Building a Better Airport:
Expanding a Living Wage and Job Training
to Workers at San Jose International Airport

RESEARCH BY WORKING PARTNERSHIPS USA
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EXECUTIVE SUMMARY

Expanding living wage, public oversight and job training opportunities to the Norman Y. Mineta San Jose International Airport (SJC) will produce numerous benefits to workers, the airport and the City of San Jose. A comprehensive policy for all airport employees will improve SJC’s competitiveness among other major California airports, strengthen security and overall airport operations, and provide livable wages and fairness to all staff.

Currently, San Jose lags behind San Francisco, Oakland and Los Angeles airports whose employees are already covered by living wage and job training policies. Surveys conducted in San Francisco following the implementation of airport wage and training standards found substantial benefits to employers and overall airport operations. Results included dramatic decreases in employee turnover resulting in cost savings to employers, tighter security, improved customer service and strengthened airport operations. The decline in employee turnover alone, which was 80% among some occupations prior to the living wage expansion, amounted to a cost savings equal to 11% of employers’ costs. The combination of higher wages and job-training opportunities provided benefits to both employers and employees, and in turn strengthened business at the San Francisco airport.

When San Francisco implemented a living wage, the decline in employee turnover alone amounted to a cost savings equal to 11% of employers’ costs.

San Jose’s airport experiences many of the same challenges that were observed at SFO before a comprehensive job quality program was implemented, which include staggering high turnover rates and an overall lack of awareness of basic security procedures. The deregulation of the airport industry in 1978 resulted in airlines contracting out numerous services to
low-cost subcontractors that paid workers sub-standard wages and offered minimal training or career development opportunities. Despite San Francisco’s effort to correct these inequities, SJC largely operates with contractors that pay low wages and have grossly high job turnover. A December 2007/January 2008 survey of passenger service employees at SJC found more than one third of the below-living-wage workers have been employed at SJC for less than 12 months and received no job training. Of those employees who perform security related duties, 80% were not trained on how to evacuate a terminal and 64% never received formal training on how to identify suspicious behavior. The consequences of poor job quality standards have subsequently limited SJC’s effectiveness in maintaining security, ensuring safety, and maximizing customer service at the airport.

Although the City of San Jose has taken steps to expand living wage to some workers at the SJC, a comprehensive policy establishing living wage and training standards has not yet been implemented. Thus far, living wage has been expanded on a contract by contract basis but the lack of consistency has left more than 500 workers uncovered and earning sub-standard wages.

Results from the employee survey at SJC found that, despite the vital role they play in successful airport operations, many workers earn no more than the state’s minimum wage ($8/hr), do not have access to employer-sponsored health insurance, and have few incentives to stay in their jobs long term. Consequently, one of the chief economic engines of Silicon Valley relies on a workforce that can’t afford local rents and is denied basic benefits such as healthcare and time off.

POLICY RECOMMENDATIONS

To improve job standards at the airport, the City of San Jose should expand living wage to all workers and increase oversight and accountability to employers that operate at SJC. The deregulation of the airport industry

One of the chief economic engines of Silicon Valley relies on a workforce that can’t afford local rents and is denied basic benefits such as healthcare and time off.
has produced an environment that if not carefully monitored can generate significant lapses in security and customer service. The San Jose airport can correct this trend by implementing job quality standards that both increase wages and allow the City of San Jose to play a more active role in selecting airport contractors to ensure maximum safety and security at SJC. Specifically, the City of San Jose should:

- **Apply living wage to all workers at the airport**
- **Increase oversight of sub-contractors at SJC**
- **Explore additional opportunities to improve security and airport operations**

Applying a comprehensive living wage with public oversight to the San Jose airport will augment SJC’s competitiveness among all other major bay area airports, improve security and create a minimum wage level that is needed for all employees.
INTRODUCTION

The gateway to Silicon Valley, Norman Y. Mineta San Jose International Airport (SJC) is essential to the economy of the San Jose metro region. The Airport serves 10.3 million passengers annually and generated $95.2 million in revenues in 2007. SJC is currently the third-largest passenger airport in the Bay Area and fifth-largest in California, and expansion plans are underway.¹ When the current $1.5 billion terminal improvement program is completed, the expanded San Jose Airport is slated fully accommodate projected commercial aviation demand through 2017.

