



Serving Silicon Valley

Tech Giants and their Service Workers
in the COVID-19 Pandemic

**WORKING
PARTNERSHIPS**

USA

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Tech Giants and their Service Workers in the COVID-19 Pandemic

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KEY FINDINGS

- Roughly **14,000** unionized tech cafeteria workers, janitors, and security officers work in Silicon Valley.*
- An estimated **63%** of workers in those blue-collar tech occupations are **Black or Latinx**.
- Nearly **1 out of 8 Latino men** in Silicon Valley (12.1%) works in a janitorial, security, or foodservice occupation.
- People working in unionized tech cafeteria, janitorial, and security jobs **earn an estimated \$538 million per year**, income essential to supporting their families and to maintaining local economic activity.

* Throughout this brief, "Silicon Valley" is defined for data analysis purposes as Santa Clara and San Mateo Counties.

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Introduction

As the spread of COVID-19 has forced layoffs and businesses closures in many sectors, Silicon Valley's software engineers, programmers, and other white-collar tech employees have largely been spared.

In Santa Clara County, nearly 100,000 jobs have been lost and not yet returned. Industries like restaurants and hotels have cut jobs by nearly 40%. Yet in the Computer Systems industry, not only were layoffs avoided, employment is actually up, with 1,800 jobs added in July and August.¹

By investing in technology and human resource systems to enable remote work, the Silicon Valley tech industry has largely been able to keep its white-collar workforce employed throughout the pandemic. But what about its blue-collar, largely subcontracted workforce?

As our previous studies have shown, the Silicon Valley tech industry is highly segregated by occupation, with Black and Latinx workers hugely over-represented in blue-collar tech service jobs and severely under-represented in the higher-paying, white-collar tech jobs.²

Recognizing the potential devastating impacts of this disparity, as well as the need to maintain a stable local workforce for their campuses, many leading tech companies have continued to employ and pay their subcontracted workers, even as their offices and campuses have been temporarily closed or are open for only restricted uses.

As a result, more working families in the Silicon Valley region have been able to maintain their income and health coverage, cushioning some of the disparate economic impacts of COVID-19 which in general have fallen most heavily on communities of color, women, and immigrants.

As of September 2020, the unemployment rate in the greater San José region was 7.1%. While high relative to normal times, this was the lowest rate of any metro region in California.³

This brief focuses on three of the largest blue-collar tech service jobs: tech cafeteria workers, janitors, and security officers. It examines the economic benefits of retaining those workers during the pandemic and the likely effects on the broader community. Finally, it attempts to project some of the potential impacts if tech companies were to reverse their decision and lay off these blue-collar workers.



Madeleine & Francisco's Story

We are Madeleine and Francisco. We have worked at Google since 2014. Working at Google is our story as employees and as a family.

I, Madeleine, started as a barista and had the opportunity to learn all the jobs in the front of house so that today I'm a café supervisor. I love talking to Googlers and getting to know them. Connecting with my coworkers makes Google a fun place to be where we get to try new foods and learn new culinary secrets.

I, Francisco, love that I have had the opportunity to learn all aspects of working in the kitchen. From starting out as a dishwasher, I've moved up and now I'm training to be a line cook. It is a privilege to cook every day, learn new techniques, different cuisines, and new ingredients to cook with. I enjoy seeing how enthusiastic people are to eat our food and how providing good food makes people happy.

We met each other working together in the café. We fell in love and married in 2018. Now we have a son, August. We are grateful that Google is a place where we can establish our careers for the long run and build a future for our family.

At the start of the pandemic, everything was scary and stressful. COVID-19 hit our family hard and we lost a beloved family member. We were so heartbroken and scared about how to stay safe in the middle of the pandemic. It was stressful because we have seen people lose their jobs. We kept saying "we will be ok," but we were also asking "are we going to be ok?"

Google has a lot of employees to support, but we have felt reassured since Google has committed to continue our pay and benefits. But it's nerve racking not knowing how long this will go on.

If Google had not decided to support us, we would have to find the next job available, something quick, and accept the working conditions, even if it wasn't safe. If we chose not to risk exposing our family, we could have been unemployed. This would have been devastating because our family's future depends on both of us being able to work and to care for the family.

