

November 10, 2020

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Board of Supervisors  
County of Marin  
San Rafael, CA 94903

**Re: FY 2019-20 Living Wage Ordinance Annual Report and Consideration of 1.1 Percent Cost of Living (COLA) Adjustment for 2021**

### **RECOMMENDATIONS**

It is recommended that your Board:

1. Review and accept the 2019-20 Living Wage Ordinance Annual Report; and
2. Approve a 1.1% Cost of Living Adjustment (COLA) effective January 1, 2021

### **BACKGROUND**

The Living Wage Ordinance (LWO) requires that the County Administrator (CAO) provide an annual report to your Board on the effect of the LWO, if any. Each year, the CAO surveys departments and reports on any findings. The CAO also makes recommendations regarding a wage rate adjustment for the ensuing calendar year.

LWO Section 2.50.050 (c) requires that wage rates be adjusted annually, effective January 1, to reflect the increase during the preceding year in the Bay Area Consumer Price Index (CPI). For In-Home Supportive Services (IHSS) providers, LWO annual COLA adjustments are increased if the state continues to participate in at least sixty-five percent of the non-federal costs for wage and benefit increases impacting IHSS program providers (Ord. No. 3714, 2019).

The LWO wage rate was last increased January 1, 2020 to the current \$15.25 per hour without benefits (\$13.40 including benefits). Because the Bay Area CPI increased 1.1 percent from April 2019 to April 2020, we are recommending a 1.1 percent wage increase to \$15.40 per hour for all LWO-eligible contracts or employees (rounded to the nearest 5 cent increment). Benefited wages would increase from \$13.40 to \$13.55 per hour. The state minimum wage is anticipated to increase to \$14.00 effective January 1, 2021 and to \$15.00 in 2022.

After December 31, 2021 the state will reduce its participation in IHSS provider wage and benefit increases from 65 percent to 35 percent of nonfederal costs, significantly increasing County costs for subsequent increases affecting IHSS providers. We plan to work with the IHSS Public Authority of Marin and SEIU-2015, which represents providers, regarding future IHSS wages and/or benefits after 2021.

### **ANNUAL REVIEW**

Departmental input was solicited regarding impacts to operations as a result of the LWO in FY 2019-20. As has been the norm, no noteworthy impacts were reported, such as unexpected cost increases or reductions in level of service, nor were any complaints filed regarding compliance.

**POLICY CONSIDERATIONS**

**In-Home Supportive Services (IHSS) and the LWO Rate**

In 2002, the adjustment of wages for then approximately 1,200 IHSS service providers represented the most significant impact of the LWO. The IHSS Public Authority has consistently reported that these wage and benefit increases improve recruitment and retention efforts for providers.

Per a recent survey of California counties, Marin's IHSS hourly provider wage rate remains the highest wage among our comparison counties largely due to the wage floor established by the LWO since 2002. Among the 58 California counties, Marin County is currently second highest at \$15.25 per hour, with only San Francisco higher at \$17.25. The chart below summarizes current hourly rates for IHSS providers among Marin's seven comparison counties as of September, 2020 per the California Department of Social Services:

<b>Current IHSS Provider Rates (September, 2020)</b>	
<b>Comparison Counties</b>	<b>Current Hourly Wage</b>
Marin	\$15.25
Napa	\$14.45
Monterey	\$14.29
San Mateo	\$14.25
Santa Cruz	\$14.21
San Luis Obispo	\$14.11
Santa Barbara	\$13.77
Sonoma	\$13.00

With your Board's approval, Marin County's LWO rate would increase from \$15.25 to \$15.40 per hour effective January 1, 2021.

Given the approximately 1,550 IHSS providers impacted by the LWO today, the IHSS program has traditionally represented a significant factor when considering the fiscal impact of the LWO. Below is an update regarding recent policy issues impacting the IHSS program.