Despite the efforts to physically improve the Airport, San Jose has not shown a similar commitment to elevate conditions for those who provide Airport services. Although their job functions are vital to successful operations, too many SJC staff are struggling to make ends meet. Although San Jose has in place a living wage policy which applies to some airport workers, its coverage is uneven and not consistent across contractors, with the result that more than 500 passenger service workers out of 6,000 total employees are excluded from living wage coverage. Furthermore, there is no job training program in place at SJC that adequately prepares all employees on how identify suspicious behavior or how to respond in an emergency.

These risky conditions of work at San Jose Airport have developed in the context of a national trend in the airline industry towards cost-cutting and contracting out without adequate oversight, leading to major issues in areas ranging from security to aircraft maintenance. Compared to competing airports SFO and OAK, San Jose is falling behind in its efforts to address the problems associated with lack of standards for contracted work.

This report provides an overview of industry trends and recent challenges that have contributed to current conditions at SJC. Analyzing a new survey of Airport workers, it focuses on the current working conditions

for over 500 employees at the San Jose airport. Finally, it describes the improvements that could be made through a comprehensive, consistently applied living wage policy tailored to the needs of the Airport, and offers recommendations on how to implement a San Jose Airport Living Wage.

**EMPLOYEE HIGHLIGHT: Dwayne Green**

Dwayne Green has worked for Aviation Safeguards at the San Jose International Airport as a wheelchair ambassador for two years and has worked for the California Airport Industry for more than 30 years.

A few of Dwayne’s co-workers who are contracted by the City earn a living wage, but most of them earn only eight dollars an hour. They only raises he receives are when the state decides to increase the minimum wage. Consequently, making ends meet at this wage level is nearly unattainable.

For almost a year even while working full time at the airport, Mr. Green was homeless, sometimes living in local shelters and sometimes on the street. Unfortunately, the wages he received made it impossible to pay the rent and provide food for his family.
CONTEXT: SAFETY, SECURITY AND SERVICE IN THE U.S. AIRLINE INDUSTRY

The present-day shape of the U.S. airline industry is a relatively recent phenomenon. Prior to 1978, U.S. airlines were subject to regulation by the federal government in the public interest, similar to electric utilities or telephone companies.

The Airline Deregulation Act of 1978 eliminated the Civil Aeronautics Board, the agency which since 1936 had overseen and regulated the commercial airlines. It phased out regulation of fares and routes, and transferred responsibility for safety standards to the Department of Transportation and the Federal Aviation Administration (FAA).

The new system has brought considerable benefits to passengers in the form of lower fares; with inflation subtracted, the median round-trip fare fell by nearly forty percent between 1980 and 2005.² Airlines developed their current practice of routing most flights through certain “hub” cities in order to increase passenger volume per flight.

At the same time, deregulation fostered a race-to-the bottom atmosphere which has led to periodic waves of financial crisis in the industry. Airlines experienced major losses and bankruptcies throughout much of the 1980s and early 1990s. From 1978 through 2005, 162 airlines filed for bankruptcy.³

THE SHIFT TO LOW-BID CONTRACTING

As the airline industry restructured itself following deregulation, airlines attempted to cut costs by contracting out services they had previously performed in-house, including skycap and porter services, baggage handling, security screening, passenger assistance, and cabin cleaning. Repeated fiscal crises combined with lax regulation and a “race to the bottom” mentality transformed these functions into low-wage, high-turnover, and poorly-trained jobs.

A UC Berkeley industry analysis found

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that, in the two decades after deregulation, pay growth in air transportation lagged behind pay in other transportation sectors. For the 1990s, pay growth even fell behind the notoriously low-wage retail sector. The UC Berkeley researchers concluded that “intense competition, consolidation, and cost cutting generated sector-wide downward pressure on wages.”

Outsourcing can lead to more efficient operations if it is carried out with clear goals and processes to maintain quality of service while improving productivity. However, when minimum standards and adequate oversight are not present or are not enforced, contracting out often encourages subcontractors to underbid their costs and then cut corners, resulting in a lower quality of work. When carried into the context of an airport, this type of low-bid contracting not only impacts passengers’ comfort and quality of service, but may pose risks to security and safety.

