

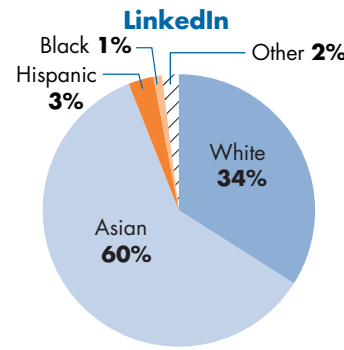
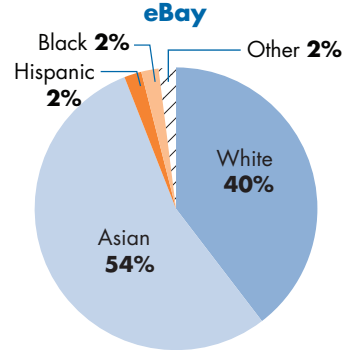
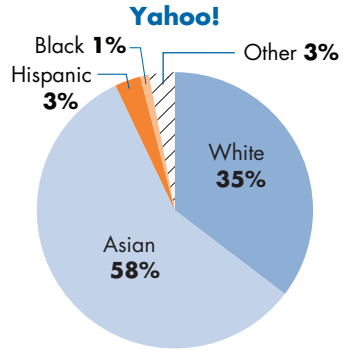
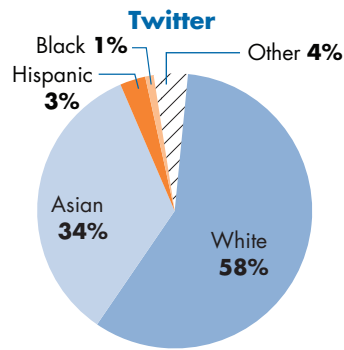
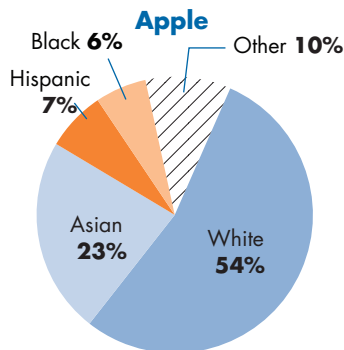
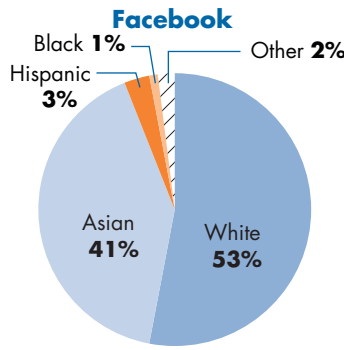
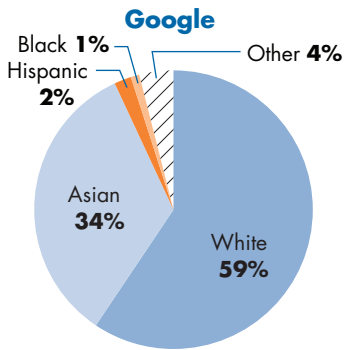
# Tech's Diversity Problem

More Than Meets the Eye



**WORKING PARTNERSHIPS USA**

# Tech's Diversity Problem: More Than Meets the Eye



(U.S based tech workforce as disclosed by companies)

Tech is both Silicon Valley's defining industry and its primary economic engine. In the wake of the Great Recession, that engine has come roaring back at full speed. In 2013, Silicon Valley's top 150 tech companies pulled in a record \$103.7 billion in profits,<sup>1</sup> an enormous generation of wealth: by comparison, the entire California state budget for both K-12 and higher education totaled only half that amount.<sup>2</sup>

How is this wealth benefitting – or failing to reach – the Silicon Valley communities and workers who support these businesses' success? New data reveal tech's direct impact not only on its engineering workforce, but on the broader problems of inequality and working poverty in the region that so many tech superpowers call home.

