

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

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# 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 instns: 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?



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