The case of airport security screening provides a clear warning of the problems that can develop from the practice of low-bid subcontracting. Until the advent of the Transportation Security Administration (TSA), baggage and security screening was the responsibility of the airlines, which usually auctioned this function too off to the lowest bidder. To compete for and win these contracts, private security companies paid poverty-level wages, offered few if any benefits, and often cut corners on training. In 2001, airport screeners nationally earned an average of $6 per hour. Turnover for airport screeners was above 125%, meaning that the average screener had been on the jobs for just four and a half months.

Airports and the FAA had expressed concerns around the low quality of screening services, but nothing was done. A UC Berkeley study found that “The regulatory relationship was effectively broken when airlines began sub-contracting security services.” In the wake of the September 11th tragedy, the problems with subcontracted security services received national attention, resulting in the 2002 federalization of security screening through the TSA.

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DECLINES IN QUALITY OF SERVICE FOR AIRLINE PASSENGERS

As airlines have focused on cutting costs through contracting out and other changes to operations, quality of service has noticeably declined, with problems ranging from overbooked flights to mistreatment of passengers, or even (as in the well-publicized incidents during the winters of 2006 and 2007) being forced to remain in a grounded aircraft for 8 hours or more with inadequate food, water or toilet facilities.

The Airline Quality Rating, an objective measure developed in 1991 at the University of Nebraska to rate the performance of airlines on multiple quality-of-service criteria, shows that service quality has been declining in recent years. In 2007, the industry as a whole scored the worst Airline Quality Rating ever recorded since rating began.\(^6\)

A snapshot of complaints filed with the federal Department of Transportation further illustrates problems with customer service and operations:

- In February 2008, 6.39 out of every 1,000 passengers on domestic flights filed a mishandled baggage complaint with the Department of Transportation, up from 4.39 per 1,000 in October 1998.\(^7\)

- In addition, February 2008 alone saw 128 complaints filed regarding customer service (not including baggage, flight delays, or related issues) and 35 complaints regarding treatment of people with disabilities.\(^8\)

- These do not include the far more common complaints made directly to the airlines.

One area of particular concern is service for people with disabilities. It is the airlines’ responsibility to provide wheelchairs or other assistance to disabled passengers upon request. However, wheelchair service is another area which most airlines have contracted out at the lowest cost possible. This frequently leads to difficulty for disabled passengers in obtaining the assistance they need to board, disembark or reach their


\(^8\) Ibid.
gate, as reported last month in a *USA Today* investigation. In the past three years, they found, more than 34,000 disabled fliers have filed complaints with federal agencies; over half those complaints were related to wheelchair assistance.9

If the assistant they requested does not arrive, disabled passengers may be stuck, unable to reach their connecting gate or even to get off the plane. *USA Today* describes an incident last Christmas when lack of coordination and inadequate coverage by wheelchair attendants left a wheelchair-bound, 70-year-old woman stranded at Chicago O’Hare airport for 24 hours.

Personal safety is also an issue. The contract workers often receive no training on wheelchair operation or proper methods for transferring disabled customers from seat to chair. The result can be incidents like that which occurred at LAX, when, according to passenger service worker Tim Maddox, a wheelchair passenger being transferred off of a bus “got dropped and was hurt pretty badly.” “The attendant felt terrible,” said Maddox, “but he had no training on how to do this correctly.”10

**POTENTIAL THREATS TO SAFETY AND SECURITY**

Beyond customer service, outsourcing without adequate standards or controls may also pose a threat to airport security and aircraft safety. Among staff working at the airport, problems may arise when contracted employees are assigned to security-related duties such as checking IDs or searching planes without being given any training on what to look for.