Google making the commitment to support us, their café workers, has been a blessing. We have been able to stay safe at home, continue to pay our bills, and spend valuable time with our young son. With the health benefits, we have been able to stay healthy, get our flu shots, get the medication we need and go to the doctor on regular basis, especially important with our small child.

As we think of our future, there are many economic uncertainties. At the same time, we are so grateful to be part of building a safe workplace where we have job security, good benefits, and a career ladder. Being part of the Google community gives us confidence to continue to plan for our future.

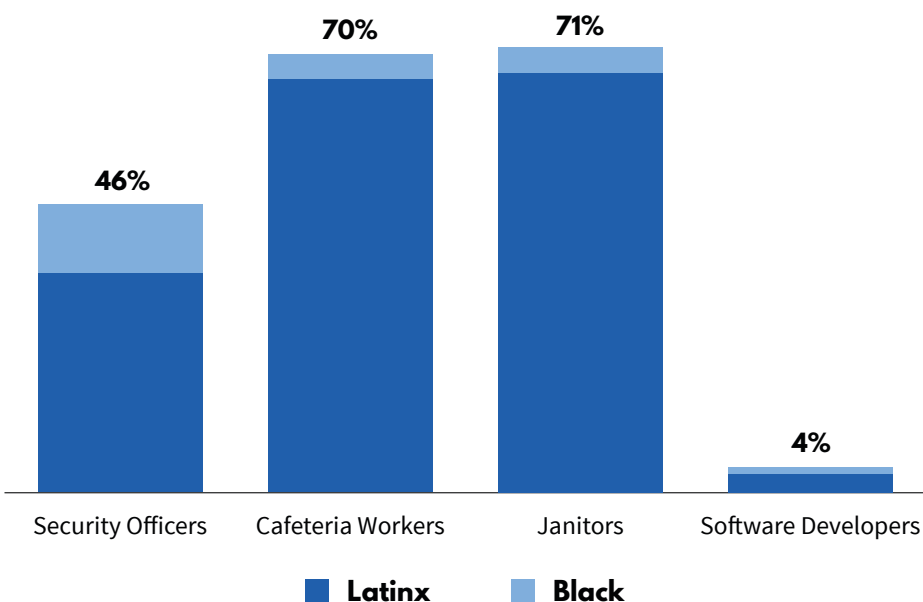
Most blue-collar tech workers are Black or Latinx. Keeping those jobs has been a lifeline for communities of color.

Despite diversity initiatives, the tech industry continues to be characterized by extreme occupational segregation. Among software developers — the largest white-collar tech occupation in Silicon Valley — just 4% are Black or Latinx.^{4,5} In contrast, among the major blue-collar tech service occupations, the majority of workers are Black or Latinx.

As shown below, 46% of building security officers, 70% of cafeteria workers, and 71% of janitors in Silicon Valley are Black or Latinx.⁶ This elevates the importance of tech companies retaining these jobs: laying off their majority Black and Latinx workforce while retaining their white-collar workforce would greatly exacerbate racial disparities.

Latino men are particularly concentrated in these jobs. Among all Latino men in the workforce in Silicon Valley, 12.1% — nearly one in eight — works in the janitorial, security, or foodservice occupations. That makes the blue-collar tech occupations critical for Latinx families and communities.

SHARE OF TECH-LINKED WORKERS IN SILICON VALLEY WHO ARE BLACK OR LATINX



Source: US Census Bureau, American Community Survey (ACS) 5-Year Estimates – Public Use Microdata Sample 2018.



Gregory's Story

My name is Gregory. I was born and raised in East Palo Alto and still live here. I have always been interested in working in the food industry and two years ago, I saw the opportunity at Facebook. I applied and got hired first into the Butcher Block Café. Now I'm working at Facebook in the Duo Café.

Working at Facebook and being in the union gives me the security and the income I need to maintain a decent living in the Bay Area. It allows me to help my mom with rent, cover expenses around the house, and taking care of my bills. But most of all, I love my job and enjoy being at work.

Since the pandemic, I've spent most of my time giving my mom a hand with her chores and helping our neighbor with yard work, running errands, and any other assistance they may need.

