

Caring at a Cost



The Cost to Caregivers and Taxpayers of Low Wages and Poor Benefits at Children's Hospital – San Diego

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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

INTRODUCTION

San Diego's regional economy has continued to expand over the past decade with unemployment remaining lower than most counties in California, as well as the state for the past 5 years. In addition, the Gross Regional Product, or the amount of activity of the economy, has been growing for more than a decade.² Driving much of this growth are the new industry "clusters" high tech, biotech, health care, and information services. Indeed, the health care industry has grown 3 to 8 percent per year in San Diego County since 2000, with projections for continued growth throughout the next decade.³ Not all occupations in the health care field, however, provide wages to ensure balanced, sustainable regional economic growth as well as adequate incomes to support the health care industry's workforce and their families.

Occupational staffing patterns at hospitals and other health care providers indicate that the vast majority of employees are clerical, administrative and other support staff. The largest occupations in hospitals, for instance, are nursing and support staff, with the top 10 largest occupations - comprising over 53 percent of all hospital employment - composed of nurses, technicians, housekeepers, office clerks, and other assistants. The highest paid employees - physicians and management executives - comprise less than 3 percent of all hospital employment.

Wages also vary greatly across occupational classifications. Healthcare practitioner and technical occupations (physicians, physical therapists, pharmacists, surgical technicians and others with specialized training) have a median hourly wage of \$27.91.⁴ Meanwhile, health care support occupations, which include nursing aides, housekeepers, assistants, and other support staff, have a median hourly wage of only \$11.35.⁵ These lower paid occupations make up 35 percent of the health care industry employment in San Diego County.⁶ To further examine the wage and benefit conditions of these lower-paid service and support occupations, this report conducted a case study of the health care industry by focusing on employment practices toward lower-wage clerical, service and maintenance employees at Children's Hospital of San Diego.³⁶

This report begins with an analysis of the wages and benefits paid to clerical, service and maintenance workers at Children's Hospital. The report then examines the public cost of the low pay and unaffordable health insurance offered by the hospital. The report's final section presents a set of recommendations for CHSD and the health care industry to reform its practices to provide living wages and affordable benefits to its employees.

Children's Hospital of San Diego

Since its founding a half-century ago, Children's Hospital - San Diego (CHSD) has sought to perform an important role in the region's health care as the sole hospital dedicated to pediatric care. The nonprofit hospital has received tens of millions of dollars in tax breaks, charitable contributions and government funds to provide care for children and families. Today, the hospital is the primary provider of medical care to children in San Diego and Imperial Counties.

As a flagship health care provider in the region, Children's Hospital is a barometer of the health care industry. While much attention has been paid to the high wages and benefits in the health care sector, little analysis has been conducted on the large growth of low wage occupations in health care. Because of this large growth it is important to study the low wage labor force and understand its impact on workers, families and the community.

II. COMPENSATION AT CHILDREN'S HOSPITAL

Compensation within the health care industry varies depending on the size of the facility, annual budget, and conditions within the health care market.

Typically, larger institutions like Children's Hospital pay higher wages and have benefits packages that are above the industry average. Our analysis, however, indicates that despite CHSD's size and standing, compensation for lower paid employees could be improved. Wage and benefit data were analyzed from a large pool of employees at CHSD, including over 700 workers from more than 25 different occupations. We compared the data to several benchmarks including the self-sufficiency wage for San Diego, starting wage rates at other union hospitals in San Diego County, and Fair Market Rents to understand the economic standing of these workers.

MOST WORKERS EARN BELOW A SELF-SUFFICIENCY WAGE

In San Diego County a single adult needs to earn an estimated \$13.20 per hour in 2005 in order to pay for the minimal cost of living—food, clothing, shelter, transportation, and other necessary items. The median wage for CHSD's clerical, service and maintenance employees is \$12.65, significantly lower than the 2005 self-sufficiency wage (see Figure I). Overall, 53 percent do not earn a self-sufficiency wage.

Figure I. CHSD Wages and Self-Sufficiency Wage for San Diego⁸



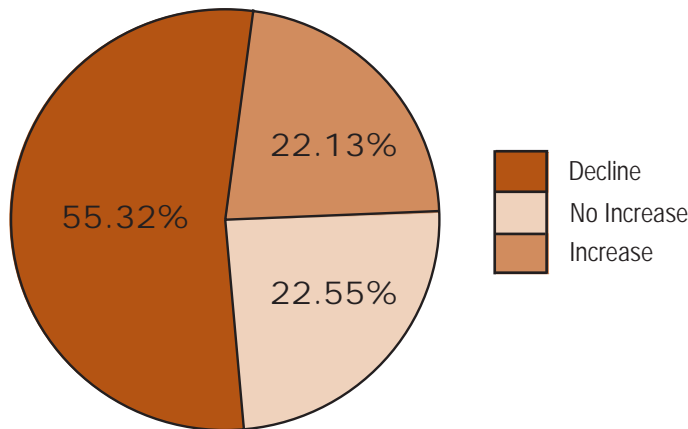
MAKING ENDS MEET: THE SELF SUFFICIENCY WAGE.

In 2005, CPI estimates that the cost for a single adult to pay for a basic needs budget is \$13.20 - nearly double that of the state mandated minimum wage. This figure takes into consideration only the basic needs of an individual in San Diego County, including housing, health care, food, clothing, transportation, and some miscellaneous household expenditures. This does not include entertainment, savings, or a number of items that most people consider basic economic needs.⁹

REAL WAGES FOR WORKERS ARE FALLING

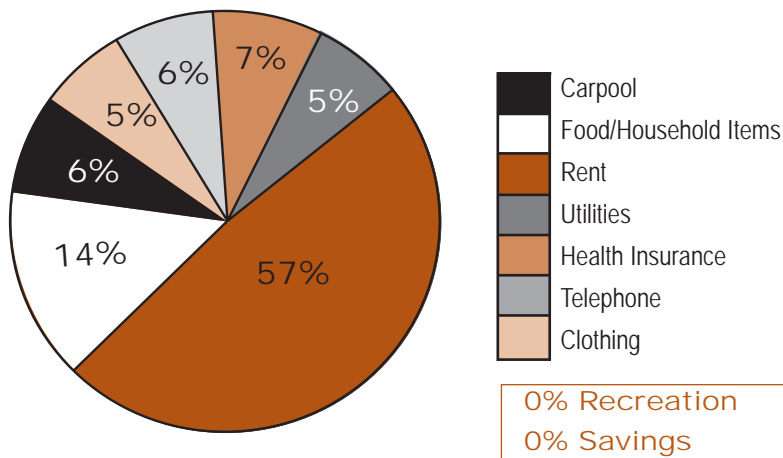
Between 2001 and 2004 most clerical, service and maintenance workers at Children's Hospital saw their wages stagnate or erode when adjusting for inflation. While many employees received merit pay increases, the increases were so small that most employees' wages failed to keep pace with the increased cost of living. Overall, employees experienced a wage decline of 1 percent between 2001 and 2004 after factoring in inflation. Some employees have seen real wages fall as much as 15 percent. Figure II shows that more than 75 percent of employees have either seen their real wages fall or remain stagnant while only 22 percent have actually experienced a real wage increase.

Figure II. Change in Real Wage (2002-2004)¹⁰



The chart below illustrates the monthly household budget for a low wage worker at CHSD. Working at the hospital 40 hours a week, this employee earns approximately \$1,400 per month after taxes. As a single mother of two, this employee is the sole provider in the household. Fifty seven percent of this worker's income each month goes to paying rent in San Diego, nearly double the amount (30 percent) that is considered "affordable" housing. The other remaining 43 percent is split between necessities like food, health insurance, clothing, utilities and telephone. This worker does not earn enough to afford a car so she must pay to ride in a carpool. After these expenses, nothing is left for savings or recreation. This is the reality for many working at Children's Hospital.