In another sphere, the industry’s large-scale shift to outsourced maintenance work has contributed to foregone maintenance and improperly done work, sometimes with tragic consequences:

- **In the ValuJet crash of 1996, which killed all 110 people on board, the source of the fire that caused the crash was determined to be mishandled oxygen generators that were packed by a subcontractor of ValuJet’s contractor**


Sabretech. An investigation found that two-thirds of the subcontracted workers were unlicensed.¹¹

- The Air France Concorde crash in 2000 occurred during takeoff when the accelerating plane ran over a plane part on the runway that had been lost by another aircraft. The plane that lost the part belonged to Continental, and the part has been replaced by an overseas contractor in Tel Aviv. 113 people were killed in the crash.¹²

- A commuter plane operated by US Airways Express crashed in 2003, killing two crew and 19 passengers. The primary cause was incorrect rigging of the craft’s elevator control system. Maintenance of the craft had been contracted out to Raytheon Aerospace, which in turn subcontracted the work to another company.¹³

In March 2007, Consumer Reports magazine issued a special report on outsourcing of aircraft maintenance, entitled “An accident waiting to happen?” Noting that, as of 2005, major air carriers were outsourcing more than half their maintenance, often to contractors whose staff were not licensed mechanics nor screened for security, the Consumers Union called for “the [certification] standards [to] be made uniform, to equally apply whether the work is performed by an airline or an outside company.”¹⁴

The issues of outsourcing and cost-cutting in maintenance have come to a head in the past two months, as the FAA has directed airlines to ground hundreds of planes upon discovering gaps in inspections or maintenance. With at least 64% of maintenance work now being performed by outside contractors – many of them not certificated by the FAA – concerns about safety are growing¹⁵.

Among the recent groundings and related problems:

- On March 6th, The FAA hit Southwest Airlines with a proposed fine of $10.2 million – the largest in history – for deliberated avoiding maintenance and

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flying a total of 145,000 passengers on uninspected aircraft. Selected checks found six Southwest aircraft with cracks in the fuselage, prompting the FAA to begin a broader audit of airline maintenance.

- On March 22nd, passengers flying at 27,000 feet on US Airways Flight 1250 watched as a piece of the wing was torn off, hit the fuselage, and cracked a window. US Airways then inspected its planes of similar design and found seven with wing problems.

- On March 20th, seven United Airlines planes were grounded after the FAA found that a subcontractor had improperly checked the cockpit altimeters.

- Beginning April 8th, the FAA directed American Airlines to ground nearly 300 planes for inspections. American cancelled over 3,000 flights.

- The same week, Delta grounded 117 planes for inspection. Alaska and other carriers also grounded planes.16

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SAN JOSE INTERNATIONAL AIRPORT: CRITICAL ROLES, EMERGING CHALLENGES

Norman Y. Mineta San Jose International Airport is a keystone of Silicon Valley’s economy. Six thousand workers are employed at San Jose International Airport. If the Airport were a single private employer, it would rank as the 3rd largest in the city, with more workers than any company except Cisco and IBM.

Its indirect impacts on the region’s economy are larger still. In addition to providing services for local travelers, the Airport anchors the region’s hospitality industry, helping to attract conferences and business travelers who stay in hotels, rent space for events, eat at local restaurants and shop in local stores. The City of San Jose estimates that the airport and the passengers it brings support some 70,000 jobs in the region and bring in $4 billion per year in revenues for businesses in the local area.17

COMPETITIVE CHALLENGES: KEEPING UP WITH SFO AND OAK

San Jose is one of three major airports serving the immediate Bay Area, along with San Francisco International Airport (SFO) on the Peninsula and Oakland International Airport (OAK) in the East Bay. With all three airports within an hour’s drive of one another, San Jose faces heavy competition for airlines, routes and passengers.

San Jose Airport holds several advantages in this competition, especially for business travelers. It is located in the heart of Silicon Valley, near the headquarters of many major high-tech companies. San Jose’s clear and mild weather make it nearly ideal for airport operations. With 83% of flights departing on time as of February 2007, SJC has one of the highest on-time departure rates in the country, well above the on-time rates of OAK (79%) or foggy SFO (74%). SJC is also situated with easy access to three of the Bay Area’s major highways.

But despite these natural and geographic advantages, of the region’s three major airports, San Jose has the smallest market share. In the past twelve months, SJC served 10.3 million scheduled passengers, compared to 14.0 million served by Oakland International and 26.1 million at SFO.