I am eager and looking forward to go back to work. I miss my co-workers, I miss being in a positive and supportive environment and I miss going to work and coming home from work.

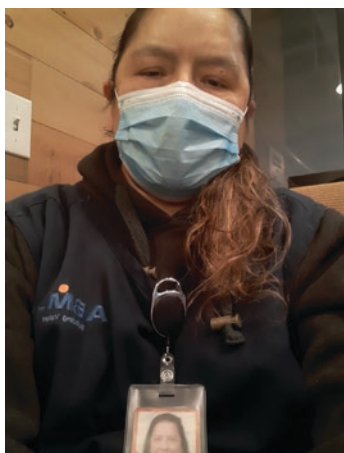
Until we can go back to work, I am grateful that Facebook continues the paid leave. It also means my health insurance continues and that is very important, especially during this pandemic.

The direct economic impact of Silicon Valley's unionized blue-collar tech workers is roughly \$538 million annually.

Data note: For the following sections, data are presented on union janitors, security officers, and tech cafeteria workers, using local union data on wages and health insurance. Equivalent data for non-union workers on tech campuses was not available. These therefore represent a low-end estimate of the economic and community impacts.

Based on the number and wage ranges of unionized janitors, security officers, and tech cafeteria workers in Silicon Valley, the direct economic impact of these jobs, measured in estimated total wage income, is approximately \$538 million per year.⁷ (This does not include health benefits, which are discussed in the next section.)

This \$538 million in income supports the workers and their families and circulates in the local economy, further supporting local businesses and workers. Using local industry economic multipliers to estimate the economic impacts of that circulation, the employment of unionized janitors, security officers, and tech cafeteria workers in Silicon Valley increases total earnings for workers throughout the region by an estimated \$718 million. This includes not only direct earnings, but also the multiplier effect when workers spend those earnings, which helps create more jobs.⁸



Braulia's Story

My name is Braulia, and I am a commercial janitor. I am lucky to work at Google during the pandemic, where we are recognized as essential workers. We received hazard pay in the middle of the pandemic. It was very helpful in getting my family through tough times.

And thank God that when some of our colleagues were exposed to the virus, Google and ABM paid for their two weeks of quarantine.

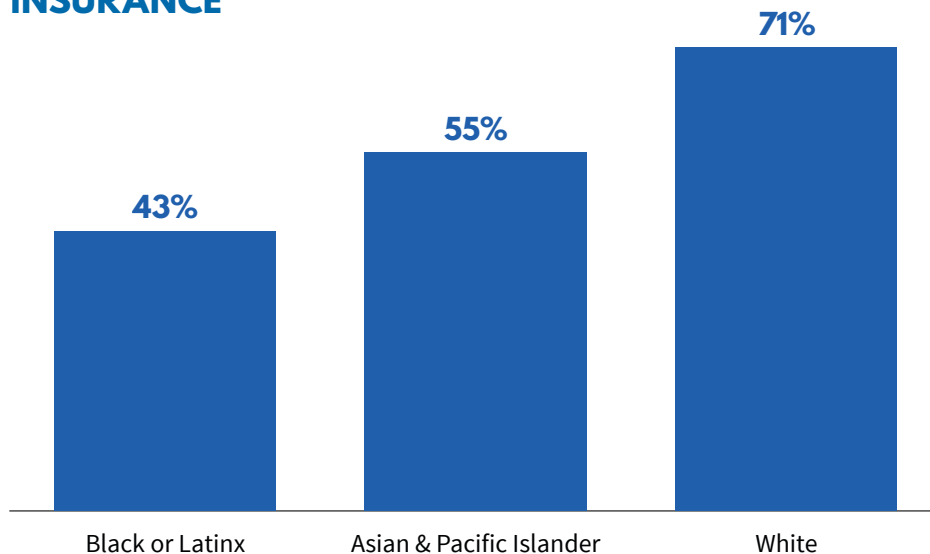
It is a pleasure to thank Google for their recognition of our essential work and I hope that other companies and building owners follow their good example.

An estimated 12,000 workers have access to health coverage through unionized blue-collar tech jobs, helping to equalize racial health disparities.