Figure III. Children's Hospital Employee Monthly Household Budget⁷



Elberta's Story

"I cannot rely on the paycheck from Children's to be enough..."

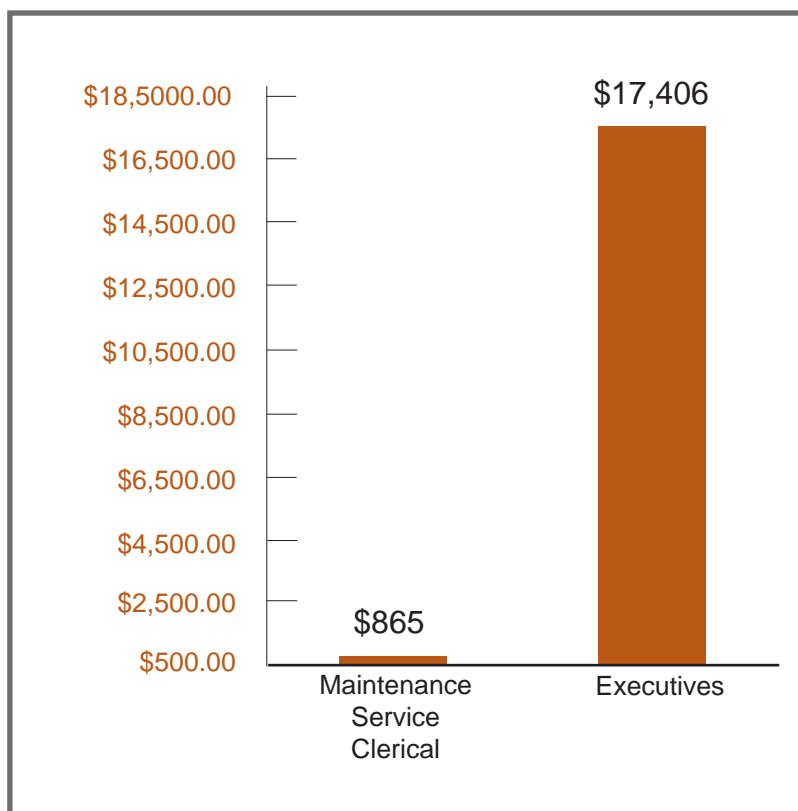
For three years, Elberta Bashor has worked as a Certified Nursing Assistant (CNA) at Children's Convalescent Hospital, a pediatric long-term care facility operated by Children's Hospital. As a CNA, Elberta provides direct care to the children who live in the hospital, but earns only \$9.88 an hour. Although she works full-time, the wages paid by the hospital are not enough to get by as a single mom. While Elberta works at Children's in the evenings, she also has another full-time job in the mornings as a CNA at a nursing home. "I cannot rely on the paycheck from Children's to be enough, so I must work two jobs to get by."

EXECUTIVE COMPENSATION AT CHILDREN'S HOSPITAL

While clerical, service and maintenance employees of CHSD have seen their real wages fall, executive compensation for the top five highest paid officers at CHSD increased, on average, 26 percent between 2000 and 2002. In 2003, CEO Blair Sadler's compensation alone was \$658,446 after peaking in 2002 at \$723,161. Compensation in 2003 for these top five executives ranged from \$324,439 to \$658,446. These executive compensation packages are 10 to 25 times greater than the median wage for the hospital's lower wage employees.¹¹

We compared the average annual pay increase for the top five executives and clerical, service and maintenance workers at Children's Hospital. Figure IV shows the annual average pay increase for service and maintenance workers at \$865 dollars over a three-year period, while the executive pay increases average \$17,406 over a three-year period even after adjusting for inflation. On average, executive pay rose 20 times more than pay for clerical, service and maintenance workers.

Figure IV. Average Annual Pay Increases Executives and Clerical, Service and Maintenance Employees, 2000-2003^{12,13}



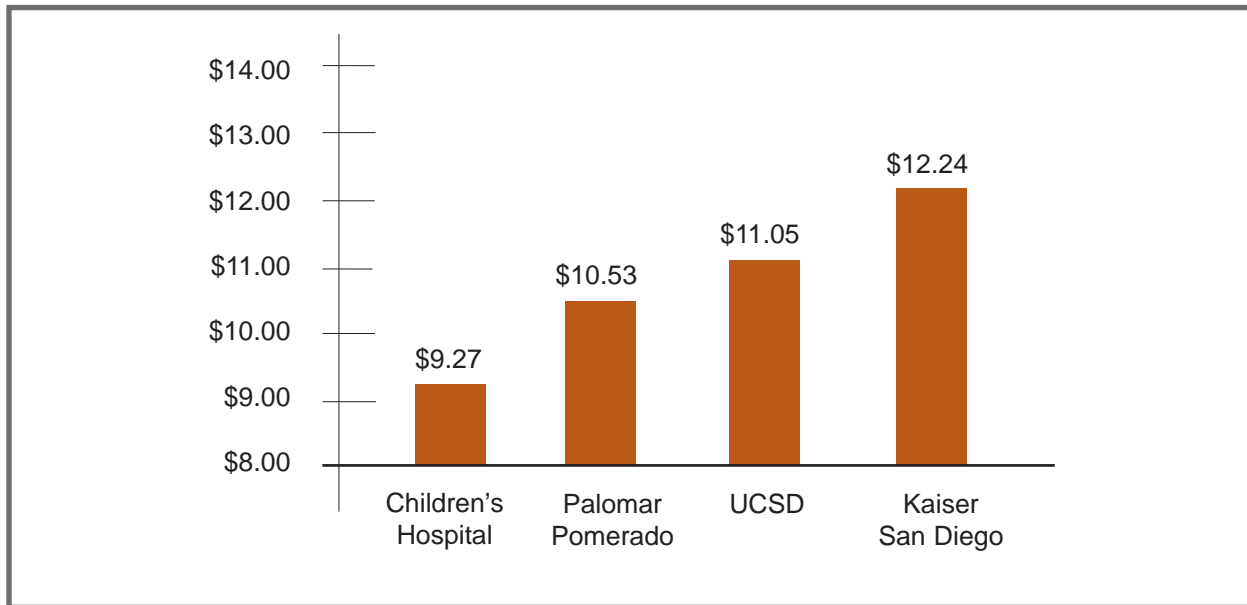
Comparative Wages in the Health Care Industry

While pay for most of these CHSD employees has stagnated, wages at CHSD also trail similar positions at other union hospitals in San Diego County. By examining the starting pay for some of the lowest paid occupations at Children's Hospital with similar positions at the three other union hospitals in San Diego - Kaiser Permanente, University of California - San Diego, Medical Center (UCSD), and Palomar Pomerado Health - we found that starting wages at other union hospitals are substantially higher than at Children's Hospital.

CERTIFIED NURSING ASSISTANTS (CNAs)

The starting pay for CNA's at Children's Hospital is the lowest among union health care facilities in San Diego County. Starting pay at the other union hospitals ranges from 14 to 32 percent higher than starting pay for CNA's at Children's Hospital.