## A Visible Lack of Diversity: few blacks and latinos in tech

In one of the most diverse regions of the nation, the lack of diversity in tech's highly-paid workforce is striking. Employees like software engineers at major Silicon Valley tech firms earn upwards of \$100,000 per year, with benefits ranging from stock options to free child-care, onsite fitness centers, complimentary gourmet meals and shuttle services.<sup>3</sup> Much media attention has recently focused on major tech firms' failure to recruit Latino, black and female workers for these sought-after jobs.

Under pressure from the public and the media, Silicon Valley's largest tech firms recently disclosed data on the diversity of their core workforce. The numbers show an industry that is far behind the curve when it comes to racial and gender equality. Among the companies who have released data – Facebook, Twitter, LinkedIn, Yahoo, Google and eBay – the portion of their U.S.-based tech workers who were either Black or Latino ranged between 3 to 4 percent. (One more, Apple, led the pack with 13 percent.)

By comparison, if we examine the entire workforce in Santa Clara County, the portion of workers who are Black or Latino is 28% - twice the proportion at Apple, and over *seven times* the proportion at the other tech companies disclosed.

In the face of this visible disparity, tech companies have vowed to do better in recruitment, hiring, training and building the pipeline. Apple CEO Tim Cook wrote of Apple's diversity data, "As CEO, I'm not satisfied with the numbers on this page . . . We know we can do more."

## Tech's invisible workforce: diverse but underpaid

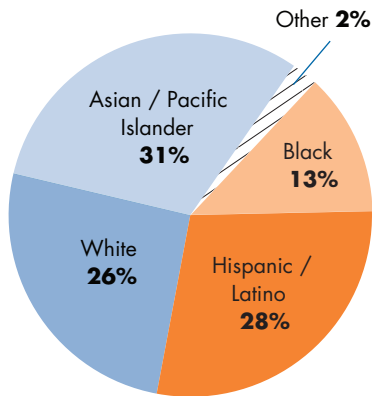
While these steps are laudable, the media frenzy around engineers and coders is missing a deeper problem. The reality is that tech already employs the services of an army of Latino, Black, and immigrant workers: those who clean, guard, maintain, and cook on tech campuses every day, often for poverty-level wages.

These contracted service workers – not counted on tech companies' official employment rolls and rarely mentioned in the public discourse – constitute the Silicon Valley tech industry's "invisible workforce".

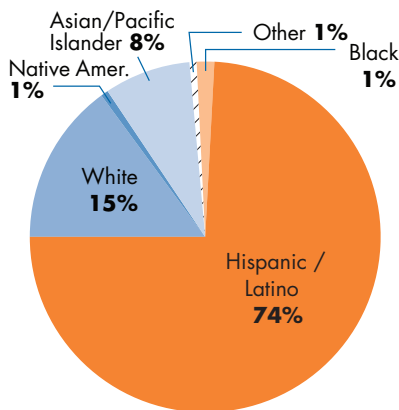
These "invisible" workers do not share in the success of the industry which they daily labor to keep running. As contracted workers, their employer of record is not Google or Apple, but a middleman, making them ineligible for most of the benefits and amenities offered on the campuses where they work.

Although they go to work each day on the same campus as the engineers and coders, their wages are worlds apart. In the two largest tech occupations in Santa Clara County – systems software developers and applications software developers – the respective median wages are \$63.62 and \$61.87. In sharp contrast, the median wages for the three largest categories of contracted workers – landscaping workers, janitors, and security guards – are \$13.82, \$11.39, and \$14.17. A janitor working full-time at that wage would have to use his or her entire monthly income plus working overtime just to pay the rent on an average apartment in Santa Clara County<sup>4</sup> (Because tech companies have not released any information on their contracted workforce, these data are drawn from government surveys and represent all private sector Santa Clara County workers in the indicated occupational subsector.)

