

**A CRISIS FOR CAREGIVERS:
How Enloe Medical Center's
Employment Practices
Contribute to the Growth
of Chico's Working Poor**

December 2005

SEIU United Healthcare Workers West
and David Gallo, Ph.D.

AUTHORS:

SEIU United Healthcare Workers West, with more than 140,000 members, is the largest and most powerful healthcare union in the Western United States. We represent every type of healthcare worker, including nursing, professional, technical and service classifications. Our mission is to achieve high quality healthcare for all.

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EXECUTIVE SUMMARY

With nearly 2,300 employees, Enloe Medical Center is the largest private-sector employer in Butte County. Despite the hospital's important role in the regional economy, its substandard wages and inadequate health insurance are having harmful effects on its workforce and surrounding communities. An analysis of the hospital's compensation practices reveals that substandard wages leave many caregivers and support staff with incomes below basic poverty and self-sufficiency standards. Ironically, the nonprofit hospital also fails to provide affordable health insurance to its workforce, pushing many employees and their family members onto the rolls of the under- and uninsured. Without access to affordable health insurance, they are exposed to huge financial and health risks as they forgo regular preventive care and may pay the full cost of emergency care when a family member is injured or falls ill.

For more than a year, hundreds of Enloe Medical Center's caregivers and support staff have been struggling to improve these and other conditions at the hospital. Unfortunately, Enloe's executives and Board of Trustees have refused to provide wages and benefits necessary to improve the economic position of its employees. As a consequence, a significant portion of Enloe Medical Center's workforce faces serious economic and financial hardships or must rely on need-based government assistance. This report examines the effects of Enloe Medical Center's employment practices on:

- 1) the quality of life for employees and their families,
- 2) the hospital's tax burden on the public, and
- 3) its negative impact on the local economy.

FINDINGS

Wages and Benefits

A recent survey of housekeepers, dietary workers and other service workers reveals the following:

- More than one of every ten respondents earns less than \$8.00 per hour. Amongst this group, the average yearly salary is \$15,736 — only slightly above the poverty threshold for a family of three.
- Nearly one of every four respondents earns less than \$10.00 per hour or \$17,762 per year for a full-time worker.
- The median hourly wage among those surveyed is \$11.96 or \$24,877 per year for a full-time worker.
- Full-time employees must pay between \$1,020 and \$2,400 per year to secure health insurance for their families, with deductibles and co-pays likely adding hundreds more dollars to each employee's annual health care spending.

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Comparative Analysis

In addition to the survey, SEIU United Healthcare Workers West (SEIU UHW) performed a comparative analysis of Enloe's compensation practices to those of hospitals in communities similar to Chico.

- Enloe Medical Center's wages are as much as forty percent lower than those at Mercy Medical Center in Redding and Mt. Shasta. For example, entry-level Housekeepers at these two hospitals earn \$12.77 per hour, while Housekeepers at Enloe earn as little as \$7.50—only 75 cents above California's minimum wage. The starting salary for a Certified Nurse Assistant at Mercy Medical Center-Redding and Mt. Shasta is \$13.74 per hour, compared to as little as \$9.66 at Enloe Medical Center.
- While Enloe Medical Center requires full-time employees to pay up to \$2,400 per year in premiums alone, Mercy Medical Center-Redding and Mt. Shasta provide fully employer-paid health insurance (medical, dental and vision) for employees, spouses, domestic partners, and dependents—effectively raising Mercy's employees' wages by an additional \$1.15 per hour.

Regional Benchmarks

The report also compares Enloe employees' incomes to regional income-sufficiency standards developed by several nonpartisan economic and policy institutes.

- The median annual income for a full-time Enloe employee (\$24,877) is \$8,000 below the level deemed necessary for self-sufficiency by the National Economic Development and Law Center and the Economic Policy Institute, and more than \$18,000 below the annual income level deemed necessary for self-sufficiency (\$43,396) by the California Budget Project.
- Nearly one of every four surveyed Enloe employees earns less than \$10.46 per hour, the minimum amount necessary to afford a one-bedroom apartment in Chico, according to the Center for Housing Policy, the research affiliate for the National Housing Conference.

IMPLICATIONS

Enloe Medical Center's compensation practices have far-reaching consequences for its employees and the general public.

For Employees. Many employees and their families experience serious hardship because of the hospital's substandard wages and inadequate benefits.

- More than half (54 percent) of full-time employees surveyed have experienced at least one serious hardship over the past year, such as having utilities turned off because of an inability to pay or losing independent housing because of financial difficulties.

