



Behavioral Health Contractors' Association of Santa Clara County.

October 20, 2016

Supervisor Cindy Chavez and Chief Executive Officer Miquel Marquez

From: Silicon Valley Council of Nonprofits (SVCN) and the Behavioral Health Contractor's Association of Santa Clara County (BHCA).

Re: Living Wage Hearing on October 24, 2016

SVCN and BHCA, would like to propose the following recommendations on behalf of the over 125 agencies that contract with Santa Clara County for consideration in a Nonprofit Living Wage Ordinance.

- 1. Consider developing a companion ordinance called the Nonprofit Living Wage Ordinance.**
 - a. Issues that are nonprofit specific would be outlined in this separate living wage ordinance and would take into account the unique partnership and contractual relationship the County has with their nonprofit contractors.
 - b. Clarifying specific nonprofit issues related to paid non-physician internships, trainees, independent and sub-contractors, on-call and relief/emergency shift workers.
 - c. Need for annual COLA increases to contracts that reflect increase in Cost of Doing Business for LW Compliance, as well as other costs.
 - d. Ensure criteria for RFP's do not provide a higher score based on lower cost to value the County living wage in competitive and improved salary structures

- 2. Ensure funding is available to fund nonprofit services at living wage levels.**
 - a. Ensure no cuts to service levels due to the living wage.
 - b. At the time of RFP, the County will ensure adequate funding levels will accommodate the increased costs for living wage in County services, including, creating a pathway for departments to request funding or other mechanisms for funding County contracts to ensure funding is sufficient to pay a living wage.
 - c. Address the impact of funding from state and federal sources that do not cover the living wage in all RFPs and contracts. We request that County contracts for services which include state and federal funding clearly articulate how living wage will be incorporated.

- i. Develop guidelines for exemptions for County contracts with state and federal funding pass through funding that does not provide adequate funding for living wage, including cases where the service is partially funded by blended funding
- ii. Develop County led advocacy efforts with state and federal sources to increase rates to pay for the living wage.

3. Provide a pathway that would broaden exemptions for some nonprofits.

- a. For organizations with 20 or less employees, allow them to opt in or opt out of the nonprofit living wage, giving small organizations the ability to decide if they want to implement the living wage and therefore claim additional funding from the County.
- b. Hardship exemption for agencies with only **one** contract over 100K.
 - i. Few organizations provide only one service with one contract, with that service being central to a County program.
- c. Exemptions may be granted to organizations for which there would be great fiscal impact to the entire organization due to living wage.

4. Increase flexibility on Wage Credits for employers that provide greater than the Silver Health Plan Coverage.

- a. The current ordinance only takes into account the minimum level of health coverage, the Silver Plan.
- b. Reward organizations that provide their staff with health coverage above the required Silver Plan with \$2 of wage credit for higher health plan coverage (e.g. Gold or Platinum Plan, dependent coverage).

5. Extend Wage Credits to employers who provide other incentives to employees commensurate with the Wage Credit given to employers offering retirement benefits.

- a. Many nonprofits provide a basic retirement program such as a 401K or 403B, but an employer match is not required.
- b. Retirement is not a standard nonprofit employment practice. In lieu of retirement benefits, many nonprofits provide benefits other incentives for employees, including:
 - i. Vacation/Leave time above required
 - ii. Tuition/Education reimbursement
 - iii. Cash Bonuses-Guaranteed Residential Overtime
 - iv. Cafeteria Plans
 - v. Life Insurance/Long-Term Disability Insurance
 - vi. Transportation/VTA Passes/Parking Permits
 - vii. End-of-Year contribution to 401K or 403B, pending FY surplus
- c. Consider a \$2 wage credit for organizations that provide their staff with combinations of additional benefits above and beyond retirement.

6. **Develop a phased-in approach to the living wage to allow for nonprofits to build their organization capacity to reach living wage standards.**
 - a. Consider developing a multi year phase in approach to Living Wage similar to San Francisco with CPI index for nonprofit organizations to be able to fund all staff not funded by County funds.
 - b. The impact of the ripple impact to organizational employee salary schedules will need to be adjusted for all staff not just staff funded by County contract funding, and it will take time to raise funds to lift organizational budgets to meet the new salary and benefit requirements.
 - c. Nonprofits as Fair Wage Employers, will face fundraising challenges and issues related to lifting the salaries of employees that are not funded by County grants and will need to fund all employees' salaries in our classifications. Most of these funds will need to come from additional private, foundation and individual fundraising as we will not be able to pass on increased costs on to the low income clients that we serve.

SVCN and BHCA will be addressing these key items in our remarks at the hearing. In addition, we have promoted the hearing in our networks and we appreciate the opportunity for the County to hear directly from our agencies on the organizational impacts of moving to a living wage.