

# THE CASE FOR ENDING POVERTY WAGES FOR NEW YORK CITY'S HUMAN SERVICES WORKERS

A report by James A.  
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## Center for New York City Affairs

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## **Executive Summary**

New York City has long contracted with nonprofits to provide critical social services to New Yorkers. Workers in the human services sector provide essential assistance related to homelessness, foster care, family services, mental health, elder care, youth, persons with AIDS, and workforce training and placement. In the current Fiscal Year 2022, the City of New York has nearly 4,600 contracts with human services organizations providing \$5.6 billion in services.

The human services contract workforce employs over 80,000 nonprofit sector workers and is staffed predominately by workers of color (75 percent) and women (70 percent). Women of color constitute 55 percent of the entire nonprofit human services workforce, nearly twice the 29 percent representation of women of color in the overall private sector in New York City.

For decades, despite the city's heavy reliance on nonprofits to provide these essential services, the human services sector has been overworked and underfunded. Rather than fund services based on an analysis of the actual cost of providing high-quality services and fairly compensating a well-educated workforce, the City contracting process generally functions to reimburse contracted services at the lowest price possible. This system has forced nonprofits to operate at extremely slim margins and reduces the possibility of human service workers earning wages and benefits that are at parity with comparable positions in either the public or the private sector outside of the City-contracted human services sphere. Nonprofits that heavily rely on government contracts to pay their staff and provide services feel they have little choice but to accept under-funded City contracts out of fear that they will lose out altogether and risk undermining longstanding relationships with the clients and communities they serve.

The result is that the human services sector has the fifth-lowest average pay among large employing industries in the city. Average pay is about the same as for restaurants and laundry workers but much less than for those working in clothing stores, hotels, or office clerk settings. Human service workers make between 20-35 percent less in median annual wages and benefits than workers in comparable positions in the public and private sector. Roughly two-thirds of all full-time human services workers had 2019 earnings below the City's near poverty threshold.

Chronic underfunding means that human services nonprofits are often stymied by recruitment and retention challenges. High levels of stress and burnout, limited opportunities for professional development and advancement, and poor wage and benefit offerings cause high levels of turnover throughout the sector. These challenges can harm service delivery, threatening the delicate relationships social service organizations and workers often build with deserving New York residents.

The City has made some strides to address these issues with funding increases in the minimum wage (which the State did not do in human services contracts), increasing indirect funding (for such nonprofit management costs as administration and rent), establishing the Human Services Career Advancement Scholarship in the fall of 2021, and in committing to pay nonprofits on time, but still significant investments remain necessary to achieve salary parity for workers.

Despite this progress, additional investments are needed. To address the glaring pay and benefit disparities between nonprofit core human services workers and similar workers employed by the City, New York City should adopt a *prevailing wage* approach, and establish a wage and benefit schedule for all contracted human services workers to put them on an equal footing with comparable City employees. These compensation benchmarks should then be incorporated into all contracts, along with the funding to support career advancement and promotion opportunities.

The City should phase in funding increases to achieve full compensation parity, immediately set a higher, living wage floor for all human services workers, and establish a reserve for recruitment and retention to stabilize the contracted human services workforce. A cost-of-living adjustment (COLA) increase at the City level, while overdue and much needed given the significant inflation over the past year, is not a substitute for a serious start on closing the human services compensation gap.

Achieving equitable compensation for human services workers is necessary to ensure continued quality of service delivery. The City has an obligation to invest in this essential workforce that it has long relied on to provide necessary services and programming for New Yorkers in need and those facing crisis. This report examines the growth and reliance in New York City on the human services sector and documents the wide disparities that exist between pay in the nonprofit human services sector and comparable workers employed by the City of New York.

### *An outline of this report*

The first section of the report provides an overview of the City’s human services contracting history. The next section reviews the growth since 1990 in the predominantly nonprofit social assistance sector (“social assistance” is the Labor Department label for the human services sector of the economy), and the increase in City contracting for human services since 2015.

The third section provides a demographic profile of human services workers and compares that to the overall New York City private sector workforce. The fourth section details various pay comparisons between human services workers and other private and public sector workers. Significant nonprofit vs. public sector pay disparities for workers of color among counselors and social workers with similar education levels are also analyzed.

Section five presents basic family budget expense data to show that current pay levels for nonprofit human services workers fall far short of what is needed to live in New York City without relying on public or private economic assistance. Section six calls attention to the City’s own double standard in requiring many of its public works and service contractors to pay prevailing wage while it provides insufficient funding in human services contracts to allow nonprofits to pay decent wages to employees providing essential human services.