- Nearly one-third of the hospital workforce surveyed did not receive, or postponed receiving, medical care or did not fill a prescription due to lack of money or health insurance.
- Due to an inability to pay, nearly one of every five employees surveyed fell behind on their rent payments.
- More than one of every 10 employees received free food from a food pantry, food bank or meal program in the last year.

For Taxpayers. Enloe Medical Center’s substandard wages and unaffordable health insurance place a tremendous burden on taxpayers and have harmful effects on the local and regional economy.

- As a result of Enloe’s substandard compensation practices, taxpayers spend an estimated \$428,710 per year to subsidize Enloe employees enrolled in six income-based government assistance programs.
- Nearly one in every four employees currently receives or has received some form of income-based, taxpayer funded government assistance while employed by Enloe.
- One of every six full-time employees surveyed currently uses or has used Medi-Cal or Healthy Families, taxpayer funded health-care programs, while working at Enloe.

RECOMMENDATIONS

As one of the region’s largest employers and the area’s largest non-profit hospital, Enloe Medical Center should be providing fair compensation to its workforce rather than expanding the ranks of the working poor. Better pay and employer-financed health insurance not only will bring desperately needed improvements to the hospital’s employees and their families, they also will help the hospital recruit and retain a stable and experienced workforce – an essential ingredient for delivering high quality care to patients. Based on our findings, we recommend the following actions:

- Enloe should ensure that all employees in their facilities earn industry-standard wages so they can be financially self-sufficient and end their reliance on government assistance.
- In order to address the health insurance deficiencies captured by the employee survey, Enloe should follow the example of Mercy Medical Center-Redding and Mt. Shasta by providing fully employer-paid health insurance for its employees as well as their family members.
- Enloe’s management should work constructively with employees to make long overdue improvements at the hospital by negotiating a labor contract that meets industry standards.

More than one-tenth (11 percent) of surveyed employees earn less than \$8.00 per hour. Within this group, the average yearly salary is \$15,736 or \$320 per week—only slightly above the poverty threshold for a family of three.

Nearly one-third of Enloe Medical Center’s full-time employees have not received or have postponed receiving medical care or surgery because of lack of money or insurance during the past year.

INTRODUCTION

Enloe Medical Center, a 391-bed full-service acute-care hospital in Chico, is the largest private employer in Butte County with nearly 2,300 employees. As such, Enloe’s treatment of its employees has far-reaching implications for employment practices and conditions both locally and throughout the region. Enloe could be an exemplary employer in the region by providing its workforce with decent wages and affordable health care. Unfortunately, Enloe has chosen a lesser path, providing many employees with substandard wages and health insurance that is so costly it is out of reach for many. Enloe’s employment practices hurt their employees and their families and also negatively affect the surrounding community. Enloe’s low wages and inadequate health insurance force many employees to turn to government programs, placing a burden on taxpayers and limiting their contribution to the local economy. This report examines the effects of the current employment practices of Enloe Medical Center on its workforce and on the broader Chico/Butte County community.

This report is divided into two sections. The first section of the report provides survey and research findings on the wages and benefits of Enloe Medical Center’s workforce by comparing them, first, to the wages and benefits of employees at similar hospitals and, secondly, to regional benchmarks that measure the cost of living in Butte County and Chico. The second part of the report examines the implications of Enloe Medical Center’s employment practices on 1) the quality of life for employees and their families, 2) the hospital’s tax burden on the public, and 3) its negative impact on the local economy.

Part 1. Wages and Benefits

More than two years ago, nursing assistants, pharmacy technicians, phlebotomists, medical records clerks, housekeepers, dietary aides and other caregivers of Enloe Medical Center sought help from SEIU United Healthcare Workers West (SEIU UHW) to make long-needed improvements at the hospital. In July of 2005, Enloe’s administration placed an advertisement in the Chico Enterprise Record highlighting their “proud heritage” and some “facts” about the treatment of their employees. The advertisement claimed that non-management employees earn an average wage of \$47,548.^{1,2} The advertisement also discussed the provision of health insurance to employees, claiming to offer “premium benefits” to employees. In an effort to better understand how Enloe Medical Center’s workforce is actually faring, SEIU United Healthcare Workers West (SEIU UHW) conducted a survey of service employees, housekeepers, and dietary employees (see Appendix 1). Through this survey, employees themselves paint a very different picture of the wages and benefits provided by Enloe.

¹ Newspaper advertisement in the Chico Enterprise Record, July 26, 2005.

² This figure is misleading, however, because using average wages rather than median wages tend to inflate numbers with exceptionally high salaries, including those of registered nurses.