Now more than ever, affordable, accessible healthcare is critical to the well-being of our communities. But our healthcare system suffers from huge racial disparities. Overall, Black and Latinx residents of Silicon Valley are nearly 30 percentage points less likely than white residents to have job-based health coverage. Pre-pandemic, 71% of white Silicon Valley residents were covered by job-based health insurance, compared to just 43% of Black and Latinx residents.⁹

Unionized blue-collar tech jobs are one avenue where Black and Latinx workers are able to access affordable, high-quality health coverage. Among unionized tech cafeteria workers, an estimated 93% have employer provided health insurance.¹⁰ For janitors and security officers, where a local occupation-specific estimate was not available, we applied the estimate produced by the U.S. Bureau of Labor Statistics' 2020 National Compensation Survey for union members offered health insurance, which is a take-up rate of 81%. As a rough estimate, that means around 12,000 service workers have access to employer-provided health coverage through these jobs.

SHARE OF POPULATION WITH JOB-BASED HEALTH INSURANCE



Source: US Census Bureau, American Community Survey (ACS) 5-Year Estimates – Public Use Microdata Sample 2018.



Idalia's Story

My name is Idalia. I have worked at Google for 7½ years. I started off as a dishwasher and worked my way up to a lead cook. I live in San Jose with my three kids and one more on the way. I have worked hard at Google to learn, grow, and provide stability for my family.

Like many people, when this pandemic started I was really scared: scared getting sick could affect my pregnancy, scared I could lose my job and health insurance, and scared that my husband and I would be unable to pay to keep the roof over our head.

When the pandemic began I had just found out I was pregnant and my oldest daughter was about to begin her first year at DeAnza college. My daughter tells me that she wants to use her studies to help other people. As a mother that makes me extremely proud.

I have been really impressed by the way that Google has reacted to COVID-19 by committing to continue our salaries and benefits. I am committed to do my part and get through this together. If it wasn't for Google's compassion for us we would not be able to survive this pandemic.

There is something special about being included in the Google community. I know that I can tell anyone that it is a good place to work. When people ask me how I see my future, I can picture myself retiring at Google. Our workplaces are constantly innovating and creating new programs and I like that they are not stuck in the same thing. It is a great feeling seeing how they respect the hard work my coworkers and I put in to making Google a great place to work.

Before working at Google, my daughter needed surgery but we were in hard times and she did not have insurance. We had to wait for approval through assistance programs to go through with the surgery and it took eight months for her to get the care she needed. The security Google has provided us means I know that we will continue to have the excellent union healthcare we need, during my pregnancy, and during this global pandemic.

Because of the pandemic and the changing environment, we have all had to learn new things and grow, from virtual learning, to new safety protocols. But I know that if we stick together as a community we can get through this.

In Silicon Valley, an estimated 6,500 families with children depend on unionized blue-collar tech jobs.

Many janitors, security officers, foodservice and other service workers on Silicon Valley's tech campuses have built a career there, working their way up through training and experience, in order to support their families and provide a better future for their children.

An estimated 6,500 families in Silicon Valley support their children by working at a unionized janitorial, security, or tech cafeteria job. (Families with two or more members working at these jobs are counted only once.)



Alma's Story

My name is Alma. I am a single mom supporting my two daughters through their education, as well as my mother who completely depends on me. I've been working at Verizon as a barista for six years.

I love my job because I get to interact with different people while moving my family forward and providing good health insurance for my daughters.

Verizon's decision to cut our salary and medical benefits means that I may no longer be able to pay the rent, let alone be able to help my mother and my daughters. My daughters depend on my health insurance from my work with Verizon. I'm very afraid of getting sick or my daughters getting sick and not being able to pay.

I don't know what to do, because there aren't many jobs and if I got infected with the virus while working, I won't have health insurance.

Silicon Valley's tech companies have received billions in public subsidies and tax incentives, including at least \$654 million in federal COVID-19 relief funds.

The tech industry has benefitted enormously from public resources and infrastructure, starting with its very beginnings built on taxpayer-funded research and development. Throughout their development, tech companies have continued to benefit immensely from publicly funded support, subsidies, contracts, preferential treatment in trade negotiations, and tax advantages.

