

Communication from Public

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Council File No: 14-1371-S13

Comments for Public Posting: Please see attached letter providing further data in support of aligning the health benefits requirement at both the airport and hotels at \$8.35.



October 22, 2024

Re: Council File: 14-1371-S13
Support for aligning health benefits requirement at \$8.35 for airport and hotels

Dear Economic, Community Development and Jobs Committee members,

We write to follow up on our previous letter submitted to the Council File, dated September 21, 2024, in which we expressed our strong support for this policy and for the findings of the CLA's report and economic analysis, along with our recommendations for some small but critical amendments.

Those recommended amendments include aligning the health benefits requirement at the airport with the proposed amount of \$8.35 at hotels. Estimating average hours worked is a notoriously difficult challenge, given the lack of a public data source that provides accurate data that capture a universe as fine-grain as occupation and specific location like LAX. This question was the subject of debate when the city raised the health benefits requirement in 2009, ultimately settling on an average of 36 hours/week to calculate the hourly rate.

This matter is again under consideration. The special committee hearing on Wednesday, October 16 included discussion as to how the proposed health benefits requirement amounts in the report were calculated. Specifically, committee members asked how the report authors arrived at an average number of 40 hours/week worked at the airport. In response, the representative from BEAR shared that while they did their best to approximate the universe of impacted airport workers, given the limitations of the data, they can't say for sure their estimate is of LAX workers.

Given that, **we write to reiterate our request that the committee recommend a health benefits requirement amount of \$8.35 at the airport.** Such an estimate would be in line with the city's past practice of assuming 36 hours worked per week when it established the health credit for airport workers in 2009. It also better reflects the data of actual airport workers we've shared, and the publicly available data collected by the federal and state government.

In our September 21 letter, we outlined data obtained from the two unions that represent the majority of service workers at LAX. We shared findings that the airport and hotel workers represented by Unite HERE Local 11 work substantially similar hours on average, both well

below 40 hours. The hours were reported by employers to the union's health fund and the data set captures the most recent three months available (May, June, and July, 2024), and includes 2,382 workers at the five largest hotels and 2,397 workers at the five largest airport employers. Based on that large representative sample, the average hours worked were 33.4 hours/week at hotels and 34.7 hours/week at the airport. Both groups are substantially similar, and neither are close to 40 hours.

Additionally, we shared in our previous letter that a quarter of SEIU-USWW's 3,500 members at LAX work part-time. This figure is derived from employer-reported data from multiple employers that was compared with historical trends to affirm that it reflects their most accurate estimate. This further demonstrates that an assumption of an average 40 hour work week at LAX is an overestimation.

These data from actual workers at LAX mirror data published by other public sources. Below we provide charts from a range of public data sources and for a range of job classifications covered by the living wage. Across the board, they are well below 40 hours. In addition, we compared it with past data and found that the averages have not changed significantly since 2009, when Council adopted a rate assuming an average of 36 hours worked per week. We have summarized the most recent data below, but want to highlight in particular the claim in the BEAR report that "fast food counter workers" average 40 hours a week. The attached charts show that such workers average 22-23 hours per week.

State data on average hours worked

The California Employment Development Department (EDD) reports monthly on average hours worked at both the state and local levels. At the local level, while it does not provide data as narrow in scope as just LAX, data issued by the EDD for the Los Angeles metropolitan region show the average working hours in the private sector were 34.1 hours/week in September 2024, and an average of 34.9 over the past 14 years.¹

The EDD also provides statewide data broken down by broad sectors. The categories that cover the majority of jobs at the airport all clearly have an average of less than 40 hours/week: In September 2024, it posted an average of 26.0 weekly hours worked in leisure and hospitality, 30.7 in other services, 34.1 in trade transportation and utilities, and 34.2 in total private sector.² These recent monthly averages are in line with the year-to-date averages, outlined in the following chart.

¹ Metropolitan statistical area (MSA) average weekly hours from 2010 – current, Los Angeles-Long Beach-Glendale MD, California Employment Development Department, <https://labormarketinfo.edd.ca.gov/data/hours-and-earnings.html>

² Average Weekly Hours - California average weekly hours by industry sector from 2010 – current, Statewide, California Employment Development Department, <https://labormarketinfo.edd.ca.gov/data/hours-and-earnings.html>

Average weekly hours by sector, California³

Occupation/Sector	Average Hours per Week (Jan - Sep, 2024)
Leisure and Hospitality (NAICS 72)	25.4
Other Services (NAICS 80)	30.8
Trade, Transportation, and Utilities (NAICS 40)	33.7
Total private sector	33.8

Nationwide data on average hours worked

Similarly, data reported by the US Bureau of Labor Statistics show that at the national level, average hours worked in the main job sectors found at the airport are all fewer than 40 hours. Support Activities for Air Transportation (NAICS 4881) is the most comprehensive sector covering airport employment, encompassing a broad range of occupations from cabin cleaners to airline pilots, and averaging 36.7 hours per week between January and August 2024.⁴ However, this likely overestimates hours worked in the lowest-wage occupations.