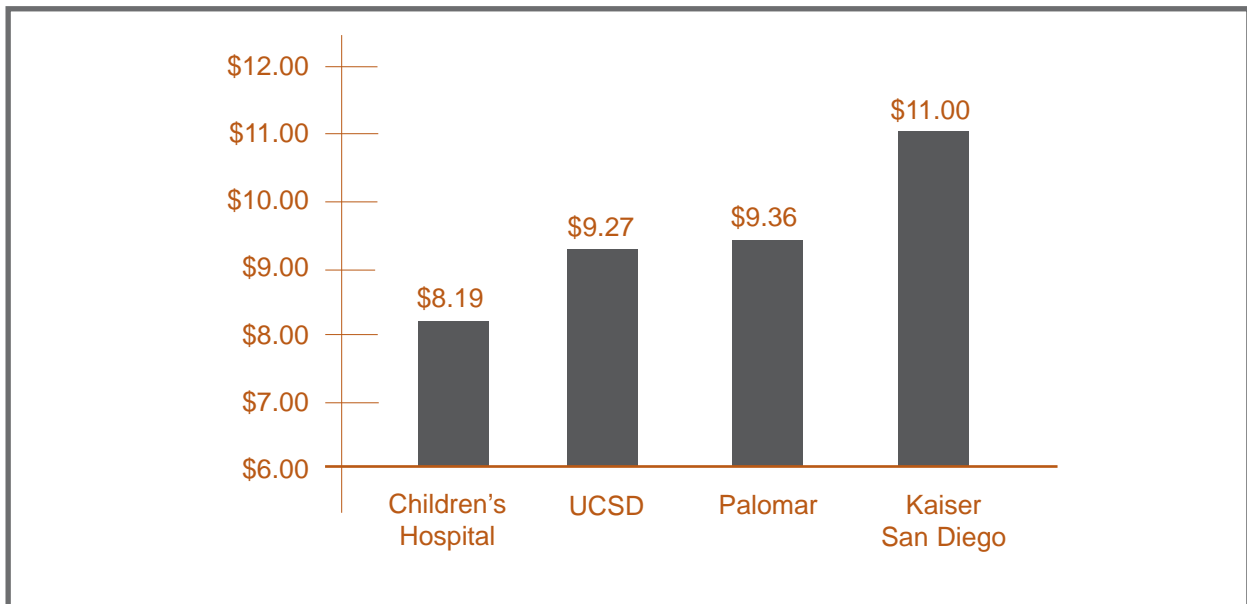
Figure V. Starting Hourly Wage Rates for Certified Nursing Assistants (2005)¹⁴



FOOD SERVICE WORKERS (FSWs)

Food Service Workers at Children's Hospital start at significantly lower pay than Food Service Workers in union hospitals in San Diego. Starting pay for Food Service Workers at UCSD and Palomar Pomerado is more than \$1 an hour more than CHSD Food Service Workers. Starting pay at other union hospitals is between 13 and 34 percent higher than at Children's Hospital.

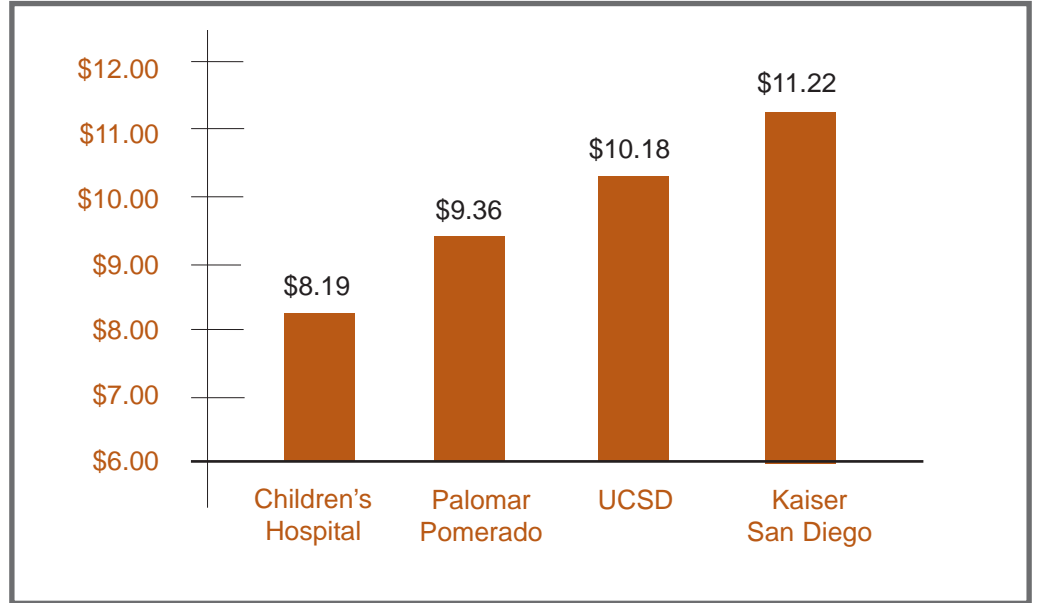
Figure VI. Starting Hourly Wage Rates for Food Service Workers (2005)¹⁵



HOUSEKEEPING ATTENDANTS

Housekeeping Attendants at Children's Hospital are among the lowest paid employees at the hospital. Their starting pay rates are also significantly lower than Housekeepers at other union hospitals in the area. Starting wages at these union hospitals range between 14 and 37 percent higher than pay at Children's Hospital.

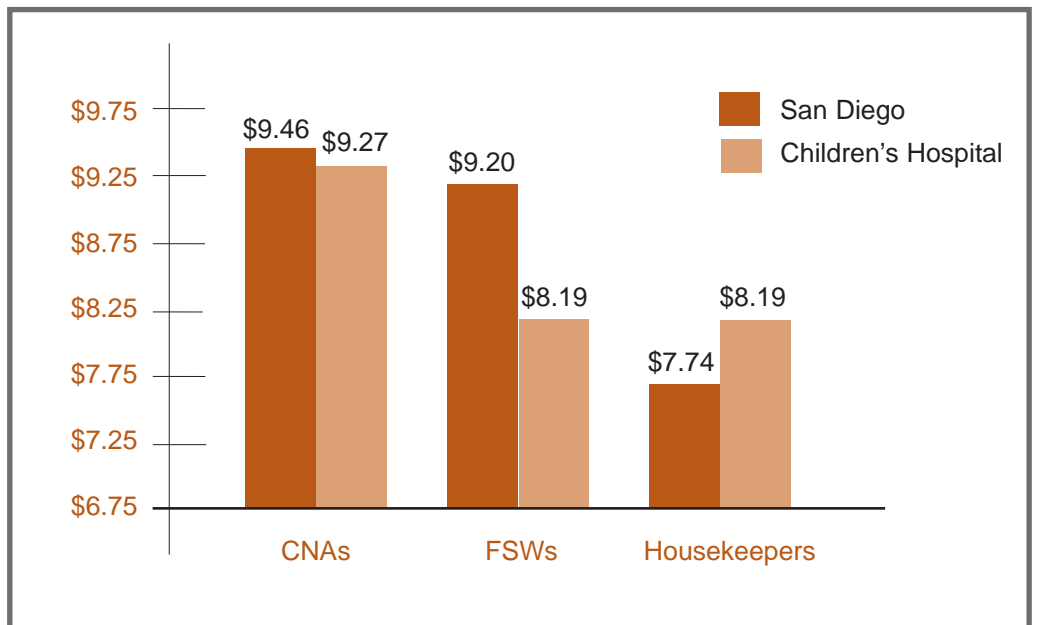
Figure VII. Starting Hourly Wage Rates for Housekeeping Attendants (2005)¹⁶



SAN DIEGO COUNTY

For an additional analysis of wage data, we compared the entry-level wages for these occupations at Children's Hospital with the entry-level wage for the same occupation in San Diego County. Figure VIII below shows that the minimum starting pay for Certified Nursing Assistants (CNAs) and Food Service Workers (FSWs) at Children's Hospital is below the starting wage for the same occupation in the County, while Housekeepers at Children's have only slightly higher starting pay rates than Housekeepers in the County, which reflects the occupations added infection control duties in a health care setting.