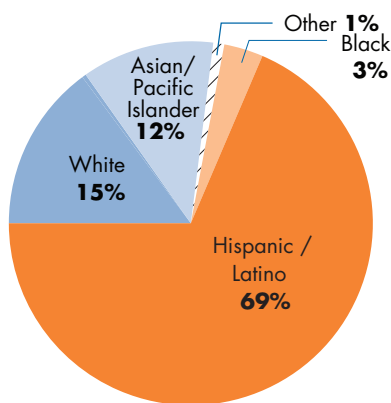
### Security Guards



### Grounds Maintenance Workers

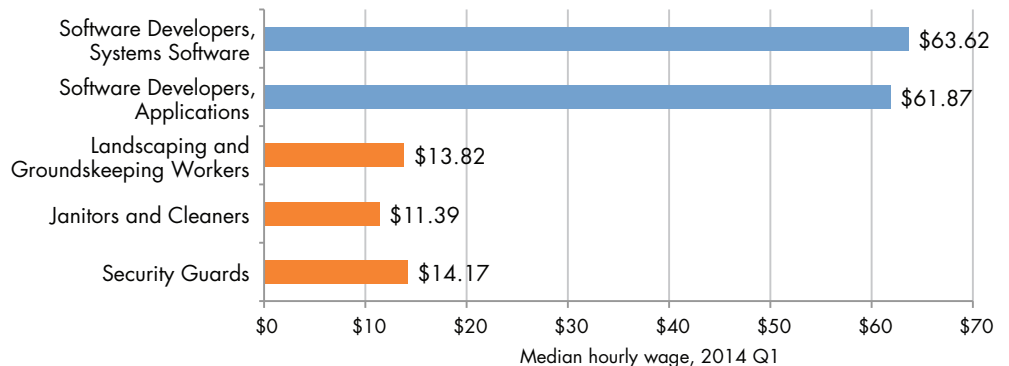


### Janitors



(Santa Clara County workforce data source: American Community Survey)

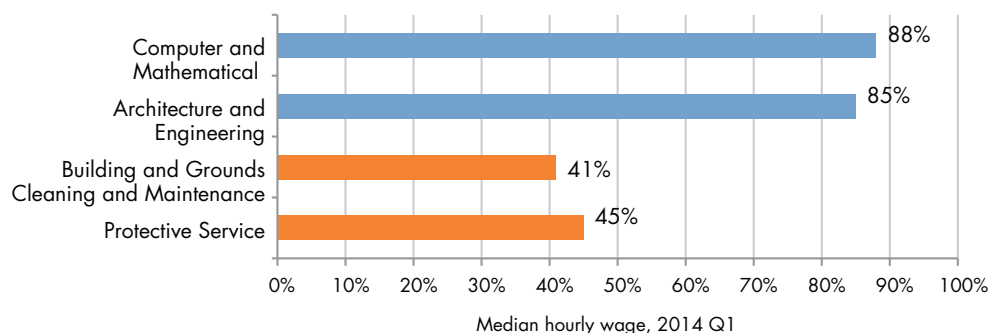
### Median Wages for Selected Occupations, Santa Clara County, 2014



Contracted workers also do not have access to the benefits afforded to tech companies' core workforce. Even for the very basic benefit of earned sick days, and even using the limited data available, the disparity is striking. Among computer and mathematical jobs in Santa Clara County, 88% offer earned sick days; a similar portion, 85%, of engineering and architecture jobs offer earned sick days. In contrast, only 41% of building & ground cleaning jobs allow employees to take even a single paid sick day; private protective service jobs (which include security jobs) are nearly as bad, with only 45% providing any earned sick days.<sup>5</sup>

And the demographics of these invisible workers? Almost the mirror image of the "visible" tech workforce. While Blacks and Latinos make up only 3 to 4% of the disclosed companies' core tech workforce, they are 41% of all private security guards<sup>6</sup> in Silicon Valley, 72% of all janitorial and building cleaning workers, and 76% of all grounds maintenance workers.<sup>7</sup>

