Expanding Opportunities and Improving City Social Services Quality Through a Career Ladder Approach

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Jennifer Jones-Austin—Federation of Protestant Welfare Agencies
James Parrott—Fiscal Policy Institute
NYC Contract Budget for Social Services

- NYC contracts out nearly $5 billion in social services annually, over one-third of the City’s total service contract budget.
- Social services funding fell 10% 2008-13 under the previous administration in the aftermath of the recession and great budget challenges.
5,200 Social Service Contracts

- Across six major agencies (ACS, DHS, DSS, DFTA, DYCD, and DOHMH) totaling $4.3 billion.

- Contracts in 16 “object code” areas, e.g.:
  - Child care: 729 contracts, $780 million
  - Homeless family services: 391 for $475 million
  - Childrens charitable instnls: 70 for $452 million
  - Mental hygiene services: 472 for $441 million
City of New York is the **Indirect Employer** of Nonprofit Social Service Workers

- Yet the City does not directly weigh in on the wages or benefits of this broad workforce.
- In specific sectors that are largely unionized, like child care, the City does have a role in the determination of wages and benefits.
Most Social Service Workers are Women of Color

• There are an estimated 116,000 private sector social service workers (not including those working for organizations that are primarily health care).

• People of color are 77% of social service workers vs. 63% overall.

• Social service workers are 82% female and slightly older, and less well-educated. However, 44% have at least a 2- or 4-year college degree.
Earnings are Quite Low

• According to the American Community Survey, median annual earnings are only $25,255 in social services. (Includes part-time, but most full-time.)

• One of largest low-wage sectors in NYC.

• According to another Census Bureau survey, 24% of social service workers are paid less than $10 an hour, and 40% make less than $12 an hour, 52% < $14.
Two-tier Wage Structure

- White workers have a median hourly wage of $18.19, 42% greater than the $12.79 median wage for persons of color working in social services.

- Within social services, higher-paying occupations tend to have higher proportions of white non-Hispanic workers, and lower-paying ones have higher proportions of persons of color.

- A better ladder between the two tiers is essential.
Family Income and Poverty

• Across all industries in NYC, 24% of workers have family incomes below 200% of the federal poverty line; in social services, the figure is 34%.

• 30% of social service workers live in the poorest neighborhoods; another 35% live in moderate-income neighborhoods (med. incomes $40-$52,000.)

• Many social service workers are little better off than some of their clients.
Existing NYC Wage Standards

• NYS minimum wage now $8.00, increasing to $9.00 at the end of 2015. No authorization yet for a NYC minimum wage.

• Two NYC living wage laws: (1) selected contract workers; (2) workers at companies receiving City economic development assistance.

• Prevailing wages for construction and building service workers.
What wage benchmark makes sense in Social Services?

• The NYC CEO 2012 poverty threshold for a 4-person family is about $31,000.

• According to the Self-Sufficiency Standard, a Queens couple with a preschooler and a school-age child would need $70,200; and a single parent of a preschooler, $54,500 (2010.)

• A “self-sufficiency” wage might be $15 an hour or more.
Recommendations

We seek to reform the financing and workforce provisions of NYC social service contracts to:

• Enhance career ladder opportunities coupled with a base pay increase (phased-in) to $15 per hour for the lowest paid City contracted nonprofit employees.

• Contract changes to be jointly worked out between social services sector and administration.
Establishing a Social Services Career Ladder

• A range of educational opportunities are needed, from supervisory training to assistance in securing an MSW.

• We are currently reviewing promising models that offer both differentiated educational opportunities and the support services necessary to ensure the successful completion of education programs.
Important Benefits

• Raises wages for significant # of low-wage workers, predominantly women of color, while providing explicit career development opportunities.
• Enhances quality of service delivery to low-income communities.
• Higher wages and better opportunities will aid low- and moderate-income communities.
• Social Services career ladder could serve as model for broader workforce development efforts.
Next Steps

• Formalize a joint sector-City staff working group and flesh out the workplan and timeline.
• Develop better data on current compensation and human resource practices.
• Develop effective career ladder system(s) and necessary supports.
• Estimate the costs of implementation.
• Identify contract provisions that need to be changed to effectively implement.
Timeline, Campaign and Budget

- Need to have project far enough along by spring to include a Phase I in FY 2016 (begins July 2015).
- Will continue fleshing out the program throughout 2015 so that Phase II can be rolled out in FY 2017.
- Campaign needed to ensure that Mayor and City Council fully support and fund.
- The cost may not be inconsequential, but the City budget should be able to accommodate through anticipated revenue growth.
Questions?
For additional information, please contact:

James Parrott  
Deputy Director and Chief Economist  
Fiscal Policy Institute  
parrott@fiscalpolicy.org

Jennifer Jones-Austin  
CEO/Executive Director  
Federation of Protestant Welfare Agencies  
jjjaustin@fpwa.org