Other sectors that include some of the same occupations, such as Janitorial Services and Food Service Contractors, report average weekly hours averaging 30.3 and 30.8 over the same time period. Employers in both of these sectors typically select these NAICS codes even when contracted with or working at an airport, meaning that airport janitorial and food service contractor employment and hourly trends are likely strongly represented under these sectors.

Average weekly hours worked by sector nationwide, seasonally adjusted⁵

Occupation/Sector	Average Hours per Week (January - August, 2024)
All Hotels (except casino hotels) and Motel Employees (NAICS 72111)	30.4
Janitorial Services (NAICS 56172)	30.3
Employees of Food Service Contractors (NAICS 72231)	30.8
Employees of Limited-Service Restaurants (NAICS 722513)	24.8
Support Activities for Air Transportation (NAICS 4881)	36.7
Air Transportation (NAICS 481)	37.9

³ <https://labormarketinfo.edd.ca.gov/data/hours-and-earnings.html>

⁴ https://www.bls.gov/oes/2023/may/naics4_488100.htm

⁵ US Bureau of Labor Statistics: Employment, Hours, and Earnings - Current Employment Statistics survey (National), <https://www.bls.gov/ces/>

Local data on average hours worked

We also analyzed the US Census American Community Survey PUMS data at the LA County level for main job classifications at the airport (including the jobs BEAR found to have the most affected workers) and again found they all average below 40 hours/week. While these occupations are found throughout the county as well as at LAX, the airport-specific occupations all fall under 40 hours/week. This corroborates other findings that have documented the prevalence of part-time employment in various airport occupations. A 2017 Economic Roundtable study of airports nationwide found that of 13 low-wage airport occupations such as baggage handlers, cabin cleaners, and restaurant workers, roughly a quarter worked part-time or seasonally.⁶

Average hours per week worked for sample of airport occupations impacted by LWO,⁷ weighted by survey respondents⁸

Occupation	Average Hours per Week, LA County	Average Hours per Week, California
Air Traffic Controllers And Airfield Operations Specialists	NA	32
Laborers And Freight, Stock, And Material Movers, Hand	31.68	30
Fast Food and Counter Workers	23.62	22
Aircraft Mechanics and Service Technicians	37.03	37
Retail Salesperson	28.73	27
Janitors and Building Cleaners	30.03	30
Flight Attendant	25.09	29
Security Guards And Gambling Surveillance Officers	32.77	33
Baggage Porters, Bellhops, and Concierges	32.32	33
Food Preparation Workers	27.56	26

⁶ Daniel Flaming, Patrick Burns, and Halil Toros, "Flying Right: Giving U.S. Airport Workers a Lift," *Economic Roundtable*, June 2017. P32. <https://economicrt.org/publication/flying-right/>

These proportions are similar to another study of employment at San Francisco International Airport from 2001 conducted by UC Berkeley economists. Michael Reich, Peter Hall, and Ken Jacobs, "Living Wages and Economic Performance: The San Francisco Airport Model," Institute of Industrial Relations - UC Berkeley, March 2023. P30 <https://laborcenter.berkeley.edu/wp-content/uploads/2021/06/Living-Wages-and-Economic-Performance-The-San-Francisco-Airport-Model.pdf>

⁷ https://bearecon.com/Tools/LAC_airport_scenarios.html

⁸ American Community Survey 1-Year Estimates Public Use Microdata Sample 2023 - California and LA County PUMS geographies. ACS Public Use Microdata Sample 1-year estimates from 2023 lists 72 geographic units for LA County which were then aggregated and weighted by respondents to calculate average hours worked per week.

All this evidence suggests that both airport and hotel employees work far fewer hours per week than suggested by BEAR's estimate. We nonetheless believe calculating the health care credit assuming an average of 36 hours per week, as was done in 2009, and for hotel workers in the BEAR report, is appropriate for both hotel and airport workers, and therefore request that you amend the health care credit for airport workers to be \$8.35.

Sincerely,

Jessica Durrum
Deputy Director, Policy & Campaigns