While these two competing airports have both increased their passengers served by more than 19% since 2002, SJC has lagged behind with growth of just 2.8%. San Jose International Airport is losing market share (see Figure 1).

The major renovations currently under way should help SJC to recapture some of this lost business. However, in order to attract passengers, it is essential that San Jose Airport provide top quality service with well-trained staff.

In a before-and-after study evaluating the effects of the living wage policies and associated training standards enacted at San Francisco Airport, UC Berkeley researchers found that employers reported an increase in customer service, as well as improvements in overall work performance and employee morale. The researches concluded that these findings “suggest[ed] that improvements in worker performance were widespread across the airport.”

San Francisco and Oakland Airports both enjoy comprehensive Living Wage policies that apply to virtually all workers, including contractors. San Jose does not.

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<tr>
<td>SFO</td>
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<td>141,928</td>
<td>+19.4%</td>
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<tr>
<td>OAK</td>
<td>14,038</td>
<td>88,608</td>
<td>+19.3%</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: U.S. Dept. of Transportation, Bureau of Transportation Statistics
ROLES OF CONTRACTED PASSENGER SERVICE WORKERS AT SAN JOSE AIRPORT

Passenger service workers are the face of San Jose Airport. They are the skycap who first greet a passenger and takes his/her bags at the curb, and the shuttle driver who brings his/her back to her car. They are also the wheelchair assistants that provide support to passengers with disabilities, the baggage handlers who are responsible for getting luggage safely to the right place, and the janitors who must work quickly to ensure a clean cabin before the next flight begins boarding.

Currently, San Jose Airport is served by approximately 500 passenger service workers who are employed by contractors hired by the airlines, and whose duties may impact safety or security. Of the employees who are also engaged in security-related activities, many provide critical services including searching airplane cabins for dangerous items, guarding planes, staffing security checkpoints and providing support for the baggage screening process.

These 500 workers fall into two broad categories, with several job classifications in each category:

1. Contracted service workers who are directly involved in passenger and facility security.

   Job classifications and functions include:
   - Janitors
   - Passenger check-in
   - Wheelchair Assistants
   - Baggage check-in and handlers
   - Skycaps
   - Guards (door, line control, etc.)
   - Bus drivers or other operating vehicles

2. Workers who are directly engaged in activities impacting safety within the Airport Operations Area (AOA), and who require an airport badge with AOA access.

   Job classifications and functions include:
   - Ground handling (cabin cleaning, lavatory service, fueling, baggage handling, operating ground servicing equipments, etc.)
   - Cargo facility (cargo handling, warehousing, etc.)
• Security (airport premises, warehouses, aircrafts)

The major contractors used by the airlines are Aviation Safeguards and G2 Secure Staff.

EMPLOYEE HIGHLIGHT: EVERLISTO QUEBRAL

Everlisto Quebral, a wheelchair ambassador for Aviation Safeguards, has worked at the San Jose International Airport for 14 years.

Everlisto is 72 and is forced to work past retirement to provide for his family.

When Everlisto started working at the airport over 14 years ago he was paid the minimum wage and 14 years later he's still getting paid the minimum wage, without health care benefits. Without employer-sponsored health care, Everlisto cannot afford to go to the doctor and routinely puts off receiving medical care.
CURRENT WORKING CONDITIONS
AT SAN JOSE AIRPORT

Hundreds of workers at SJC play a vital role in airport operations, yet earn low wages with no prospect for improvement. Results from a December 2007/January 2008 survey of 48 passenger service workers found most SJC workers not covered by the city’s Living Wage Policy are paid no more than the California minimum wage – $8 per hour in 2008. With fewer than 40 hours of work available per week, surveyed workers earned an average annual salary of less than $16,640. This salary is far below what’s needed to achieve self-sufficiency in San Jose; the average cost of rent for a one bedroom apartment would alone consume 80% of an employee’s income.

In addition to low wages, not one of the workers surveyed had access to employer-paid healthcare. For low-wage workers struggling to afford basic necessities in one of the most expensive regions in the country, the cost of health insurance for themselves and their families is nearly unattainable. Furthermore, 96% of the survey respondents received no sick days, vacation, holidays, or even unpaid time off.