Figure VIII. Comparison of Entry Level Wages at Children's Hospitals with the Entry Level Wage for the Same Occupation in San Diego County¹⁷



LIVING IN SAN DIEGO ON CHSD WAGES

As an additional means of analyzing the adequacy of CHSD wages, our study measured the wages against regional Fair Market Rents (FMR). Housing costs are particularly high in San Diego, and Table IV shows the Fair Market Rents (FMR) for the state and the county. According to the Department of Housing and Urban Development, the FMR is considered the minimum rent that one should be able to afford given the local rental market, and reflects the lower end of the market rate for various sized apartments. Table I shows FMRs are significantly higher in San Diego than in the state.

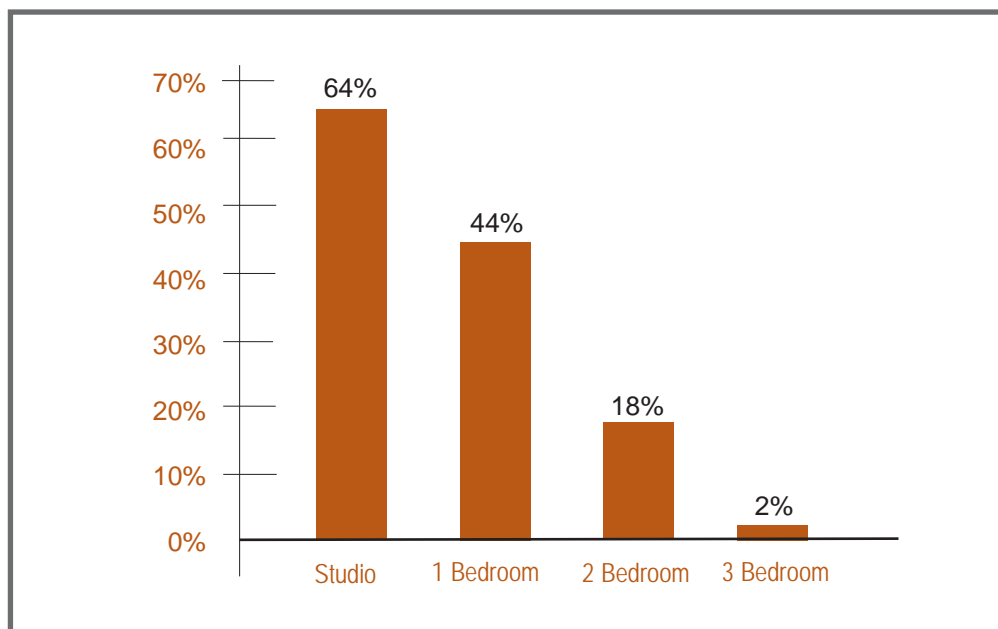
Table I. Fair Market Rents in California and San Diego by Number of Bedrooms^{18, 19}

Location	Studio	One	Two	Three	Four
California	\$772	\$904	\$1,104	\$1,530	\$1,786
San Diego	\$854	\$975	\$1,183	\$1,725	\$2,080

Given the cost of Fair Market Rents in San Diego and the wages paid by CHSD, many workers are unable to afford housing in San Diego. Figure IX shows the percentage of full-time employees who earn enough to afford the Fair Market Rent of various size apartments assuming that 30 percent of their income goes towards housing, according to HUD guidelines.

While 64 percent of full-time employees earn enough to afford the FMR in San Diego County for a studio, only 44 percent earn enough for a one-bedroom apartment, 18 percent earn enough for a two-bedroom apartment, and only 2 percent of the employees earn enough for a three-bedroom apartment. Part-time employees do not earn enough to rent an apartment of any size at the FMR in San Diego.²⁰

Figure IX. Percentage of Full-Time Employees Who Earn the FMR for Various Sized Apartments²¹



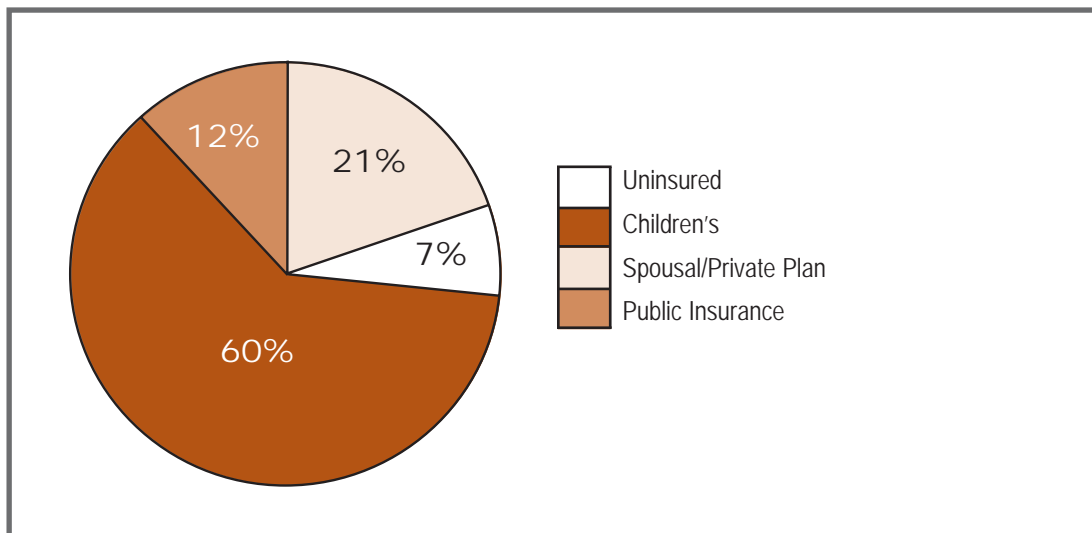
III. HEALTH CARE COVERAGE

In addition to analyzing wages and employees ability to afford housing in San Diego, we examined the costs employees pay for the health insurance plans offered by Children's Hospital and clerical, service and maintenance employee participation rates. We also used a supplemental survey to understand health insurance coverage for families of CHSD employees.²³ We found that many employees are unable to afford full health coverage for their families.

CHILDREN'S HOSPITAL EMPLOYEE HEALTH INSURANCE COVERAGE

While Children's Hospital offers health insurance coverage to full and part-time employees, only 60 percent of clerical, service and maintenance employees purchase health insurance through Children's Hospital. A survey of these workers found that 93 percent have health insurance through some source, while approximately 7 percent of these workers remain uninsured. Figure X shows the sources of health insurance coverage for Children's employees. Another 12 percent of employees at Children's actually receive coverage through public insurance programs.

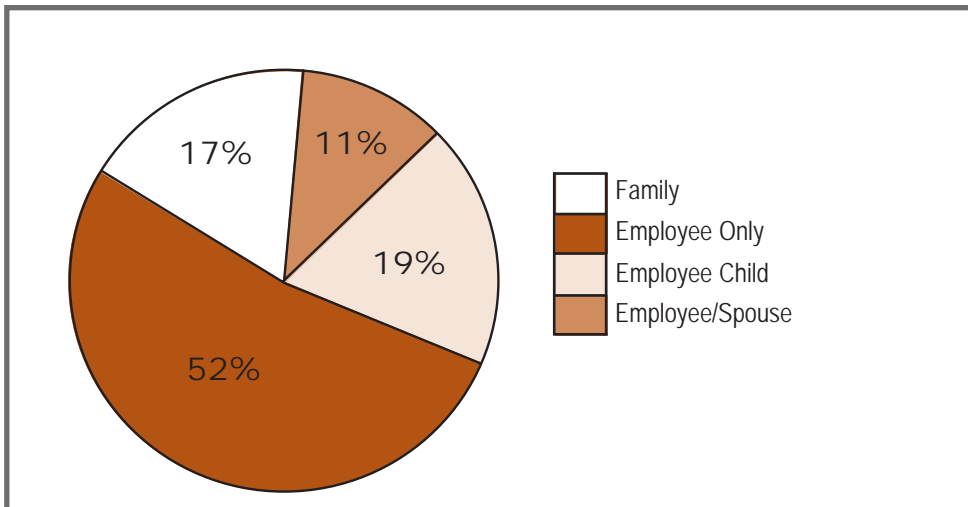
Figure X. Health Care Coverage of Children's Hospital Employees²³



CHILDREN'S HOSPITAL COVERAGE

For those enrolled in a health insurance plan through Children's Hospital, 52 percent of employees have coverage only for themselves, 19 percent also have coverage for a child, 17 percent have family coverage, and 11 percent have coverage for an employee and spouse.