SURVEY FINDINGS

Regarding wages, the employee survey found the following:

- More than one-tenth (11 percent) of surveyed employees earn less than \$8.00 per hour. Within this group, the average yearly salary is \$15,736 or \$320 per week—only slightly above the poverty threshold for a family of three. With wages at this level, many would qualify for various forms of income-based, taxpayer-funded public assistance, which will be discussed below.
- Nearly one-quarter (24 percent) of respondents earn less than \$10.00 per hour or \$17,762 per year for a full-time worker.
- The median hourly wage among surveyed employees is \$11.96 or \$24,877 per year for a full-time worker, far less than the \$47,548 Enloe claims.

Regarding benefits, the survey revealed the following:

- Employees have a choice between two insurance plans requiring full-time employees to pay between \$1,020 and \$2,400 per year in premiums in addition to deductibles and co-pays.
- Nearly one-third of Enloe Medical Center’s full-time employees surveyed have not received or have postponed receiving medical care or surgery because of lack of money or insurance during the past year. These employees are unable to afford the high premiums of Enloe’s “Classic Plan” or they find the out-of-pocket expenses of its “Value Plan” too costly.

WAGE AND BENEFIT COMPARISON

Enloe Medical Center claims that it provides competitive wages and benefits. However, the wages and benefits of surveyed employees are inferior to those of similar hospitals. For example, wages at Enloe are as much as forty percent lower than those at Mercy Medical Center Redding and Mercy Medical Center Mt. Shasta, even though these areas have similar, if not lower, costs of living.³ As the table below shows, entry-level Housekeepers at Mercy Medical Center earn

Current Hourly Wage ⁴			
Classification	Enloe Medical Center	Mercy Medical Center-Redding and Mt. Shasta	Per Hour Difference
Housekeeper	\$7.50	\$12.77	\$5.27
Certified Nurse Assistant	\$9.66	\$13.24	\$3.58
Food Service Worker	\$8.00	\$12.62	\$4.62
Transporter	\$9.45	\$12.46	\$3.01

³ Based on the Center for Housing Policy report as well as the Economic Policy Institutes’ Basic Family Budget Calculator, the cost of living is lower in Redding than it is in Chico.

⁴ Enloe Medical Center wages based on bargaining unit and survey data. Catholic Healthcare West and Service Employees International Union Contract, effective 2004 through 2008.



Marcie Basner has been a Certified Nursing Assistant at Enloe Medical Center for one and a half years. As a full-time worker, Marcie earns \$11.67 per hour and pays \$60 per month for health insurance through Enloe’s plan. Recently, Marcie rushed her 2-year old son to the nearest emergency room—Oroville Hospital—after he swallowed an entire bottle of Benadryl. Her Enloe insurance plan determined that this event was not “life threatening” and refused to pay more than \$50 of the \$570 bill. Because Marcie’s wages are insufficient to cover unexpected emergencies like this, she is now being sued by a debt collection agency for the remainder of the emergency bill and has applied for Healthy Families to cover her son. “I’ve worked at Enloe for a year and a half now. Just in that time I’ve seen several CNAs come and go in our department. I don’t blame them. I’m still only making \$11.67 an hour, and I’m about to lose health insurance for my son. It’s hard to stay at Enloe with things like this, but I want to stay and make things better.”

11 percent of employees received free food from a food pantry, food bank or meal program in the last year.

\$12.77 per hour while some Housekeepers at Enloe receive \$7.50—only 75 cents above California’s minimum wage. The starting salary for a Certified Nurse Assistant at Mercy Medical Center is \$13.24 per hour, compared to as little as \$9.66 per hour at Enloe Medical Center.

In addition to significantly higher hourly wages, employees at Mercy Medical Center receive far superior health insurance benefits. According to Mercy’s most recent contract, “The Employer will provide fully Employer-paid health insurance (medical, dental and vision) for employees, spouses (and legally domiciled adults, as defined by IRS), and dependents.”⁵ Employees of Mercy Medical Center essentially receive an additional \$1.15 per hour in health benefits. The employees of Enloe have significantly inferior wages and benefits in comparison to employees who do the same work in communities with demographics similar to those of Chico.