The negative effects of low wages, lack of employer-based health insurance, and no time off produce instability in job tenure between living wage and minimum wage workers. Among the few workers in the survey currently paid a living wage, 50% have worked at the airport for more than 3 years, compared to 6% of security workers, 4% of wheelchair attendants, and 0% of baggage handlers: all job classes not covered by living wage (see Figure 2). Overall, 38% of the below-living-wage workers surveyed have been employed at SJC for less than 12 months. Respondents indicated that lower wages significantly contributed to the minimal length of job tenure.

Applying a living wage ordinance to the airport could deal with the current working conditions at SJC, but thus far living wage has only been expanded on a contract by contract basis. Currently, the city’s Living Wage Policy only covers workers who are employed directly by the city or through...
a city contract. Consequently, at least 500 employees contracted or sub-contracted by the airlines are not provided with this vital protection. Uncovered workers earn wages far below their living wage counterparts, do not have access to health insurance, and lack basic job training.

**LACK OF TRAINING**

In addition to experiencing poor job quality, many employees at SJC have not been provided with adequate training, decreasing their effectiveness in airport operations. A particular concern is the lack of training regarding security-related tasks and procedures. Approximately 60% of the workers surveyed at SJC reported having security-related duties including conducting airplane searches for suspicious items, staffing access to secure areas of the airport and the airplanes, and crowd control. Of the workers who perform security-related roles, survey results indicated:

- 80% were not trained on how to evacuate the terminal
- 64% did not receive formal trainings on identifying suspicious behavior

*Source: 2007/2008 SJC Worker Survey*
• 48% were not trained on procedures in case of emergency

![FIG 3 Lack of Formal Training For Passenger Service Workers With Security Duties at SJC](image)

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Percentage of Surveyed Workers Not Receiving Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures In Case Of Emergency</td>
<td>48%</td>
</tr>
<tr>
<td>Evacuating The Terminal</td>
<td>80%</td>
</tr>
<tr>
<td>Identifying Suspicious Behavior</td>
<td>64%</td>
</tr>
</tbody>
</table>

Source: 2007/2008 SJC Worker Survey

This lack of training generates lower worker productivity and limited effectiveness in maintaining airport-wide security standards. Other major airports have recognized the importance of training employees at all levels in an effort to maintain airport security. Both Miami International Airport and Boston’s Logan International Airport have adopted a security training program for all airport staff.19

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19 “Miami Airport Trains All Employees to Look for Suspicious Behavior” The Miami Herald, September 8, 2006, Business and Financial News Section.
SAN JOSE’S HIGH COST OF LIVING

The challenges low wage workers experience at the airport is compounded by the high cost of living in San Jose. In the past year, prices for basic necessities used by working families including housing, gas and child care have continued to balloon upward. Average rents in Silicon Valley are tied with Los Angeles as the highest in the state (see Figure 4), and gas prices have shot up 70% over last year. The average cost of childcare for one preschooler in the Santa Clara County is $10,597 per year, a 45 percent increase since 2001.

Evidence increasingly suggests that Silicon Valley is moving in a disturbing direction typified by inadequate household incomes, increasing inequality, and heightened economic insecurity for the middle class. When these circumstances are combined with the highest rents in the state, stagnant wages and escalating prices for food and gas, it is becoming increasingly difficult for lower and middle income families to make ends meet.

The current economic conditions for many San Jose airport workers illustrate the impossible balance that thousands of San Jose families confront between securing basic necessities and paying bills without increasing debt.

<table>
<thead>
<tr>
<th>FIG 4 Santa Clara County: Cost to Rent</th>
<th>Fair Market Rent</th>
<th>Hourly Wage Needed to Afford</th>
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<tr>
<td>Studio Unit</td>
<td>$928</td>
<td>$17.85</td>
</tr>
<tr>
<td>One-Bedroom Unit</td>
<td>$1,076</td>
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<tr>
<td>Two-Bedroom Unit</td>
<td>$1,293</td>
<td>$24.87</td>
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<tr>
<td>Three-Bedroom Unit</td>
<td>$1,859</td>
<td>$35.75</td>
</tr>
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</table>

ECONOMIC AND COMMUNITY IMPACTS OF SUBSTANDARD WAGES

The failure to apply living wage to all workers at the airport not only has impacts on workers but the overall community. At $8.00/hour, minimum wage is barely enough to cover rent (currently at $15,516 for a two-bedroom apartment), never mind food, electricity, transportation, healthcare or childcare.