Figure XI. Types of Coverage by Those Enrolled at Children's²⁴



Colette's Story

"It is a shame that the hospital's wages and benefits are not enough to make ends meet."

Colette Harrel, a twenty-two year employee of CHSD has only been able to maintain health care coverage for herself in recent years and has had to turn to Healthy Families to cover her son. Colette Harrel's first job out of high school was at Children's Hospital and she has dedicated her life to working there. As a Business Associate, Colette transcribes doctor's orders and ensures that operations in her department run smoothly.

In 1998, Colette was diagnosed with Multiple Sclerosis (MS), a chronic, unpredictable neurological disease that affects the central nervous system. MS has made it difficult for Colette to work; sometimes her entire body goes numb or she is unable to walk.

Three years ago, as a result of her MS, Colette had

to reduce her hours of work at Children's Hospital from fulltime to approximately 30 hours per week. Although Colette is at the top of her pay scale, earning \$16.37 an hour, the reduction in hours made it difficult to make ends meet. Children's Hospital also requires employees working less than full-time hours to pay substantially more for access to health insurance. Because of her MS, Colette must maintain coverage for herself and pays almost 10 percent of her income, \$200 a month, for Children's medical insurance. Making less money and having to pay more for insurance, Colette had to make the difficult decision of giving up health insurance for her son. For the past three years, Colette's son has been covered by Healthy Families. To get by, Colette and her son share a house with Colette's father. "I have worked at Children's all my life. It is a shame that the hospital's wages and benefits are not enough to make ends meet."



COSTS OF COVERAGE

Children's Hospital employees have several health care options, including Health Maintenance Organizations (HMO) and Point of Service (POS) plans to choose from. The monthly premiums for employees currently range from a minimum of \$40, to a maximum of \$625.²⁵ On average, clerical, service and maintenance employees pay \$116 per month.²⁶ Workers also face rising premium costs. Over the past three years, health care premiums for CHSD workers have risen as much as 33 percent.²⁷

Carmen's Story

"We can't afford not to have coverage"

For the past two years, Carmen Gamez has worked as a housekeeper for Children's Hospital. Earning \$9.98 an hour, Carmen brings home less than \$300 dollars a week after the deductions for taxes and health insurance.

Carmen's health insurance costs more than \$200 a month for herself, her husband and her 14-year-old daughter. Her husband works as a cook at a local restaurant where health care coverage is not offered. "The health insurance is so expensive, but we can't afford not to have coverage."

As a result of working for Children's for such little pay, Carmen and her family have had to make sacrifices and can't enjoy simple things such as going out to eat or to the movies. It has been years since the family has been able to take a vacation.

For 10 years, Carmen, her husband and her daughter have lived in a small apartment that costs \$750 a month. With such low wages, Carmen and her husband are unable to save any money. They dream of having enough money one day for a down payment on a home of their own and to see their daughter become the first person in the family to attend college.



OTHER SOURCES OF COVERAGE

While 60 percent of employees have health insurance coverage through the hospital, 7 percent have no coverage at all, and the remaining 33 percent are insured through another source, including public insurance programs. Additionally, 17 percent of the employees surveyed have a member of their household without insurance.

Survey data indicates that those employees who do not have coverage from Children's are insured by various other sources. As Figure XII shows, 35 percent rely on Medi-Cal, 26 percent are uninsured and 30 percent of these employees are covered by a spouse's plan.

Figure XII. Other Source of Coverage²⁸

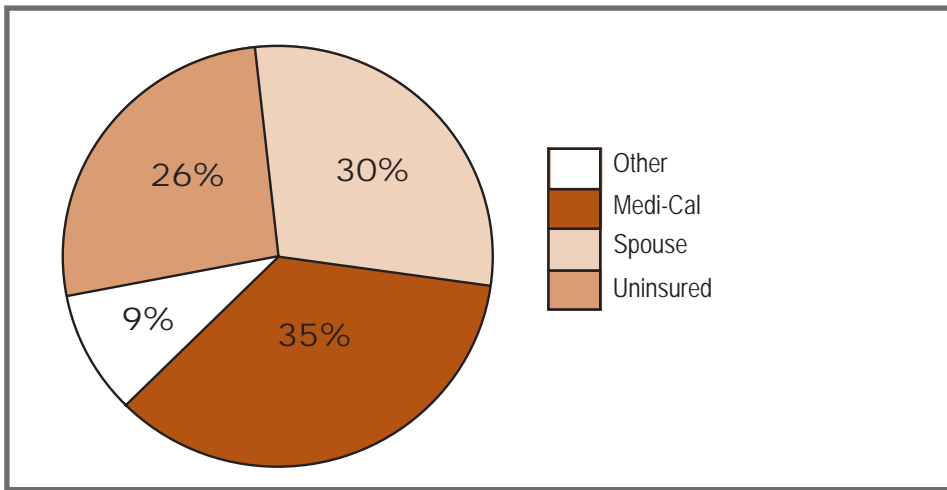
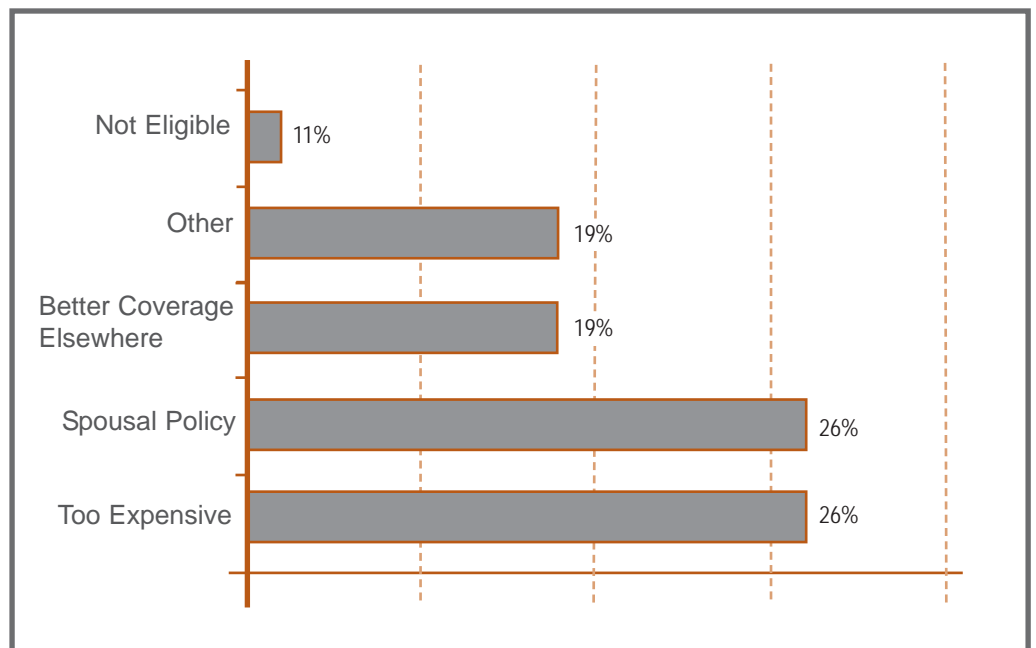


Figure XIII. Reasons for not Participating in Employer Health Insurance²⁹

According to our survey data, there are two main reasons employees do not purchase health insurance through Children's Hospital. For 26 percent of employees, the cost of the plans offered by Children's Hospital prohibited them from participating. Another 26 percent indicated that they used a spousal policy for health care coverage and that the spousal plan was cheaper than those offered by Children's Hospital. These responses suggest that cost was the main barrier for participating in CHSD's plan for more than half of the employees who do not purchase health insurance through the hospital.



