

EXECUTIVE SUMMARY

The health care industry is typically seen as one of the shining stars of San Diego's economy - a rapidly growing industry with high wages and strong demand for skilled employees. However, the health care industry is also characterized by a large portion of low-wage occupations - 35 percent of the jobs earn a median hourly wage below a self-sufficiency wage for San Diego County. As part of an examination of employment at health care providers in San Diego, we conducted an in-depth case study of employment among lower paid employees at Children's Hospital - San Diego (CHSD). Specifically, this report focuses its analysis on the lower paid clerical, service and maintenance employees.¹

Our analysis of employee wage and benefits data as well as our own survey data finds that these lower paid employees on average earn less than a self-sufficiency wage for San Diego and have experienced stagnant or falling wages over the past several years. Furthermore, many lack health insurance coverage and rely on public assistance programs with an annual taxpayer cost of at least \$661,000.

Findings

WAGES

Most CHSD clerical, service and maintenance employees earn below a self-sufficiency wage for San Diego and have experienced stagnant or falling real wages over the past few years of employment at Children's Hospital.

- 53 percent of the clerical, service and maintenance employees at the hospital earned below the current self-sufficiency wage of \$13.20 an hour. Some workers earn as little as \$6.89 per hour.
- Over the past three years, 75 percent of these employees have actually seen no increase in real wages, or have seen their real wages fall.
- Workers at other union health care facilities in San Diego County earn substantially higher wages than low wage workers performing similar jobs at Children's Hospital.
- Employees do not earn enough for regional housing costs: only 44 percent earn enough to afford the Fair Market Rent of a one-bedroom apartment.
 - ◆ Only 18 percent of employees earn enough to afford the Fair Market Rent of a two-bedroom apartment.

EXECUTIVE COMPENSATION

While these employees have seen their real wages fall, executive compensation has continued to soar.

- Compensation for the top five highest paid officers increased on average 26 percent between 2000 and 2002.
- Executive pay rose almost 20 times more than pay for clerical, service and maintenance workers.

HEALTH CARE COVERAGE

While wages are low, the hospital requires employees to pay as much as \$7,500 per year to secure health insurance for their family. Some workers can only afford to cover themselves and not their spouse or children. Others simply cannot afford the insurance and must rely on taxpayer funded public programs or remain uninsured.

- Only 60 percent of clerical, service and maintenance employees participate in Children's Hospital health plans.
 - ◆ An estimated 7 percent of employees are uninsured.
 - ◆ An estimated 7 percent of children of employees are uninsured.
- Nearly one of every five employees relies on public programs to provide health care coverage for themselves and/or a family member.
- Employees who do purchase health insurance through Children's Hospital face expensive prices and continually rising costs.
 - ◆ Premiums have increased every year over the past three years, as much as 33 percent for some employees.
- Some employees and their families who cannot afford CHSD health insurance must often go to Tijuana for medical care.

THE COSTS OF LOW WAGES AND UNAFFORDABLE HEALTH INSURANCE

The low wages and unaffordable health insurance offered by CHSD forces many workers to rely on public assistance programs in order to make ends meet.

- 21 percent of CHSD employees and their family members rely on a number of public assistance programs, including Medi-Cal, Section 8 Housing, and Healthy Families at a total annual taxpayer cost of **\$661,868**.
- Many employees earn less than 200 percent of the Federal Poverty Level (FPL) - the general cut-off point for determining eligibility for public assistance.
 - ◆ 42 percent of employees earn below 200 percent of the FPL for a family of two.

Policy Recommendations for the Health Care Industry and Children's Hospital:

- Adopt employment standards that lift employees at Children's Hospital and other health care facilities out of poverty and off taxpayer - funded public assistance programs
- Provide a higher wage floor for the health care workforce
- Provide wage increases that meet the cost of living increases annually
- Provide fully-employer paid health insurance