To support their families and stay off the streets, low-wage workers thus must turn to public assistance programs. In Santa Clara County, a minimum wage worker with one child is eligible for food stamps and CalWORKs (welfare), as well as low-cost children’s health coverage and free school lunch – even though he or she has a full-time job.

In total, the worker in question qualifies for public assistance worth $10,675 annually, not including housing assistance. Paid for with taxpayer money, this assistance amounts to a hidden subsidy for businesses that do not pay a livable wage. Responsible businesses that do pay enough for workers to live on are placed at a competitive disadvantage.

Moreover, when full-time workers are forced to turn to public assistance, an enormous strain is placed on city, county and state budgets and on the entire social safety net. Emergency rooms, Valley Medical Center, and community health clinics are all hard pressed to maintain adequate health care services in the face of growing numbers of uninsured residents. The Second Harvest Food Bank has seen demand soar in the past year; even with more volunteers and food donations coming in, as much as half of the food need goes unmet.

Finally, paying wages that are inadequate to afford housing has major impacts not just on workers and families, but also on neighborhoods and the regional transportation infrastructure. Low-wage workers usually must choose between living in overcrowded, substandard housing, which negatively impacts neighborhoods, or else moving out to a lower-cost region and commuting four hours or more every day, adding to traffic congestion and pollution and robbing them of time to spend with their families.
APPLYING LIVING WAGE AND PUBLIC OVERSIGHT TO SJC: A POLICY WITH MULTIPLE BENEFITS

IMPROVING JOB QUALITY

Implementing a comprehensive living wage ordinance at SJC would establish a consistent wage standard for all employees and strengthen airport operations. This ordinance would generate wage increases for non-living wage employees by an average of 50%, from $8/hr to $12.66/hr (see Figure 5). For the first time, workers would also have the opportunity to access job-based health care coverage, thereby decreasing the number of uninsured in our community, improving productivity, and increasing job tenure. In an October 2007 Gallup Poll of business owners nationwide, over 80% responded that providing adequate health insurance to workers would help employers attract more qualified employees and would reduce employee turnover. Two-thirds of employers also believed that health coverage would boost employee productivity.

Furthermore, establishing job training requirements for all employees at SJC will ensure that all staff receive basic education on how to prepare for an emergency or security breach, and can learn new strategies to augment employee performance and customer service.

IMPROVING OVERSIGHT AND ACCOUNTABILITY FOR CONTRACTORS AT SJC

In addition to job quality standards, the City of San Jose should also play a more

<table>
<thead>
<tr>
<th>FIG 5 San Jose Airport Workers</th>
<th>Hourly</th>
<th>Monthly*</th>
<th>Annually*</th>
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<td>Current (min. wage)</td>
<td>$8.00</td>
<td>$1,386.67</td>
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<td>Living wage (with healthcare)</td>
<td>$12.66</td>
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<td>Living wage (without healthcare)</td>
<td>$13.91</td>
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* Assuming a 40-hour work week.
active role in the selection of contractors at the airport. Increased public oversight and accountability for all employers at SJC will ensure that contractors provide a minimum wage rate and meet basic security requirements. Establishing these benchmarks will improve customer service, enhance productivity throughout the airport.

MAINTAINING COMPETITIVE STANDARDS AT SAN JOSE INTERNATIONAL

California airports are leading the country to find innovative solutions that enhance competitiveness by raising job standards for airport workers. Applying living wage job training requirements and public oversight to all staff at SJC would end unacceptable discrepancies between SJC and the Bay Area’s two other international airports as well as Los Angeles International, California’s largest airline gateway.