REGIONAL BENCHMARKS

Enloe Medical Center’s wages and benefits not only fall short of those provided by comparable institutions, they also fall well below self-sufficiency standards developed by nonpartisan economic and policy institutes. According to a recent study issued by the Center for Housing Policy, a resident in the Chico-Paradise metropolitan statistical area (MSA), regardless of their family status, would need to earn \$10.46 per hour to afford a one-bedroom apartment and \$12.62 per hour to afford a two-bedroom unit.⁶ Twenty-three percent of surveyed employees earn less than \$10.46 per hour, meaning financial self-sufficiency is out of reach for many Enloe employees. According to analyses performed by three separate policy institutions (see Table 2), a family comprised of one parent and two children living in the Chico-Paradise MSA or Butte County must earn an average of

Table 2. Basic Family Budget Calculator, 1 Parent/2 Child ⁷			
Monthly Costs	NEDLC	CBP	EPI
Housing	\$698	\$623	\$656
Food	\$425	\$496	\$405
Child Care	\$513 ⁸	\$826	\$892
Transportation	\$266	\$308	\$275
Health Care	\$323	\$685	\$264
Other Necessities	\$254	\$375	\$286
Taxes	\$246 ⁹	\$304	\$5
Total	\$2,777	\$3,616	\$2,783
Annual Total Expenses	\$33,324	\$43,396	\$33,396
Median Income of Surveyed Enloe Employees	\$24,877		
Shortfall	-\$8,447	-\$18,519	-\$8,519

⁵ Catholic Healthcare West and Service Employees International Union Contract, effective May, 2004 through November, 2008.

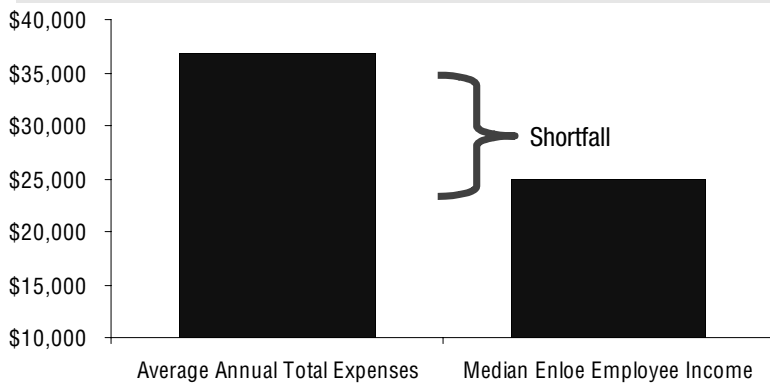
⁶ Center for Housing Policy, Paycheck to Paycheck—Chico-Paradise, CA.

⁷ Basic Family Budget Calculator, Economic Policy Institute (EPI); The Self-Sufficiency Standard, National Economic Development and Law Center (NEDLC); Basic Family Budgets, California Budget Project. (CBP). Median Enloe employee income based on survey respondents.

⁸ Childcare cost takes into account the amount provided in the form of the Child Care Tax Credit and the Child Tax.

⁹ The earned income tax credit is subtracted from the amount owed in taxes.

Table 3. Difference Between Average Annual Total Expenses of NEDLC, CBP and EPI, and Enloe Median Income



\$36,705 a year to make ends meet. The median income for a full-time worker at Enloe is \$24,877, or \$11,828 below the average income level deemed necessary for financial self-sufficiency.

In recent years, policymakers have emphasized the importance of employment as a means of lifting families out of poverty. For working families to become financially self-sufficient, however, companies must provide their employees with decent wages and adequate benefits. As an employer, Enloe is falling short and is preventing a significant number of its employees from achieving a basic level of financial self-sufficiency.

Part 2. Implications

HARDSHIPS

Table 4. Types of Hardships Experienced by Full-time Enloe Employees

% Full-time Responding Yes	Type of Hardship
31.2%	Not received or postponed receiving medical care or surgery because of lack of money or insurance
25.0%	Not filled a prescription because of lack of money
11.3%	Received free food or meals from a food pantry, food bank, or meal program
11.3%	Had either the gas, electricity, or telephone turned off because unable to afford the bill
17.5%	Fallen behind on rent
11.3%	Moved in with people because of financial difficulties
11.3%	Received assistance from charity, religious or community organizations

Many employees are not just struggling to get by; a significant number are facing serious hardships. The survey asked employees to identify the types of serious hardships they have faced in the past year in trying to make ends meet. Table 4 summarizes their responses.

Studies have shown that families earning wages above the poverty line but below basic family budget levels experience many of the same hardships as families living in poverty.¹⁰ Survey responses from Enloe employees reinforce these findings.

¹⁰ Hardships in America: The Real Story of Working Families. Heather Boushey et al. Economic Policy Institute, July 2001.