Aurora's Story



"I am a proud health care worker, but I am unable to afford insurance for myself..."

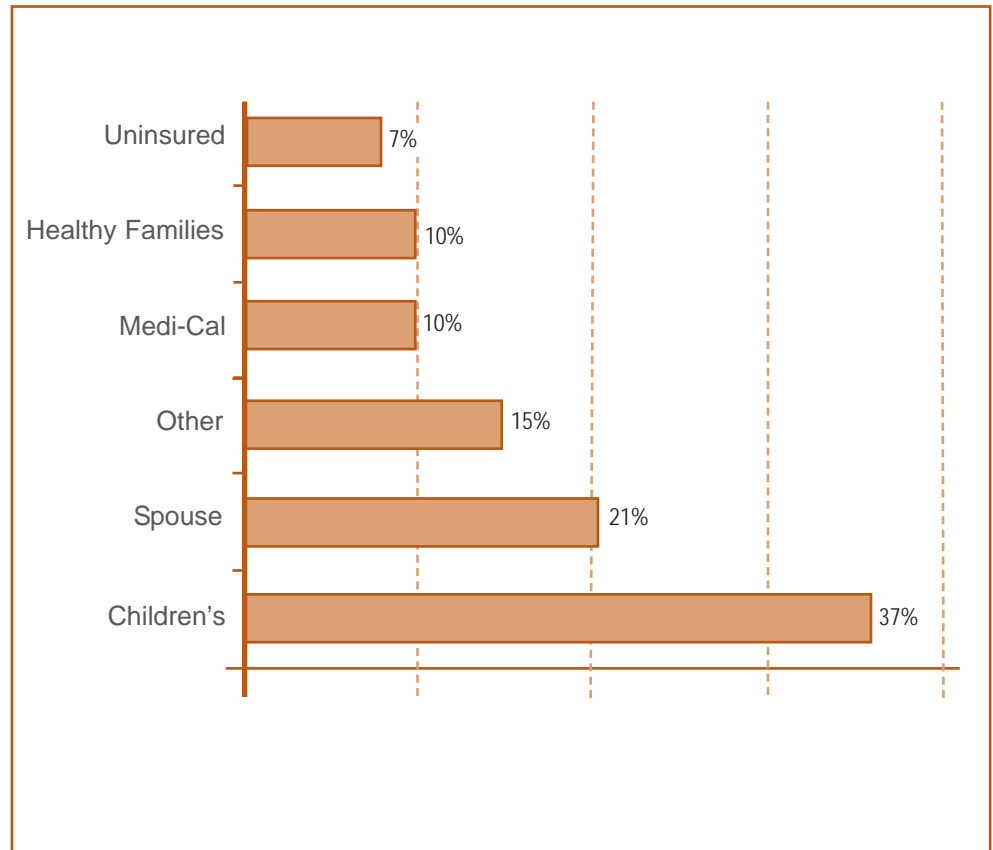
Aurora Alvarado has worked at Children's for six years as an Inpatient Assistant. Despite her years of service, Aurora still does not make enough to afford the health insurance the hospital offers. "My children are enrolled in Healthy Families, and when I get sick, I must go to Tijuana for medical care. I am a proud health care worker but I am unable to afford health insurance for myself or my family without public assistance."

Figure XIV. Source of Health Coverage of Employee's Children³⁰

SOURCES OF CARE FOR SPOUSES AND CHILDREN

Employee health care coverage at CHSD has important implications for worker families. Children and spouses may not have their own coverage, and without family coverage provided by the Children's Hospital employee, many family members are forced to find coverage elsewhere or go without.

As shown in Figure XIV, only 37 percent of employee's children have coverage from CHSD, roughly 21 percent are covered by a spousal plan, 10 percent are on Medi-Cal and Healthy Families each, and 7 percent of children are uninsured. The rate of uninsured children mirrors the rate of uninsured employees.



Rosario's Story

"We wouldn't have to be so worried about getting sick..."

Rosario Monroy, a Housekeeper at Children's Hospital, takes pride in making sure she does an excellent job cleaning the patients' rooms. Although she loves working with children, working at the hospital has been stressful because of the demanding work and low pay. Making ends meet for Rosario and her family is difficult on only \$10.91 an hour.

Rosario pays for health insurance for herself through Children's, but her husband is uninsured. "The health insurance is too expensive to cover my family, so I am only able to get it for myself," says Rosario. When her husband gets sick, he cannot afford to see a doctor in the US, and instead goes to Tijuana for medical care. Rosario has three children who were also uninsured for several years until they were able to receive medical coverage under Healthy Families.

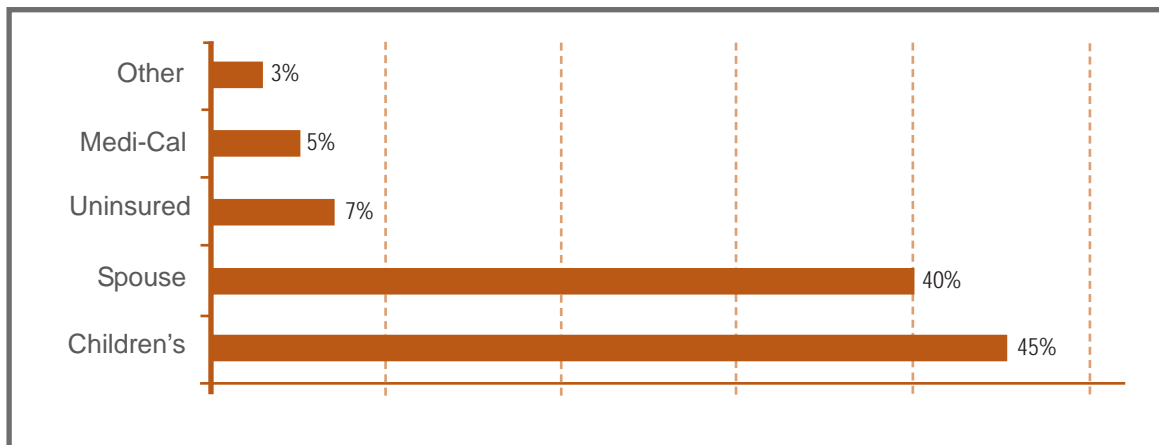
Several years ago, Rosario's son, Oswald, became sick. She took him to the emergency room at Children's Hospital for treatment. At the time, she did not have insurance for her son. Children's later sent her a bill for almost \$800 and told her that if she didn't pay, they would send her to collections. Fearing the collection agency, Rosario had to use money set aside for other expenses to pay off the medical bill. The hospital never offered her any form of assistance or payment plan despite her years of service there.

Although working at Children's Hospital has been difficult, Rosario is proud of her job. She hopes that the hospital will make improvements to their workers' pay and health insurance, so that she doesn't have to constantly worry about having enough money to pay the bills. For workers like Rosario, having fully employer paid health insurance would change her family's quality of life. "We wouldn't have to be so worried about getting sick and how we are going to pay for it. Having employer paid health insurance would relieve a lot of stress."

SOURCES OF COVERAGE FOR FAMILIES

We also examined sources of health care coverage for spouses of Children's Hospital employees. Survey data indicate that 45 percent of spouses have coverage through Children's Hospital, and 40 percent have coverage through their own employer or privately paid program. Seven percent of the spouses are uninsured, and 5 percent are on Medi-Cal.

