

Underemployment a continuing problem for Silicon Valley - Silicon Valley Business Journal

California captured the nation's attention after its historic \$15-an-hour minimum wage legislation was signed by Gov. Brown last month.

But in Silicon Valley, this apparent gain for workers continues to be overshadowed by a lingering problem: underemployment.

According to a recent report, more than four out of ten hourly workers in San Jose have less than a full-time schedule at their primary job. Of those, 63 percent are women and 69 percent are people of color.

The report, titled "A Hidden Crisis: Underemployment in Silicon Valley's Hourly Workforce," was published by the Center for Popular Democracy, a left-leaning public policy advocate, and Working Partnerships USA, a Silicon Valley-based organization focused on reducing inequality and poverty.

Based on U.S. Census figures, the report's authors estimate that 47 percent of San Jose's total workforce is employed in hourly work. Citing a 2015 Bureau of Labor Statistics population survey, the report adds that 19 percent of these part-time workers want to work full-time, but are "stuck" in part-time schedules.

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The CPD report argues that the prosperity enjoyed by Silicon Valley's tech industry and community is ultimately driven by the labor of hourly workers. "If the tech sector, with its six-figure-plus salaries, is the primary economic engine for Silicon Valley, these hourly workers make the engine run."

While San Jose's employment figures have grown steadily since the recession, the number of employed people who qualify as low-income has remained around 20 percent.

This low-income figure persists despite recent increases to the city's minimum wage: in 2010, San Jose's minimum wage was \$8, increasing to \$10.30 in 2015. Yet according to the CPD report, during that time, the percentage of hourly workers in the San Jose metropolitan area increased from about 30 percent to 43 percent.

Reliance on part-time workers has created a spillover effect in both the public and private sector. The report's authors say that 45 percent of part-time workers in Santa Clara County rely upon public programs for health coverage, a benefit typically offered through full-time employment.

Insufficient work hours may also harm Silicon Valley employers. The CPD report argues that part-time

work is “bad for business,” citing a recent study published in Management Science that showed that “overreliance on part-time and temporary workers can result in lower sales and lower profitability.” Another cost of part-time work is higher turnover; one study cited by the report found that part-time workers in retail generated a 44 percent higher turnover rate than full-time workers.

Is there a way to reduce underemployment? The report’s authors recommend that San Jose “continue the important work that began with raising the minimum wage” by ensuring that hourly workers are employed for a sufficient number of hours each week.

In fact, Working Partnerships has partnered with Silicon Valley Rising on an initiative to put underemployment legislation on the November ballot, as reported in January by Silicon Valley Business Journal [reporter Nathan Donato-Weinstein](#). According to its website, the Opportunity to Work initiative calls for large companies to “offer additional work hours to current qualified part-time workers first before hiring new employees including additional temps or subcontractors.”

[Derecka Mehrens](#), executive director of Working Partnerships USA, says that improved work hours are a core tenet of reducing poverty among workers.

“Now that there’s a path to a \$15 minimum wage in the state,” Mehrens said, “the next big fight is to make sure that that \$15 wage is accompanied by access to enough hours to make a family-sustaining income.”