In just one example, the new U.S. tax law passed in 2017 provided an estimated 2018 tax benefit of \$5.558 billion to Apple, \$4.048 billion to Alphabet (Google's parent company), \$4 billion to Verizon (Yahoo's parent company), and similar windfalls for other tech and biotech mega-corporations.¹¹

Most recently, many tech companies have sought and received federal funding from COVID-19 relief programs, either as loans (often forgivable) or as contracts. Using the database of federal CARES Act COVID-19 relief funding at data.covidstimuluswatch.org, we examined dollars awarded to tech companies that employ unionized cafeteria workers on their Silicon Valley campuses.

Those selected Silicon Valley tech companies receive a total of \$653,891,490 in federal CARES Act COVID-19 relief funding: \$397,282,329 in loans and \$256,609,161 in contracts.¹²



Marcial's Story

My name is Marcial. I have lived in Santa Clara County for 23 years. I am a single father of three boys: Jose Manuel age 16, Fernando age 11, and Javier Alonzo age 7.

When I moved here from Jalisco, I had dreams of building a future, having a car, a house, making something of my life. I started working in the café at nVidia back in 2001 as a grill cook. After three years I was promoted to lead cook. Working at nVidia has been a wonderful experience where we are protected and appreciated.

I love working at nVidia because I love to cook and interact with all the clients. After 20 years, I know everyone who comes into the café, including the owner of the company, Jensen. I have personally had the opportunity to cook for Jensen and seen how he loves the workers as his family. Even though we aren't direct employees of nVidia, we are motivated to put our heart and soul into our efforts.

When COVID-19 swept through the community, nVidia continued to support us. With the pay, I have been able to keep a roof over my family. With our health insurance protected, I have made sure we can stay healthy.

One of my sons has asthma and my other son got sick and was hospitalized a few months ago. Without our pay and health benefits protected, my family would be in a serious crisis situation.

Through this pandemic, I have been sheltering in place as we all have to make sure we stay healthy. I have dedicated my time to my family. It has been difficult for my kids to be in the house all day and to not be able to be in school with their friends. But it has been an advantage to spend time together and to mutually support each other how we can get through this crisis.

I am so grateful that we cafeteria workers are supported and protected as part of the nVidia family.

What happens if tech companies lay off their blue-collar service workers?

To date, most major tech companies in Silicon Valley have retained their service workers, especially those where the service workers have organized a union. However, with many predicting no return to offices until mid-2021, a few companies have broken ranks and begun to lay off their blue-collar service workers.

For example, in September, 120 cafeteria workers at the Verizon/Yahoo campus in Sunnyvale were laid off. Said Augustina Sanchez, one of the laid-off workers, “I have worked in the cafeteria at this tech campus for 12 years and I am so disappointed for me and my coworkers that Verizon is not doing the right thing. I am a single mom to my son who is a university student. I support us and unemployment will not be enough to pay my rent and bills. Now I am trying to find another job while everything is closed. I am trying to remain strong for my family and for my coworkers.”

If — hypothetically — all tech companies were to lay off their blue-collar service workers, the impacts to Silicon Valley’s communities would be widely felt.

If all of Silicon Valley’ unionized janitors, security officers, and tech cafeteria workers were to be laid off, projected impacts include:

- Total unemployment in the region could increase by more than 10%, from 103,400 unemployed workers (all industries) to roughly 117,400 unemployed.
- Up to 12,000 service workers could lose health insurance coverage, along with family members who depend on that coverage.¹³
- An estimated 6,500 families with children would lose a major source of income.¹⁴
- An estimated 8,300 renters could be at risk of being unable to pay rent.¹⁵
- \$538 million in wages would be pulled out of workers’ pockets, and out of the communities where they live and shop, resulting in an estimated \$718 million in negative impact to earnings in the region overall.¹⁶

Over the past five years, nearly 9,000 subcontracted tech service workers in Silicon Valley have joined together in unions, winning higher wages, healthcare benefits, and a collective voice in their jobs. This collective movement has helped make Silicon Valley survivable for thousands of Black and Brown families and communities whose labor makes tech run.