Jim Picard has been a Certified Nursing Assistant at Enloe for two years. He works full-time and earns approximately \$10.60 an hour. His wife, Venus, is a part-time cook at a nearby preschool. The cost of Enloe's insurance for dependents is unaffordable, meaning that Jim and Venus must rely on Healthy Families for all three of their children. Jim pays \$94 per pay period to insure himself and his wife; however, they only use their insurance for catastrophic events because the co-payment and prescription drug costs are too expensive. Quite frequently, they have foregone medical treatment because of the cost. Without public assistance through Healthy Families and occasional assistance from relatives, Jim and Venus would not be able to make ends meet. "I am a full-time healthcare worker without adequate insurance for myself or my family. I pay a lot for Enloe insurance for myself and my wife, but we can only afford to use it for emergencies because it costs so much every time we go to the doctor or get prescriptions. And without Healthy Families, my kids wouldn't have health insurance."



Kelly Juarez has been a Monitor Technician in Enloe Medical Center's Intensive Care Unit for more than 15 years. As a full-time employee, Kelly must pay nearly \$180 per month for health insurance for herself and her two daughters. Additionally, as the mother of a special-needs child, Kelly is faced with the burden of extra medical bills and extra prescription costs, but the insurance she pays for through Enloe does not cover many of her daughter's health care expenses. Because of the substandard health insurance Enloe offers and inadequate wages to cover the costs herself, Kelly has turned to need-based public assistance programs such as Medi-Cal and Women, Infants, and Children (WIC) to cover her daughter's cardiac care, hearing therapy, occupational therapy and EKGs.

- More than half (54 percent) of full-time employees have faced at least one of the serious hardships listed above.
- In terms of health impacts, nearly one-third (31 percent) of the hospital workforce surveyed did not receive, or postponed receiving, medical care or did not fill a prescription because of lack of money or health insurance.
- Due to inability to pay, nearly one-fifth of surveyed employees fell behind on their rent.

PUBLIC COSTS

With profits of nearly \$6 million in 2004, Enloe Medical Center has the financial resources to pay livable wages and to provide affordable health insurance for all of its employees.¹¹ Enloe's decision to offer low wages and inadequate benefits places a large share of its workforce in a position of economic vulnerability and in many cases creates a reliance on public assistance programs. This has far reaching consequences not only for the employees and their families, but for the community's taxpayers as well. Due to low wages, many full-time Enloe employees are eligible for and receive some form of income-based, taxpayer-funded government assistance.

- Taxpayers spend an estimated \$428,710 per year to subsidize all of the Enloe employees enrolled in six income-based government assistance programs.
- Nearly one-quarter (23 percent) of surveyed employees currently receive or have received some form of government assistance while employed by Enloe.
- One-sixth (15 percent) of full-time employees surveyed currently use or have used Medi-Cal or Healthy Families while working at Enloe.

The provision of any income-based government assistance to a low-wage, full-time employee is, in effect, a hidden subsidy from the government to the hospital. In this case, Enloe Medical Center is forcing taxpayers to supplement its substandard wages and inadequate health insurance with public monies. A report published recently by the University of California at Berkeley found that the government spent \$5.7 billion providing need-based government assistance to working families in California who earned wages lower than \$8.00 per hour, and an additional \$1.9 billion on employees with wages between \$8.00 and \$10.00 per hour.¹² Many employees at Enloe earn less than \$10.00 per hour and contribute to these numbers.

¹¹ In 2004, Enloe Medical Center's profits were nearly \$6 million. Source: IRS Form 990, Fiscal Year 2004.

¹² The Hidden Public Costs of Low-Wage Jobs in California. Carol Zabin, Arindjat Dube and Ken Jacobs. Center for Labor Research and Education, UC Berkeley. May 2004.

Table 5. Average Cost, Public Assistance Programs, 2002¹⁵

	Cost Per Beneficiary	Percent of Employee Enrollment	Cost for all Beneficiaries
Medi-Cal	\$1,722	13%	\$146,043
EITC	\$1,697	13%	\$167,418
CalWorks	\$2,341	3%	\$55,037
Food Stamps	\$980	1%	\$9,188
Healthy Families	\$1,095	3%	\$25,743
Section 8	\$1,338	3%	\$25,282
Total Cost	\$9,173		\$428,710

How much does this hidden subsidy cost the public? Table 5 shows the estimated total cost to taxpayers for all of the public assistance programs utilized by Enloe’s employees. The first column provides the cost of each program per beneficiary. Column two provides the estimated percentage of all housekeeping, dietary, and service employees enrolled in each of these programs.¹³ The third column presents the total cost for all Enloe beneficiaries of each program.¹⁴ As shown in Table 5, it is estimated that taxpayers spend approximately \$428,710 per year to subsidize all of the Enloe employees enrolled in major need-based, public assistance programs.

