



County of Del Norte
Board of Supervisors
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June 13, 2022

The Honorable Mike McGuire
State Capitol
1021 O Street, Suite 8610
Sacramento, CA 95814

The Honorable Jim Wood
State Capitol
P.O. Box 942849
Sacramento, CA 94249-0002

Re: SB 525 Durazo – Del Norte County Opposition

Dear Senator McGuire and Assemblymember Wood:

On behalf of the Del Norte County Board of Supervisors, I write in opposition to SB 525, which proposes to raise the health care minimum wage broadly across the health sector to \$25 per hour, including for employees working in county agencies – specifically, county health departments, county mental health departments, county correctional health settings, county hospitals, and county-owned and operated clinics

Based on salary projection data provided by the Director of the County's Department of Health and Human Services, we project an **annual increase in cost of approximately \$273,000** to Del Norte County should this bill be signed into law; however, it is the unknown, cascading effect resulting from these salary adjustments for healthcare workers upon other classifications within the same bargaining unit that is perhaps most concerning.

Delivering high-quality and affordable health care to patients is the purpose of Del Norte County's local safety net hospital and applicable county departments. Del Norte County provides this lifesaving and life-changing care in partnership with its entire health care workforce. Ensuring the County meets the needs of its workforce while confronting inflation, workforce shortages, and structurally low reimbursement rates is not easy, but it is central to the County's ability to care for its communities.

Unfortunately, SB 525 would jeopardize the County's ability to ensure it can continue to deliver the care that its community needs and deserves. Mandating the minimum wage for hourly employees in healthcare settings to be set at \$25/hour, even for those who don't work directly with patients like janitors, housekeepers, food staff, and laundry providers, sets a dangerous precedent. This bill imposes a top-down wage increase that does not reflect the current economics of health care. Del Norte County is deeply concerned that SB 525 will instead increase healthcare costs and diminish healthcare employment opportunities thereby reducing access to medical services in our community and throughout the state.

In the aftermath of the COVID-19 pandemic, many health care providers in California are in dire financial straits. One major hospital has already closed, others are on the brink, and more than half

are losing money every day to care for patients. Severe losses driven by the pandemic and made worse by crippling inflation and a prolonged workforce shortage total in the billions, even before factoring in the unbudgeted and massive cost this bill would generate.

Under SB 525, the cost to care for patients will increase everywhere, not just at hospitals but at county behavioral health facilities, county correctional settings, nursing homes, physician offices, and every clinic, including federally qualified health centers. For the hundreds of health providers facing significant financial distress, the increase in labor costs will require the reduction or elimination of health services to balance revenue and expenses. In extreme cases, it will mean bankruptcy and outright closure, especially for those hospitals and facilities that are already on the financial brink. The consequences of these events would be catastrophic for entire regions of the state, especially for communities like Del Norte County that are already disadvantaged and face challenges accessing critical health care services.

California's economic climate is profoundly challenging. Staffing shortages, supply chain disruptions, inflation, and rising housing costs are difficult for all. Unfortunately, SB 525 makes these challenges more difficult by picking winners and losers, raising income for a select few in the health care sector while increasing costs for everyone working in other fields.

It should be no surprise then that directly increasing labor expenses by billions of dollars overnight means higher costs to deliver health care in California. These billions will result in greater costs for employers providing health insurance coverage, as well as higher costs for individuals purchasing health insurance for themselves and their family. SB 525 is clearly a cost driver and in direct conflict with the State's goal of trying to make health care more affordable for working families. SB 525 simply fails to recognize the fragility of California's health care system and will have immediate and real consequences across our state.

For these reasons, the Del Norte County Board of Supervisors must oppose SB 525 and respectfully urge your NO vote on this measure.

Regards,

Darrin Short, Chair
Board of Supervisors, County of Del Norte

CC: Erica Smith, Shaw Yoder Antwih Schmelzer & Lange
Jolie Onodera, California State Association of Counties
Sarah Dukett, Rural County Representatives of California