## Jobs with paid sick days for Selected Occupations, Santa Clara County, 2009-2011



### Community Impact

These twin dynamics – lack of access to high-end tech jobs, and lack of adequate wages in contracted service jobs – have a profound impact on the communities that are left behind by Silicon Valley’s flagship industry. There is an ever-increasing divide between the region’s wealthy and everyone else. A just-released study by the US Conference of Mayors showed that San Jose had the fewest middle-income households of the top 357 metros.<sup>8</sup> This failure of Silicon Valley business to generate middle-wage jobs, combined with the lack of access to high-wage tech jobs, leaves large numbers of Black and Latino workers trapped in low-wage, near poverty-level work.

Once a region with a range of workforce opportunities, a strong middle class, and the prospect for working families to get ahead, the Valley has emerged from the recent ups and downs as a segmented economy with an increasing number of working families struggling to make ends meet.

Thirty percent of county households live below the basic Self-Sufficiency Standard of what it takes to make ends meet in the Valley – \$19.36 per hour for a family of four with two full-time workers. None of the service occupations examined pay enough to meet that basic standard. Not surprisingly, then, 36% of African-American households and 59% of Latino-headed households in Santa Clara County fall below the self-sufficiency line.<sup>9</sup> Not only do these households suffer from current hardships, but living paycheck-to-paycheck impairs their ability to finance a college education for their children. If tech companies are serious about building a pipeline from K-12 schools for a more diverse tech workforce, it starts with paying their parents a livable wage.

Tech companies negotiate, set prices for and sign every contract with the middleman companies. If we imagine giving a raise of \$5 per hour to 10,000 contracted workers – enough to lift a security guard from the median wage to self-sufficiency– it would cost less than 0.1% of that \$103.7 billion in profits. With a stroke of a pen, tech companies could improve economic opportunities for thousands of low-wage workers and their families.

### (Endnotes)

- [http://www.mercurynews.com/business/ci\\_25553375/sv150-silicon-valleys-record-profits-funneled-investors-bank?source=pkg](http://www.mercurynews.com/business/ci_25553375/sv150-silicon-valleys-record-profits-funneled-investors-bank?source=pkg)
- For 2012-13, total state expenses on K-12 education were \$38.9 billion, and on higher education \$10.0 billion. Source: Enacted Budget Summary Charts, <http://www.ebudget.ca.gov/2012-13-EN/pdf/Enacted/BudgetSummary/SummaryCharts.pdf>
- Salary information: California Employment Development Department <http://www.labormarketinfo.edd.ca.gov/aspxdotnet/SupportPage/ALLOESWage.aspx?socode=151133>  
San Jose MSA Occupational Employment Statistics: [http://www.bls.gov/oes/current/oes\\_41940.htm#15-0000](http://www.bls.gov/oes/current/oes_41940.htm#15-0000)
- Tech perks: [http://www.nytimes.com/2013/03/16/business/at-google-a-place-to-work-and-play.html?pagewanted=all&\\_r=2&](http://www.nytimes.com/2013/03/16/business/at-google-a-place-to-work-and-play.html?pagewanted=all&_r=2&)
- As of July 2014, average monthly rent for an apartment in Santa Clara County was \$2,321. Sources: RealFacts/Silicon Valley Business Journal.
- Institute for Women’s Policy Research analysis of 2011–2012 National Health Interview Survey (NHIS) and 2009-2011 IPUMS American Community Survey (ACS)
- Demographic data for this occupation includes security guards and gaming surveillance workers.
- U.S. Census Bureau, American Community Survey 5-Year Estimates, Public Use Microdata Sample. Accessed via DataFERRETT, Aug. 19. 2014.
- <http://www.usmayors.org/metroeconomies/2014/08/report.pdf>
- <http://www.insightcced.org/index.php?page=ca-sss>

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