IMPACT ON LOCAL ECONOMY

Enloe Medical Center’s substandard wages also hurt the local economy. A large share of Enloe’s workforce earns so little that they lack the income needed for discretionary spending. According to the survey, 11 percent of employees received free food from a food pantry, food bank or meal program in the last year. If given sufficient wages, these employees would have purchased goods at local stores, thereby increasing local consumer spending rather than relying on charitable assistance. Similarly, one-quarter of surveyed full-time employees did not purchase prescriptions at a local pharmacy because they lacked health insurance and/or sufficient income. If Enloe were to raise wages and provide adequate benefits to its employees, it would positively affect not only their employees but also the Chico and Butte County economies.

It is estimated that taxpayers spend approximately \$428,710 per year to subsidize all of the Enloe employees enrolled in major need-based, public assistance programs.

¹³ The estimated percent of employees enrolled in each program was developed using the percent of employees who answered “yes” in the survey and extrapolating those numbers to project the share of overall workers receiving public assistance.

¹⁴ Based on the cost per beneficiary multiplied by the estimated number of enrolled employees.

¹⁵ Ibid. Recent trends indicate costs for each of these programs are on the rise. Therefore, the amounts presented in this table most likely underestimate the public costs.

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RECOMMENDATIONS

As one of the region's largest employers and the area's largest non-profit hospital, Enloe Medical Center should be providing fair compensation to its workforce rather than expanding the ranks of the working poor. Better pay and employer-financed health insurance will not only bring desperately needed improvements to the hospital's employees and their families, they will help the hospital to recruit and retain a stable and experienced workforce – an essential ingredient for delivering high quality care to patients. Based on our findings, we recommend the following actions:

- Enloe should ensure that all employees in their facilities earn industry-standard wages so they can be financially self-sufficient and end their reliance on government assistance.
- In order to address the health insurance deficiencies captured by the employee survey, Enloe should follow the example of Mercy Medical Centers in Redding and Mt. Shasta by providing fully employer-paid health insurance for its employees as well as their family members.
- Enloe's management should work constructively with employees to make long overdue improvements at the hospital by negotiating a labor contract that meets industry standards.

Enloe Medical Center's executives and Board of Trustees have expressed pride in the community-based tradition of the hospital. As the only hospital in the community and the largest private employer in the region, Enloe has an obligation to play a positive role in the community not only in providing patient care but also through its treatment of employees. Based on the analysis provided in this report, Enloe is not being a responsible community player.

APPENDIX 1

Methodology

Employees at Enloe Medical Center completed surveys over a two-week period in August 2005. The staff of SEIU distributed the surveys to Enloe Medical Center employees and received 106 responses. Over ten percent of workers in the service unit and more than twenty percent of housekeeping and dietary workers participated in the study.

Although the survey included a total of 18 questions, this report only examines responses to the questions relating to wages, hardships, and reliance on government assistance. Additional questions not included in this report relate to patient care, staffing, employee safety and labor codes.

The three questions that are included in this report, as presented in the survey, are:

1. What is your base hourly rate of pay (not including differentials)?

2. Below is a list of programs utilized by many families throughout California. Please identify which, if any, you are currently receiving or have received while working at Enloe.

Public assistance, welfare, or other safety net assistance

Medi-Cal

Healthy Families

Food Stamps

Section 8 housing assistance

The earned income tax credit (EITC)

3. Below is a list of several problems that many families face when trying to make ends meet. Over the past year, have you or members of your household:

Not gotten or postponed getting medical care or surgery because of lack of money or insurance

Not filled a prescription because of lack of money

Received free food or meals from a food pantry, food bank, or meal program

Had either the gas, electricity, or telephone turned off because you were unable to afford the bill

Fallen behind in your rent

Moved in with people because of financial difficulties

Received assistance from charity, religious or community organization

It is important to note that underreporting for these types of questions in a survey is common, as many people prefer not to divulge such personal information.

Enloe Health System Subsidiaries:

- Enloe Medical Center (nonprofit)
- Enloe Health Foundation (nonprofit)
- Superior California Enterprises (for-profit)
- Chico Physicians Practice & Support Services (for-profit)
- Sierra Valley Management Services Organization, Inc. (for-profit)

APPENDIX 2

Facts about Enloe Medical Center

Enloe Health System (EHS) is the primary provider of health services for residents of Butte and surrounding counties. EHS is a nonprofit health system and consequently does not pay property or income taxes. EHS has several for-profit and nonprofit subsidiaries, including Enloe Medical Center (EMC).