Both Oakland and San Francisco have already passed measures that expand living wage to all airport workers. Contractors at Oakland International have been bound by the city’s Living Wage Ordinance since 2002 when voters amended the city’s charter. San Francisco International (SFO), the Bay Area’s largest airport, goes beyond living wage. Its Quality Standards Program (QSP), implemented in 2000, is a certification program affecting employees who work in security areas (such as San Jose’s passenger service workers) and those with security functions (most San Jose workers such as janitors and aircraft cleaners also have security functions). Under QSP, contractors must prove they meet defined standards for hiring, training and compensation that are higher than those called for under the city’s Living Wage Ordinance.

Los Angeles International has operated under that city’s Living Wage Ordinance for more than 10 years. LAX’s operator, Los Angeles World Airports, is preparing to implement a new policy for oversight under which contractors will be evaluated against specified criteria, including a commitment to compensate workers above the standard of the city’s Living Wage Ordinance as well as benchmarks for staffing, training, equipment maintenance and service quality.

Applying job quality standards at SJC in line with practices at San Francisco, Oakland and LAX would also augment the
airport’s competitive position. A survey of San Francisco airport workers following the implementation of the QSP program found that the higher standards improved operations. Survey results reported a dramatic decrease in employee turnover, an increase in employee performance, tighter security and improved customer service at the airport. Survey data from San Francisco also suggested that implementation of living wage at SFO didn’t negatively impact airport activity, but in fact generated some cost savings to employers. The decline in employee turnover alone, which was 80% among some occupations, amounted to a cost savings equal to 11% of employers’ costs. The combination of higher wages and job-training opportunities provided benefits to both employers and employees, and in turn strengthened business at the San Francisco airport.20

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POLICY RECOMMENDATIONS

The deregulation of the airport industry has produced an environment that if not carefully monitored can generate significant lapses in security and customer service. To counteract this trend, San Jose International Airport should implement quality standards that ensure adequate compensation, City oversight of contractors, to ensure maximum safety and security at SJC.

1. The City of San Jose should establish a comprehensive living wage policy to all workers at the airport.

The failure to supply adequate wages for many contracted employees has resulted in excessively high turnover rates at SJC and has impacted airport efficiency. Currently, at least 500 employees at SJC are earning inadequate wages and do not have access to employer-based health coverage or paid time off. The sub-standard wages provided to SJC workers not only decrease employee productivity, but also adversely impact the San Jose community at large.

In an effort to retain valuable and skilled employees committed to public safety at the airport, the City of San Jose should apply a comprehensive living wage policy to ensure that all workers are guaranteed a livable salary.

2. The City of San Jose should increase oversight of sub-contractors at the San Jose airport.

Although the City of San Jose owns the Airport and sets the terms of the airlines’ operations, the airlines contract out many of their responsibilities, and the City of San Jose does not currently exercise sufficient oversight over these subcontractors. Fundamental standards of safety, security and service are threatened by excessively high turnover in many vital occupations and inadequate training for employees who are engaged in security related duties.

To strengthen airport operations and security at SJC, the City should play a larger role in ensuring that employers at the airport are selected to not only ensure efficiency but
also provide adequate training and promote good customer service. The City’s role should include assisting in the selection of airport contractors, which should be based on job quality criteria and benchmarks related to job training programs, local hire and compliance with employment laws. In addition, the City should also play a regulatory role in monitoring employer performance.

3. The City of San Jose should explore additional opportunities to improve employee productivity, training and airport security.

Developing training standards for all airport employees has been shown to increase customer service, productivity and strengthen security. Both San Francisco and Los Angeles airports have taken steps to improve access to training and enhance career ladders for airport employees in an ongoing effort to decrease employee turnover, improve efficiency and maintain the highest airport standards.

As the City of San Jose prepares for a massive expansion at SJC, the City should review training standards and best practices employed by major U.S. airports including SFO, LAX, and other leading models throughout the country, and develop a plan to raise standards at SJC.
CONCLUSION

With a $1.5 billion terminal improvement program underway, San Jose is in a unique position to improve job quality standards at the airport. Research has shown that living wage and training standards for airport workers improve service quality and airport security. The City of San Jose should act immediately to create a comprehensive employment policy that incorporates living wage and additional oversight for airport employers in an effort to stem job turnover, strengthen security, boost productivity and overall operations at Norman Mineta San Jose International Airport.