If tech companies make the decision to permanently lay off those workers — perhaps replacing them with new, lower-paid contractors when campuses eventually re-open — the region may see long-term, even permanent increases in racial income disparities, housing access, and potentially acceleration of the already severe displacement crisis.

Gina's Story

My name is Gina, and I'm a janitor at Genentech. I am the breadwinner for my own family as well as the primary support for my loved ones in need back in Nicaragua. I send money home to my mother for her healthcare needs, which have worsened ever since she tested positive for COVID-19.

I had been working at Genentech for a year and a half when I received the news that I would be among those laid off in September. Since then I have been struggling. Unemployment checks are late to arrive since the EDD is so backed up, and meager in amount when they finally do reach me.

I am trying to help others who are also struggling. My coworkers are constantly reaching out to me in search of support. I'm a union steward at Genentech, a role that my coworkers nominated me for within my first year.

Excessive workloads, abusive treatment from supervisors, and general anti-union sentiment from our bosses have been issues at my workplace for as long as I've been there. Now our employer is trying to squeeze more work out of less people. My union siblings that were not laid off are bearing the brunt of that squeeze.

ENDNOTES

- 1 California Employment Development Department, Current Employment Statistics (CES). <https://data.edd.ca.gov/Industry-Information-/Current-Employment-Statistics-CES-San-Jose-Sunnyva/5yee-bw2e>
- 2 See e.g., “Tech’s Invisible Workforce”, Working Partnerships USA, March 2016. <https://www.wpusa.org/research/techs-invisible-workforce/>
- 3 California Employment Development Department, California Labor Market Review – September 2020, published Oct. 16, 2020. www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf p. 10, “Unemployment Rates for Largest Areas.”
- 4 Throughout this report, all data specific to “Silicon Valley” include Santa Clara and San Mateo Counties, unless otherwise specified.
- 5 U.S. Census Bureau, American Community Survey (ACS) 5-Year Estimates - Public Use Microdata Sample 2018.
- 6 Ibid.
- 7 Working Partnerships USA analysis of union membership and typical wage data provided by UNITE HERE Local 19 and SEIU-USWW. Analysis assumes full-time employment. Note that this number may also include building services at other large office campuses, since data is not available to cleanly differentiate services at tech versus other types of office /R&D campuses. However, in Silicon Valley, the large majority of major office/R&D campuses are occupied by tech or biotech companies.
- 8 Analysis by Working Partnerships USA using RIMS II Multipliers produced by the Bureau of Economic Analysis. Multipliers used are the Type II Direct Effect Earnings multipliers for the industries 5616 (Investigation and security services), 5617 (Services to buildings and dwellings), and 722A (All other food and drinking places) in Santa Clara & San Mateo Counties.
- 9 2018 California Health Interview Survey, UCLA. <https://ask.chis.ucla.edu/>
- 10 Working Partnerships USA analysis of health insurance data provided by UNITE HERE Local 19.
- 11 Americans for Tax Fairness, <https://americansfortaxfairness.org/annual-corporate-tax-cuts/> . Includes those corporations that have either reported their estimated 2018 tax cut or for whom independent analysts have provided an estimate for the 2018 impacts of the Tax Cuts and Jobs Act (TCJA) of 2017.
- 12 COVID Stimulus Watch, Good Jobs First, <https://covidstimuluswatch.org/>
- 13 Working Partnerships USA analysis of union membership and health insurance data provided by UNITE HERE Local 19 and SEIU-USWW.
- 14 U.S. Census Bureau, American Community Survey (ACS) 5-Year Estimates - Public Use Microdata Sample 2018. Number of union workers estimated using data provided by UNITE HERE Local 19 and SEIU-USWW.
- 15 Ibid.
- 16 Analysis by Working Partnerships USA using RIMS II Multipliers produced by the Bureau of Economic Analysis, *supra*.

WORKING PARTNERSHIPS

USA

Working Partnerships USA is a community organization bringing together the power of grassroots organizing and public policy innovation to drive the movement for a just economy.

wpusa.org

Silicon Valley RISING

Silicon Valley Rising is a coordinated campaign driven by a powerful coalition of labor, faith leaders, community based organizations and workers that's inspiring the tech industry to build an inclusive middle class in Silicon Valley.

siliconvalleyrising.org