Finances

- In fiscal year 2004, EHS earned more than \$7 million dollars.¹⁶
- Between fiscal years 2001 and 2004, EMC has transferred \$76 million dollars to EHS. It is unclear whether these dollars are used for management of EHS's nonprofit or for-profit entities.¹⁷

Executive Compensation

- In 2004, Philip Wolfe, CEO, earned \$629,361 in total compensation, up 48.4 percent from 2003. Philip Wolfe's compensation is nearly 23 times the median income in the Chico-Paradise metropolitan statistical area (\$27,104) and as much as 40 times that of some employees.¹⁸
- Daniel Neumeister, COO, received \$332,855 in total compensation in 2004, up 114.3% from 2003.
- The salaries of Enloe's top executives are exceptional relative to those of other executives in the region; the new Superintendent of Chico Unified School District, Chet Francisco, earns \$170,000 yearly, and the President of Chico State, Dr. Paul Zingg, earns \$235,008.¹⁹

Utilization

- In 2004, there were a total of 71,241 patient days and 266,615 outpatient visits at Enloe Medical Center.²⁰
- In 2004, Enloe spent \$533,631 on charity care or .26% of its net patient revenue. The average level of charity care for nonprofit hospitals in California is roughly three times greater.²¹

¹⁶ Enloe Health System and Subsidiaries Independent Auditor's Report and Consolidated Financial Statements with Supplemental Information, June 30, 2004 and 2003.

¹⁷ Enloe Medical Center, IRS Form 990, fiscal year 2001 through 2004.

¹⁸ California Employment Development Department, Labor Market Information Division, Occupational Employment Statistics survey, 1st Quarter 2005.

¹⁹ Chet Francisco's salary was found at http://www.chicoer.com/editorial/ci_3024183 (accessed 9/26/05), Dr. Paul Zingg's compensation (including annual housing allowance) is available from the Committee on University and Faculty Personnel, Agenda Item 1, November 18-19, 2003.

Labor Relations

Dietary and Housekeeping Employees

In July of 2003, Enloe subcontracted its Dietary and Housekeeping Services to the Compass Group, a multi-billion-dollar company based in England that operates in 90 countries around the world. As a result, longtime employees lost wages, health benefits, accrued sick leave and vacation time. Although Compass is willing to provide higher wages to dietary and housekeeping employees at Enloe, Enloe refuses to provide the necessary additional funding.²²

Caregivers and Service Employees

In an effort to improve working conditions at their hospital, the majority of service employees voted for union representation in April of 2004. Following the election, Enloe filed objections to the results, questioning the validity and fairness of the election. The National Labor Relations Board (NLRB) determined that Enloe's objection had no merit, and certified the election results.²³ Despite the federally appointed board's direction, Enloe administrators have decided again to spend more patient-care dollars to challenge the NLRB's decision, and have violated the law by refusing to bargain with employees.

²⁰ Office of Statewide Health Planning and Development Healthcare Quality and Analysis Division, Hospital Annual Financial Data, 2004.

²¹ Ibid.

²² According to the contract between Enloe Medical Center and Compass, "If the unionization of some or all of Crothall's and/or Morrison's employees at Medical Center causes an increase in excess of three percent (3%) in the wages and/or fringe benefits of the Crothall Productive Labor or Morrison Hourly Personnel, the parties shall negotiate in good faith to adjust the Crothall Contract price and the Morrison Contract price to account for such additional costs."

²³ Decision and Report on Objections Before the National Labor Relations Board Division of Judges, San Francisco Branch Office Case(s) # 20-CA-31806-1, 20-RC-17937, 20-RC-17938, 20-RC-17939, issued by Gerald A. Wacknov, Administrative Law Judge, dated: February 14, 2005. The decision, order, and certification of representative by Chairman Battista, and Members Liebman and Schaumber was issued on August 27, 2005. http://www.nlr.gov/nlr/shared_files/decisions/345/345-54.pdf

GRAPHS TO BE MANIPULATED.

Table 1: Wages at Enloe Medical Center and Mercy Medical Center Redding and Mt. Shasta

Current Hourly Wage ⁴			
Classification	Enloe Medical Center	Mercy Medical Center-Redding and Mt. Shasta	Per Hour Difference
Housekeeper	\$7.50	\$12.52	\$5.02
Certified Nurse Assistant	\$9.66	\$12.99	\$3.33
Food Service Worker	\$8.00	\$12.53	\$4.53
Transporter	\$9.45	\$12.22	\$2.77