Figure XV. Source of Spouse's Coverage³¹



SOURCES OF CARE FOR THE UNINSURED

Although the sample size was insufficient to understand the specific reasons why employees and their families were uninsured, their responses were telling. Several employees stated that their children were no longer eligible for Healthy Families because they were too old. Workers responded that their spouses were not insured because their employer does not offer insurance, and they were not covered by the Children's plan.

Lacking health insurance poses serious, immediate costs to the employees and families: a forced reliance on already overburdened public health facilities or seeking treatment outside of the formal health care system. Many employees travel to Tijuana to visit a doctor, rely on over the counter medications, use County Medical Services and the Emergency Room at Children's, or simply do not receive treatment at all, according to survey responses.

IV. THE COSTS OF LOW WAGES AND UNAFFORDABLE HEALTH INSURANCE

This report estimates that each year, CHSD's compensation practices of low wages and unaffordable health insurance cost taxpayers roughly \$661,868. This results from workers earning below a self-sufficiency wage and being unable to provide for their families without relying on public assistance. As shown below, nearly 8 percent of employees have children who receive low-cost school meals, 8 percent participate in the Healthy Families insurance program, and over 2 percent participate in Section 8 housing programs. Meanwhile, nearly 4 percent receive the Earned Income Tax Credit, nearly 1 percent participate in public child care programs, and nearly 10 percent rely on Medi-Cal. If wages CHSD pays were sufficient for employees to support themselves and their families, they would not need to rely on these forms of public assistance. By paying such low wages and providing health insurance that is unaffordable for many families, CHSD in effect has shifted to taxpayers part of the burden of ensuring the economic viability of its workforce and their families.

Table II. Percentage of Employees Participating in Public Programs and Annual Costs^{33, 34}

Percentage of Employees	Public Program	Annual Public Cost
7.53%	School Meals	\$39,312
8.00%	Healthy Families	\$133,539
2.15%	Section 8	\$176,217
3.97%	EITC	\$53,564
0.86%	Child Care	\$79,872
9.99%	Medi-Cal	\$179,363
Total		\$661,868

THE WORKING POOR OF CHILDREN'S HOSPITAL

In order to illustrate the difficult economic reality CHSD workers face, we analyzed the incomes of full-time employees and compared them to the Federal 2005 Poverty Guidelines.

The general threshold for determining eligibility for most public assistance programs including WIC, Medi-Cal, and Section 8 Housing is below 200 percent of the Federal Poverty Level (FPL). This threshold is often used as an indicator of those working but considered "poor." At Children's Hospital, 7 percent of full-time employees earn below 200 percent of FPL for a single person, 42 percent earn below 200 percent FPL for a family of two, and 72 percent for a family of three. While the health care industry is often viewed as a high-wage sector, these data indicate that significant numbers of employees earn wages low enough to qualify for many forms of public assistance and to be categorized as "working poor."

Table III. Full Time Employees Who Earn Below 200 percent FPL by Family Size³⁵

Hourly Wage Threshold	Percentage Earning Below 200% FPL	Family Size
\$9.20	7%	1
\$12.34	42%	2
\$15.47	72%	3

This report's analysis of Children's Hospital's compensation practices finds that the combination of low wages and expensive health benefits have put many employees among the ranks of the "working poor." Lacking living wages and affordable benefits, many workers have been forced to turn to public assistance to make ends meet, costing taxpayers hundreds of thousands of dollars each year.

V. RECOMMENDATIONS

This report highlights employment practices of one of the region's most prominent hospital employers, which are contributing to the economic marginalization of a large portion of its workforce. A majority of low-wage employees at Children's Hospital earn less than a self-sufficiency wage, are unable to afford fair market rents to house their families, and have wages that are significantly lower than their counterparts at San Diego's other unionized hospitals. Moreover, many employees lack health insurance. Low wages and expensive benefits have forced many CHSD employees to turn to public assistance to make ends meet, creating significant public subsidization of CHSD's employees through their dependence on taxpayer-funded programs.

As a prominent provider of health care to the region and one of the largest private-sector employers in San Diego, Children's Hospital should improve wages and benefits for its lowest paid employees. Such gains at Children's Hospital and at other regional health care facilities would provide urgently needed improvements that would help to lift health care workers out of the ranks of the working poor. Furthermore, such changes would have beneficial effects on the region's economy by reducing taxpayer subsidization of private-sector employers and providing greater economic stability to a substantial portion of the region's workforce. Based on these findings, we have several specific policy recommendations to improve employment in the health care industry and at Children's Hospital in particular.

Policy Recommendations

- 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

APPENDIX

Table I Largest Occupations and Median Hourly Wages in the Hospital Industry

% Employment	SOC Code	Title	Median Hourly Wage
30.34%	29-1111	Registered Nurses	\$30.24
6.77%	31-1012	Nursing Aides, Orderlies, and Attendants	\$11.22
3.09%	29-2061	Licensed Practical and Licensed Vocational Nurses	\$18.26 \$11.75
2.27%	37-2012	Maids and Housekeeping Cleaners	\$8.48 \$12.95
2.08%	31-9099	Healthcare Support Workers, All Other	\$13.36
2.02%	29-1126	Respiratory Therapists	\$24.00
1.75%	29-2034	Radiologic Technologists and Technicians	\$24.51
1.64%	29-9199	Health professionals and technicians, all other	\$15.72
1.52%	43-4111	Interviewers, Except Eligibility and Loan	\$16.82
1.49%	11-911	Medical and Health Services Managers	\$56.09
1.43%	29-1051	Pharmacists	\$50.77
1.41%	29-2011	Medical and Clinical Laboratory Technologists	\$28.60
1.41%	13-1199	Business Operations Specialists, All Other	\$26.02
1.18%	29-2052	Pharmacy Technicians	\$16.63
1.12%	43-6013	Medical Secretaries	\$14.33
1.12%	29-2071	Medical Records and Health Information Technicians	\$13.31
1.09%	29-2055	Surgical Technologists	\$18.57
1.07%	29-1123	Physical Therapists	\$33.94
1.05%	29-2012	Medical and Clinical Laboratory Technicians	\$28.60
1.05%	43-4051	Customer Service Representatives	\$13.94
1.05%	37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$9.18
1.05%	29-1069	Physicians and Surgeons, All Other	\$64.15

% Employment	SOC Code	Title	Median Hourly Wage
0.93%	43-4171	Receptionists and Information Clerks	\$11.19
0.88%	35-2021	Food Preparation Workers	\$8.32
0.86%	21-1022	Medical and Public Health Social Workers	\$21.97
0.80%	43-6014	Secretaries, Except Legal, Medical, and Executive	\$15.13
0.74%	43-6011	Executive Secretaries and Administrative Assistants	\$19.20
0.71%	43-1011	First-Line Sup/Mgrs of Office and Administrative Support Workers	\$21.15

Clerical, Service and Maintenance Employee Occupations at Children's Hospital Included in the Study