The current workforce challenges facing the nonprofit human services sector are discussed in section seven. Section eight discusses how the City placed even greater reliance on the nonprofit sector during the pandemic yet failed to adequately compensate nonprofits for their contributions. The final section summarizes and presents policy recommendations that respond to these challenges.

## 1. City contracting history

Settlement houses and various religious and other charitable organizations have a long history in New York City of providing a range of human services to low-income communities. The provision of government-funded human services grew sharply in the wake of the Great Society anti-poverty programs in the 1960s. The scale of service provision has expanded significantly in the decades since, for a variety of reasons, and to meet a wide range of needs. To cite a few examples: programmatic growth occurred in response to the AIDS epidemic, the early 1990s crack epidemic, the increased number of the elderly, and the de-institutionalization of those with mental health issues. Federal welfare reform in 1996 pushed many mothers of young children into the paid workforce, increasing the need for child care subsidies and afterschool programs, and the TANF block grant that was part of welfare reform provided a funding source for more services for low-income households struggling to get by on minimal earnings. As housing affordability pressures intensified over the past 15 years, and were exacerbated by the pandemic, New York City substantially increased its contracting for homeless shelters and services.

Almost from the start of the expansion in the 1960s, publicly funded human services provision has been channeled through nonprofit organizations rather than through City government agencies. This took advantage of a sizable existing infrastructure of charitable service providers, even as new community-based organizations also emerged as government funding increased. This fostered community-oriented approaches to service delivery. It also kept costs down and braked the growth of a public sector workforce already expanding in response to the Civil Rights Movement and urban unrest in the 1960s. Over a quarter century ago, Smith and Lipsky noted that nonprofits had become the “favored tool of public [social] service delivery.”<sup>1</sup>

In the 1970s and 1980s, the federal government devolved greater responsibility for funding human services to the states, which in turn relied on nonprofit contractors to deliver services.<sup>2</sup> As Fabricant and Fisher have written, while federal social policies in the 1960s and early 1970s relied on contracting to overcome the limits of private charity and local and state governments, by the Reagan years and into George H.W. Bush’s term, federal policies reoriented the federal role in order to end social welfare expansion and reduce reliance on unionized public workers.<sup>3</sup>

Within New York, the State has tended to rely heavily on local governments, particularly New York City, to share funding responsibility for public assistance programs and the delivery of

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<sup>1</sup> Steven Rathgeb Smith and Michael Lipsky, *Nonprofits for Hire. The Welfare State in the Age of Contracting*, Cambridge, MA: Harvard University Press, 1993, p. 11.

<sup>2</sup> Michael B. Fabricant and Robert Fisher, *Settlement Houses Under Siege. The Struggle to Sustain Community Organizations in New York City*, New York: Columbia University press, 2002, pp. 76-77.

<sup>3</sup> Fabricant and Fisher, pp. 77-78.

human services. The State funds a significant share of contract funding in certain areas, like foster care, family homeless shelters, domestic violence, and AIDS-related services, but many program areas are largely, if not entirely, City-funded. The State directly contracts with New York City nonprofits to provide about \$1.5 billion in services.<sup>4</sup>

Over the years, State and City contracts generally have left New York nonprofit human services providers in a precarious financial position. Following the bankruptcy and dissolution of one of the largest citywide multi-service nonprofits – the \$250 million a year Federal Employment and Guidance Service (FEGS) organization – a task force established by the Human Services Council reported that government contracts cover, on average, only 80 percent of each dollar of “true program delivery costs.” City contracts, for example, typically provide limited funding for indirect costs that include administration, information technology, and rent. Twenty years ago, a major nonprofit providing criminal justice services noted that while the federal government provided a 19 percent indirect rate, many City contracts allowed only 10 percent or even as little as five percent for indirect costs.<sup>5</sup> Several years of advocacy on the part of nonprofits were needed to get the City to finally commit in 2019 to increasing the allowance for indirect costs.<sup>6</sup>

There have also been perennial problems with both the City and the State taking several months to reimburse nonprofits for expenses incurred in providing services on behalf of the City, forcing nonprofits to undertake costly borrowing that is not reimbursable.<sup>7</sup> Following years of complaints regarding chronically late contract payments, Mayor Eric Adams and Comptroller Brad Lander recently committed to ensuring that contracts are paid on time, and in full.<sup>8</sup>

Most nonprofit human service providers have become heavily dependent on government contracts. The chronic underfunding of contracted nonprofits has resulted in wages for human services workers that do not reflect current market conditions, and that create enormous government-nonprofit sector pay disparities for a predominantly women of color workforce.