Table 2. Basic Family Budget Calculator, 1 Parent/2 Child³

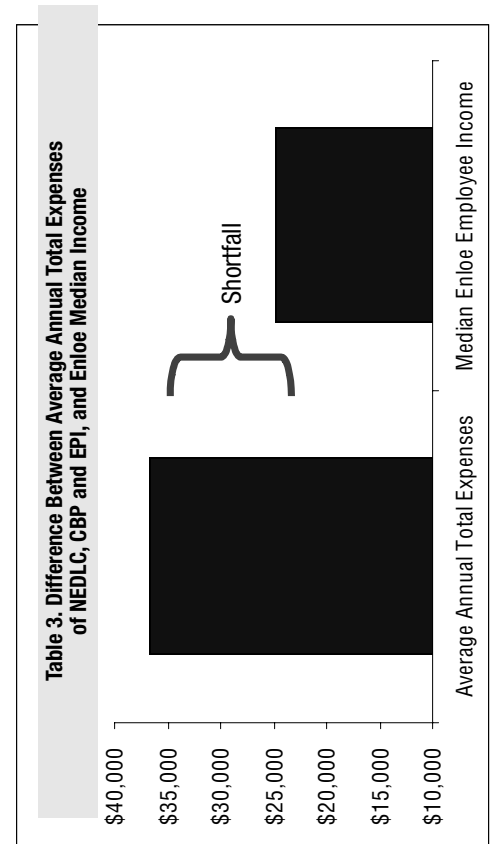
Monthly Costs	NEDLC	CBP	EPI
Housing	\$698	\$623	\$656
Food	\$425	\$496	\$405
Child Care	\$513 ³	\$826	\$892
Transportation	\$266	\$308	\$275
Health Care	\$323	\$685	\$264
Other Necessities	\$254	\$375	\$286
Taxes	\$246	\$304	\$5
Total	\$2,777	\$3,616	\$2,783
Annual Total Expenses	\$33,324	\$43,396	\$33,396
Median Income of Surveyed Enloe Employees	\$24,877		
Shortfall	-\$8,447	-\$18,519	-\$8,519

Table 4. Types of Hardships Experienced by Full-time Enloe Employees

% Full-time Responding Yes	Type of Hardship
31.2%	Not received or postponed receiving medical care or surgery because of lack of money or insurance
25.0%	Not filled a prescription because of lack of money
11.3%	Received free food or meals from a food pantry, food bank, or meal program
11.3%	Had either the gas, electricity, or telephone turned off because unable to afford the bill
17.5%	Fallen behind on rent
11.3%	Moved in with people because of financial difficulties
11.3%	Received assistance from charity, religious or community organizations

Table 5. Average Cost, Public Assistance Programs, 2002

	Cost Per Beneficiary	Percent of Employee Enrollment	Cost for all Beneficiaries
Medi-Cal	\$1,722	13%	\$146,043
EITC	\$1,697	13%	\$167,418
CalWorks	\$2,341	3%	\$55,037
Food Stamps	\$980	1%	\$9,188
Healthy Families	\$1,095	3%	\$25,743
Section 8	\$1,338	3%	\$25,282
Total Cost	\$9,173		\$428,710



¹¹ In 2004, Enloe Medical Center's profits were nearly \$6 million. Source: IRS Form 990, Fiscal Year 2004.

¹² The Hidden Public Costs of Low-Wage Jobs in California. Carol Zabin, Arindjat Dube and Ken Jacobs. Center for Labor Research and Education, UC Berkeley. May 2004.

¹³ The estimated percent of employees enrolled in each program was developed using the percent of employees who answered yes in the survey and extrapolating those numbers to project the share of overall workers receiving public assistance.

¹⁴ Based on the cost per beneficiary multiplied by the estimated number of enrolled employees.

¹⁵ Ibid. Recent trends indicate costs for each of these programs are on the rise, therefore, the amounts presented in this table most likely underestimates the public costs.

¹⁶ Enloe Health System and Subsidiaries Independent Auditor's Report and Consolidated Financial Statements with Supplemental Information, June 30, 2004 and 2003.

¹⁷ Enloe Medical Center, IRS Form 990, fiscal year 2001 through 2004.

¹⁸ California Employment Development Department, Labor Market Information Division, Occupational Employment Statistics survey, 1st Quarter 2005.

¹⁹ Chet Francisco's salary was found at http://www.chicoer.com/editorial/ci_3024183 (accessed 9/26/05), Dr. Paul Zingg's compensation (including annual housing allowance) is available from the Committee on University and Faculty Personnel, Agenda Item 1, November 18-19, 2003.

²⁰ Office of Statewide Health Planning and Development Healthcare Quality and Analysis Division, Hospital Annual Financial Data, 2004.

²¹ Ibid.

²² According to the contract between Enloe Medical Center and Compass, "If the unionization of some or all of Crothall's and/or Morrison's employees at Medical Center causes an increase in excess of three percent (3%) in the wages and/or fringe benefits of the Crothall Productive Labor or Morrison Hourly Personnel, the parties shall negotiate in good faith to adjust the Crothall Contract price and the Morrison Contract price to account for such additional costs."

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