**IHSS Policy and Budget Changes**

2017 May Revision

Recall that the 2017 May Revision included a provision for counties exceeding the state IHSS wage participation cap, like Marin, in which the state would pay 65 percent of non-federal costs up to a maximum 10 percent increase in wages and benefits over a three-year period. This '10 percent over three years option' has helped to significantly reduce Marin County's costs for COLA adjustments impacting IHSS providers in recent years, the primary beneficiary of the LWO.

Marin's IHSS provider rate has increased from \$13.80 in 2017 to \$15.25 today, a 10.5 percent increase, with the state covering 65 percent of nonfederal costs. Absent this "10 percent option," the County would have had to absorb the entire non-federal cost. The state's 4 percent annual MOE inflator still applies to the increased base.

Senate Bill 80 (Human Services omnibus trailer bill; 2019)

Among other provisions, 2019's SB 80 requires that, once the state minimum wage reaches \$15 per hour, the state will pay only 35 percent of the nonfederal share of any increased provider wages or health benefits – not 65 percent. The state is expected to achieve a \$15 minimum wage effective January 1, 2022. While Marin is technically afforded a second 10 percent option over a new three year period, SB 80 limits this option to 2021 only – reducing our window to take advantage of any second 10 percent option. After December 31, 2021 the state will reduce its participation from 65 to 35 percent of the nonfederal costs, significantly increasing County costs for wage or benefit increases after 2021.

**COST OF LIVING ADJUSTMENT**

Your Board retains the option to forego a LWO COLA for the ensuing calendar year based upon financial conditions, a determination informed by a recommendation from the County Administrator as a component of the annual report on the living wage. The LWO wage rate was last increased effective January 1, 2020 to the current \$15.25 per hour without benefits (\$13.40 per hour with benefits).

**Staff Recommendation:** Given the state's IHSS funding agreement, we are recommending a LWO rate increase effective January 1, 2021 to \$15.40 per hour, a 1.1 percent increase, consistent with the LWO. This 15 cent per hour increase would result in added General Fund costs of approximately \$80,000 per year for IHSS providers, which also increases the County's IHSS Maintenance of Effort (MOE) subject to a 4 percent annual MOE inflator.

One County employee classification would be impacted by the recommended action. While Performance Attendants are currently compensated at \$16.06 per hour and the County Services Worker I range begins at \$16.06, the entry salary for the Seasonal Firefighter classification is currently \$15.25 per hour. Should your Board approve the recommended CPI adjustment to \$15.40 per hour, we are also requesting approval to revise this salary range (and any associated compaction issues) accordingly. The total net annual cost to the Seasonal Firefighter classification is estimated to be less than \$5,000 annually; while the gross cost would be greater, these costs are fully covered by state revenues and therefore have no net impact on the General Fund.

Should your Board adopt our staff recommendation, we will advise contract managers to ensure their eligible contractors comply with the new rates effective January 1, 2021. Because IHSS providers are paid by the state, and the state requires a 60-day wait period for approval and implementation, staff will work with the California Department of Social Services to implement the change as soon as possible, expected to be no later than February 1, 2021.

**Fiscal Impact**

The fiscal impact of approving staff's recommendation to allow a 1.1 percent increase to the LWO wage rate equates to additional General Fund costs of approximately \$42,500 for the balance of FY 2020-21, including IHSS provider and County employee impacts. Estimated annual or ongoing costs are approximately \$85,000. (Without the state's 65 percent non-federal cost share associated with the 10 percent option, the additional local cost of the recommended increase for IHSS providers would be approximately \$228,000 annually.)

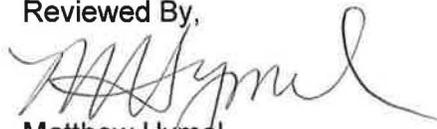
If your Board should have any questions, please feel free to contact us directly.

Sincerely,



Daniel Eilerman  
Assistant County Administrator

Reviewed By,



Matthew Hymel  
County Administrator