

Google to cut the pay of employees who continue to work remotely

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Google and its parent corporation Alphabet, Inc. have unveiled a compensation calculator called the “Work Location Tool” that uses an employee’s residence location to impose pay cuts on tech workers who choose to continue working from home.

According to a Reuters report on Tuesday, Google employees who still work for the company at the same location where they were employed prior to the pandemic could see a dramatic reduction in their pay if they choose to work from home permanently.

Recognizing the policy as a bellwether for corporate America, the report says, “Google stands out in offering employees a calculator that allows them to see the effects of a move. But in practice, some remote employees, especially those who commute from long distances, could experience pay cuts without changing their address.”

Reuters spoke with Google employees in different cities and discussed how the calculator will impact their compensation. For example, an employee that was hired in San Francisco but decides to relocate and work from home in Lake Tahoe will experience a pay reduction of 25 percent. This is despite the fact that the cost of living in Lake Tahoe is almost as expensive as San Francisco.

In another instance, a New York City employee deciding to work from home in Stamford, Connecticut—a commuting distance of approximately one hour—would have to take a 15 percent pay reduction while another employee living in the city and working from home would have no pay cut.

The Reuters report also said, “One Google employee, who asked not to be identified for fear of retaliation, typically commutes to the Seattle office from a nearby county and would likely see their pay cut by about 10 percent by working from home full-time, according to

estimates by the company’s Work Location Tool launched in June.”

Reuters interviewed Jake Rosenfeld, a sociology professor at Washington University in St. Louis who specializes in pay determination. Rosenfeld pointed to the real purpose of Google’s new pay structure system that is raising alarms over who will feel the impacts most acutely, including families. “What’s clear is that Google doesn’t have to do this. Google has paid these workers at 100% of their prior wage, by definition. So, it’s not like they can’t afford to pay their workers who choose to work remotely the same that they are used to receiving.”

When asked about the policy, a Google spokesperson defended it, saying, “Our compensation packages have always been determined by location, and we always pay at the top of the local market based on where an employee works from,” adding that pay will differ from city to city and state to state.

The Google Work Location Tool specifies that it uses US Census Bureau metropolitan statistical areas known as CBSAs and locations such as Stamford, Connecticut, for example, are not included in the New York City CBSA.

According to CBS News, Google developed the compensation calculator in June in order to “help employees make informed decisions about which city or state they work from and any impact on compensation, if they choose to relocate or work remotely.” It was a response to the fact that approximately 10,000 of the company’s 135,000 employees requested permission “to work remotely on a full-time basis or to relocate to a different office once COVID-19 subsides.”

There is no question that the Google remote employee compensation plan is part of a broader attack

by the corporate establishment to both beat back the demands of workers for increased wages as well as an attempt to force employees back into the office despite the unsafe health conditions arising from the ongoing pandemic.

The move no doubt also reflects calculations by major corporations that they can use remote work, which effectively separates labor from any particular physical location, to drive down wages, using workers in cheaper areas of the country or overseas as a cudgel against workers living in more expensive urban areas.

In a cryptic reference to the intensification of the class struggle that has been evident throughout the pandemic, Julia Pollak, a chief economist at ZipRecruiter, told *USA Today* that companies cutting wages for remote workers “may see a decrease in employee retention.” Pollak also added that workers are demanding economic equality: “Culturally, we’re seeing a rise in pay transparency, and people feel very strongly that it’s not fair to be paid different amounts for the same work and for the same quality output of work.”

The position of the ruling establishment was articulated openly by Catherine Merrill, CEO of the monthly magazine, *The Washingtonian*, who wrote in an Op-ed in the *Washington Post* in May that people who work from home should have their status modified to hourly contractors and not full-time employees. “I am concerned about the unfortunately common office worker who wants to continue working at home and just go into the office on occasion,” Merrill wrote, adding, that such workers should be “paid only for the work they do” and have their health care insurance, 401K and other benefits eliminated.

In response, the staff of *The Washingtonian* took a one-day work stoppage, refusing to publish on May 7 and retweeting a group statement that said, in part, “We are dismayed by Cathy Merrill’s public threat to our livelihoods. We will not be publishing today.”

A similar outlook was articulated by Morgan Stanley CEO James Gorman, who denounced employees for wanting to continue working remotely during the pandemic, saying in June, “If you want to get paid New York rates, you work in New York. None of this, ‘I’m in Colorado ... and getting paid like I’m sitting in New York City. Sorry, that doesn’t work.” Gorman increased his compensation in 2020 by 22 percent,

earning a whopping \$33 million.

The position of Merrill and Gorman expresses the overall contempt within the financial elite for the health concerns of workers and their families throughout the pandemic in which corporate profits on Wall Street and wealth accumulation by the super-rich have been placed above the lives of working people.



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