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<sup>4</sup> The \$1.5 billion in estimated State contracts with city nonprofits is from 2015-16.

<sup>5</sup> Fabricant and Fisher, pp. 76-77.

<sup>6</sup> See the City’s webpage on the implementation of the agreement to increase indirect cost funding. <https://www1.nyc.gov/site/nonprofits/funded-providers/indirect-implementation.page>. For a discussion of the campaign that resulted in this agreement, see James A. Parrott, *The Road to and from Salary Parity in New York City: Nonprofits and collective Bargaining in Early childhood Education*, Center for New York City Affairs at The New School, January 2020, p. 20.

<sup>7</sup> Joanne Page, *The trouble with city contracts*, *New York Nonprofit Media*, May 13, 2016.

<sup>8</sup> New York City Comptroller Brad Lander, *NYC Mayor Eric Adams and Comptroller Brad Lander Release Five Key Actions for A Better Contract for New York*, February 14, 2022. The press release noted: “Unfortunately, many of these partners [nonprofit service providers] wait months, and up to more than a year, to get paid for services they provide to New Yorkers. In FY22, over three-quarters of the City’s contracts with nonprofit organizations arrived at the Comptroller’s office for registration after the start date. Delays and flaws in the process of registering and paying contractors have left many nonprofits in the lurch, taking out loans to continue their essential operations while they wait for reimbursement from the City.”

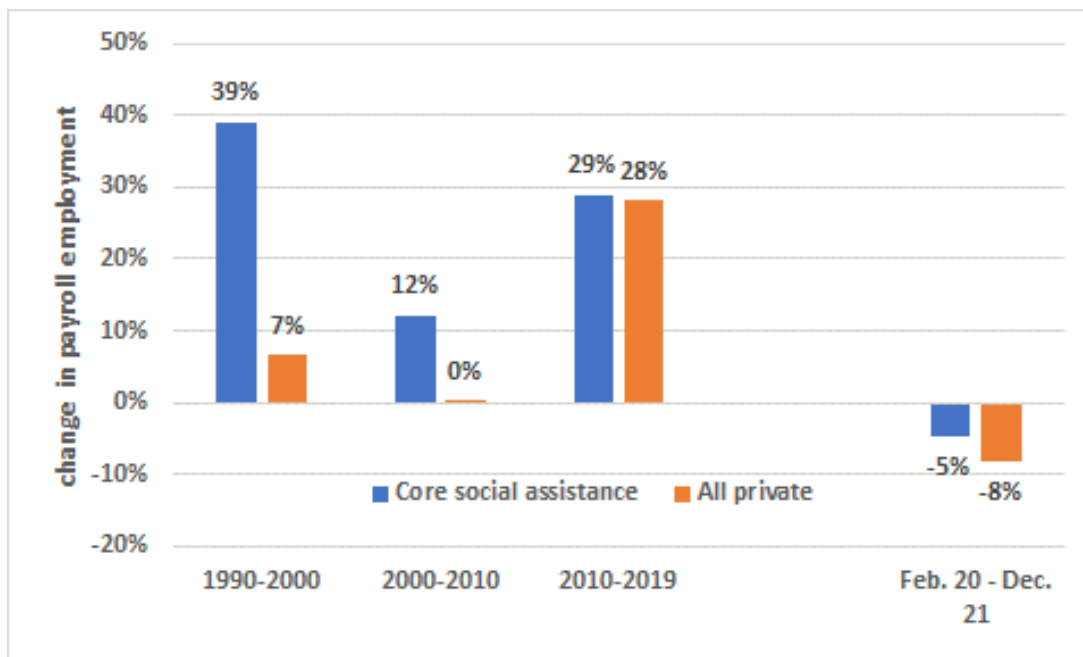


## 2. Human services sector growth

City government reliance on the nonprofit human services sector for a broad range of vital public services has steadily grown over at least the past three decades. During that time total New York City employment in the core social assistance sector doubled, increasing more than two-and-a-half times as fast as total private sector employment.<sup>9</sup> (See Figure 1.) Social Assistance is the Labor Department’s designation for the economic sector that provides human services. New York City’s core social assistance employment rose sharply in the 1990s during a period of prolonged high unemployment and in the wake of the crack and AIDS epidemics, and again in the five years before the pandemic as City contracting rose for homeless, youth, and mental health services.

**Figure 1**

**New York City core social assistance payroll employment grew much faster than all private employment, 1990—2019 (101 percent vs. 37 percent)**



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics (CES). The CES data includes some home health care and personal aide workers employed by social service organizations. As defined here, “core” social assistance excludes child care services and the home health care industry.