ADMINISTRATIVE ASSOCIATE (B)	DATA SPECIALIST
ADMINISTRATIVE ASSOCIATE (C)	DATA SUPPORT SPECIALIST
ADMINISTRATIVE ASSOCIATE (B*)	DATA SUPPORT SPECIALIST, LEAD
AUDIO-VISUAL & SET-UP ASSISTANT	DEPARTMENT TECHNICAL ASSISTANT
BEHAVIORAL TREATMENT TECHNICIAN	DESKTOP SUPPORT ANALYST
BIO MED TECHNICIAN I	DESKTOP SUPPORT ANALYST, SENIOR
BIO MED TECHNICIAN II	DEVELOPMENTAL SERVICES AIDE
BIO MED TECHNICIAN III	DIETETIC AIDE
BIOMECHANICS LAB TECHNICIAN I	ENVIRONMENTAL CARE COORDINATOR (SURGICAL SVCS)
BUILDING MAINTENANCE TECHNICIAN, LEAD	EQUIPMENT SPECIALIST
BUILDING MAINTENANCE TECHNICIAN	EVS AIDE I, CCH
BUSINESS ASSOCIATE 1A	EVS AIDE, LEAD CCH
BUSINESS ASSOCIATE IB	EVS AIDE, LEAD
BUSINESS ASSOCIATE IIA	FOOD SERVICE WORKER
CASE AIDE	FOOD SERVICE WORKER III
CHILD ENRICHMENT AIDE/CLERK	FOOD SERVICE WORKER, LEAD
CLINICAL ASSISTANT (LEVEL 1)	GROUNDKEEPER
CLINICAL ASSISTANT (LEVEL 2)	HEALTH INFORMATION SPECIALIST
CLINICAL ASSISTANT I	HEALTH INFORMATION SPECIALIST II
CLINICAL ASSISTANT II	HELP DESK SPECIALIST
CLINICAL CARE ASSISTANT	HELP DESK SPECIALIST SR
CLINICAL TRANSPLANT ASSOCIATE	HOME CARE DELIVERY TECH
CERTIFIED NURSING ASSISTANT (CNA)/PROGRAM SPECIALIST	HOSPITAL SERVICES AIDE
IST	HOUSEKEEPING ATTENDANT
CNA/PROGRAM SPECIALIST - PRECEPTOR	HOUSEKEEPING ATTENDANT, SENIOR
COMMUNITY RELATIONS ASSISTANT	HUMAN RESOURCES PER DIEM REP
CONSUMER SERVICE REP	INPATIENT ASSISTANT
COOK	LEAD, HAC&R TECHNICIAN
CUSTOMER SERVICE REP	LEAD, PROGRAM SPECIALIST

MAINTENANCE COORDINATOR	PURCHASING AGENT
MAINTENANCE MECHANIC II	PURCHASING SPECIALIST
MAINTENANCE MECHANIC III	QMRP ASSISTANT
MAINTENANCE TECHNICIAN I	RECEIVING ASSISTANT
MATERIAL MANAGEMENT ASSOCIATE	RESIDENTIAL CARE PROFESSIONAL
MATERIAL SERVICES OPERATOR	RETAIL PHARMACY CLERK
MEDICAL ASSISTANT I	SCHOOL HEALTH COORDINATOR
MEDICAL ASSISTANT II	SERVICE SUPPORT AIDE I
NURSING ACTIVITIES ASSISTANT	SERVICE SUPPORT AIDE II
NURSING ASSISTANT	SHUTTLE BUS DRIVER
OPHTHALMIC ASSISTANT	STERILE PROCESSING TECH I
OPHTHALMOLOGY TECH	STERILE PROCESSING TECH II
ORTHO FELLOW PROGRAM COORD	SUPPORT ASSOCIATE
PAINTER	SURGERY SCHEDULER
PAINTER, LEAD	SURGICAL SERVICES AIDE
PARENT LIAISON	TRANSCRIPTIONIST
PATIENT CARE ASSISTANT	TRANSLATION SERVICE COORDINATOR
PATIENT REP	TRANSLATOR/RESOURCE SPECIALIST
PROGRAM ACTIVITY ASST	WAREHOUSE COORDINATOR

Components of the Self Sufficiency Wage Basic Needs Budget

- ❖ Rent + Utilities
- ❖ Food
- ❖ Transportation
- ❖ Childcare
- ❖ Healthcare
- ❖ Phone
- ❖ Clothing & Personal Care
- ❖ Household supplies

ENDNOTE

¹This includes non-RN caregivers, maintenance, food service, housekeeping and clerical staff.

²Unemployment and Gross Regional Product data are both available from the Employment Development Department, Labor Market Information Division of the State of California.

³Employment Development Department, Labor Market Information Division of the State of California.

⁴Occupational Employment Statistics Data, 2005, provided by the Employment Development Department, Labor Market Information Division of the State of California.

⁵Occupational Employment Statistics Data, 2005, provided by the Employment Development Department, Labor Market Information Division of the State of California provides wage data for these occupations, staffing patterns for the occupations for health care support occupations come from the Southern California Hospital Association Annual Occupational Survey as well as the Employment Development Department, 2005.

⁶Employment Development Department, Labor Market Information Division of the State of California.

⁷Actual employee household budget.

⁸CPI Analysis of Employee Records: Analysis of over 700 employment records from July 2004 to April 2005. Children's Hospital employees received their annual raise for 2004 in July. Since July 2004, workers have not received a wage increase. Housekeeping and dietary employees received wage adjustments in early 2005. These current wage rates are included in data.

⁹For more detailed information on the self sufficiency wage, including data and methodology, see CPI's publication, "Making Ends Meet, 2003 update" The current 13.20 estimate is the most conservative figure for the year 2005, calculated by adjusting the basic needs budget by the Consumer Price Index for the year based on a 3-year average CPI for the San Diego Metropolitan Statistical Area.

¹⁰CPI Analysis of Employee Records.

¹¹Children's Hospital - San Diego, IRS 990 Form 2000-2003

¹²These figures are in inflation-adjusted dollars. Service employees were adjusted using a weighted average.

¹³CPI analysis of compensation data for executives and clerical, service and maintenance employees, adjusted for inflation between 2000-2003.

¹⁴Collective Bargaining Agreement's between AFSCME LOCAL 3299 and UCSD, OPEIU Local 30 and Kaiser Permanente, Caregivers and Healthcare Employees Union and Palomar Pomerado Health, Minimum pay parameters for Children's Hospital - San Diego.

¹⁵Collective Bargaining Agreement's between AFSCME LOCAL 3299 and UCSD, OPEIU Local 30 and Kaiser Permanente, Caregivers and Healthcare Employees Union and Palomar Pomerado Health, Minimum pay parameters for Children's Hospital - San Diego.

¹⁶Collective Bargaining Agreement's between AFSCME LOCAL 3299 and UCSD, OPEIU Local 30 and Kaiser Permanente, Caregivers and Healthcare Employees Union and Palomar Pomerado Health, Minimum pay parameters for Children's Hospital - San Diego.

¹⁷Employment Development Occupational and Employment Survey Wage Data, 2005, for San Diego County and Children's Hospital Employment Data, 2005.

¹⁸These estimates assume that the earner is a single wage earner of a household if they live with another adult. Further analysis is limited due to data restrictions.

¹⁹Department of Housing and Urban Development. www.HUD.gov.

²⁰This analysis assumes that they are the only wage earning, work 20/hr per week and spend no more than 30 percent of income on rent.

²¹CPI Analysis of Employee Records.

²²Data include Per Diem Employees. These employees are not eligible for health insurance.

²³CPI analysis of employee survey and records data.

²⁴CPI Analysis of Employee Records.

²⁵Children's Hospital Employee Premium Costs 2005-2006, effective July 1, 2005.

²⁶Children's Hospital Employee Premium Payments, January 2005.

²⁷Children's Hospital Employee Premium Costs 2003-2005.

²⁸CPI Analysis of Employee Survey Data.

²⁹CPI Analysis of Employee Survey Data.

³⁰CPI Analysis of Employee Survey Data.

³¹CPI Analysis of Employee Survey Data.

³²Annual Public Costs for these programs are found in "Hidden Costs: The Public Cost of Low Wage Jobs in San Diego." Center on Policy Initiatives, 2004. Any figures from 2004 were adjusted for inflation to 2005 dollar amounts.

³³These are conservative estimates based on the survey data; The overall cost could be far higher. Figures are in fact lower than the general program participation rates for the county and the state.

³⁴CPI analysis of Employee Survey Data.

³⁵CPI Analysis of Employee Records.

³⁶See Appendix Table II



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