the basic subsistence needs for workers residing in the County of Los Angeles as well as the unsubsidized cost of health care for the Proposition A contract workforce.

E. Proposed Increase: It is critical to eliminate the two-tiered wage rate and establish a living wage rate of \$15.79 per hour by 2018 that is achieved with gradual increases of the wage to \$12.50 in 2015, \$13.50 in 2016, and \$14.50 in 2017. After 2018, the wage should be adjusted annually based on the Consumer Price Index (CPI) and apply to all Proposition A contractors and sub-contractors. Furthermore, all prospective Proposition A contracts, extensions, and amendments should be obliged to comply with this wage requirement.

F. Fiscal Impact: Pending analysis by the Los Angeles County Chief Executive Office.

G. Primary Proponents: the Service Employees’ International Union – United Service Workers West (USWW) and Local 721. Support for this effort has also been expressed by the Coalition of County Unions (non-SEIU bargaining units).

III. Minimum Wage

A. Definition: The “minimum wage” refers to the minimum compensation all employers are required to pay their workers as mandated by the government entity with jurisdiction. As a local government with municipal authority over businesses operating in the unincorporated areas of the county, the Board of Supervisors has the ability to unilaterally raise the minimum wage requirement in the unincorporated areas.

B. Current Wage: In 2013, Governor Brown signed into law a bill that would increase the minimum wage gradually through 2016. The California state minimum wage applies to enterprises in the unincorporated areas of the County and is currently \$9.00 per hour. Effective January 1, 2016, the wage will increase to \$10.00 per hour as a result of Assembly Bill 10 which was signed by Governor Brown on September 25, 2013.

C. Impacted Population: Workers and employers in the unincorporated area of Los Angeles County are solely impacted due to their location within the municipal jurisdiction of the Board of Supervisors. Although it is difficult to project the precise number of employees, an approximation of the impact to the County’s 389,568 unincorporated area workforce is projected below assuming a percentage impact ranging from 20% to 40%.

Estimated Impact to the County’s Unincorporated Area Workforce

<u>% Impacted</u>	<u># Impacted</u>
20%	77,914
25%	97,392
30%	116,870
35%	136,349
40%	155,827

D. Background/Los Angeles County Legislation: The Board of Supervisors has the authority to mandate that business operators within the unincorporated County pay their employees a minimum wage. To date, the County has complied with the minimum wage required by the State of California and the Board of Supervisors has not established a minimum wage that would separately apply to the County’s unincorporated areas. On March 24, 2015, the Los Angeles County Board of Supervisors voted 5-0 to study what would happen if there were increases to the base pay for County employees, the County’s temporary contract employees, and wage earners in unincorporated areas. The action was

designed to mirror efforts currently underway within the City of Los Angeles to raise the minimum wage in the \$13.25 to \$15.25 per hour range.

E. *Proposed Increase:* To be determined by the results of the study ordered by the Board on March 24, 2015.

F. *Fiscal Impact:* To be determined upon receipt of the study ordered by the Board on March 24, 2015.

G. *Primary Proponents:* The Raise the Wage Coalition, led by the LA Labor Federation and SEIU.