<sup>9</sup> As discussed below, we define “core social assistance (or human services)” to exclude child care and home health care services.

### *Defining core human services*

We refer in this report to Core Human Services (or Core Social Assistance) to focus on the broad set of human services programming funded by the City excluding child care teachers and staff and home health and personal care aides. The focus in this report is on funding levels and employee compensation in City human services contracts. The key occupations of interest include: social and community service managers; social workers (child, family, mental health and substance abuse); counselors (substance abuse, behavioral disorders, mental health, rehabilitation); and social service assistants.

Child care teachers and staff are classified by government statistical agencies within the Social Assistance sector.<sup>10</sup> While there are some home health and personal care aides employed by multi-service organizations we consider mainly engaged in “core human services,” in the analysis of American Community Survey data that follows we exclude workers whose occupation is identified as home health or personal care aide.

Home health care<sup>11</sup> and child care services have fairly distinct contracting practices, and distinct wage-determination dynamics. Compensation for center-based child care teachers is beginning to rise under an early childhood salary parity agreement involving the City and District Council 37-1707 reached in July 2019, although the pay for support staff in City-funded child care centers still lags.<sup>12</sup> Home health care workers are paid even less than core human services workers, so including them would have skewed the wage distribution downward, inappropriately understating the wages received by most workers providing services under City of New York human services contracts.<sup>13</sup>

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<sup>10</sup> Child care teachers and staff working in child care centers are classified as employees. The proprietors of home-based child care services are considered self-employed and generally do not appear in the establishment payroll series. Child care workers assisting in the operations of home-based child care providers are employees. Employment in New York City’s child care industry rose from 14,000 in 1990 to 37,000 in 2019. After declining sharply in the early months of the pandemic, by December 2021, child care employment in the city had returned to pre-pandemic levels.

<sup>11</sup> Most of home health care employment is classified in its own sub-industry within the Health Care sector. In February 2020, employment in the Home Health Care sub-industry was 216,000 in New York City. Some home health and personal care aides are employed by organizations that are primarily human services providers—it is this group of workers that we separate out from “core human services.”

<sup>12</sup> See Parrott, *The Road to and from Salary Parity*, 2020. Compensation for child care teachers and workers is now determined by contracts handled by the City Department of Education. The pay for home-based child care providers and workers in New York City is largely determined by New York State’s process to establish payment rates for child care subsidies.

<sup>13</sup> The great majority of home health care workers have their compensation set under New York State’s policy for Medicaid reimbursements. For a detailed analysis of compensation for home care workers, see Isaac Jabola-Carolus, Stephanie Luce, and Ruth Milkman, *The Case for Public Investment in Higher Pay for New York State Home Care Workers: Estimated Costs and Savings*, City University of New York Graduate Center and CUNY School of Labor and Urban Studies, March 2021.

As will be seen in the discussion below, there is a substantial compensation differential between what is received by nonprofit employees and by comparable City government or private hospital employees. It is important for policy purposes to focus as closely as possible on an apples-to-apples comparison.

### *Human services contracting by program area*

Leaving aside early childhood education contracts, New York City's current budget for FY 2022 includes \$5.6 billion in contracts for a range of human services. Figure 2 shows these 4,562 contracts grouped into the main program areas. These contracts are largely with nonprofit human services providers, many of which operate in multiple program areas.

**Figure 2**

### **\$5.6 billion in FY 2022 New York City core human services contracts**

	# contracts	\$ amts. (millions)
Homeless services	587	\$2,216
Child and family services	617	\$1,079
Youth services (except for workforce related)	1,165	\$709
Mental health services	473	\$731
AIDS services	117	\$322
Services for seniors	1,334	\$289
Employment and workforce services	266	\$277
Other services	3	\$3.3
<b>TOTAL--core human services contracts</b>	<b>4,562</b>	<b>\$5,627</b>

Source: City of New York, Office of Management and Budget, *Expense, Revenue and Contract Budgets, Adopted FY 2022*, June 2021. Includes contracts with these City agencies: Administration for Children's Services, Department for the Aging, Human Resources Administration (Departments of Homeless Services and Social Services), Department of Health and Mental Health, Department of Youth and Community Services, and the workforce contracts administered by the Department of Small Business Services.

Total City spending on core human services contracts increased by nearly \$2.4 billion from FY 2015 to FY 2022. This was largely driven by a 172 percent increase in contracts for homeless services which rose from \$814 million to \$2.2 billion over this period. Separating out contract funding for homeless services, spending on other core human services contracts rose by about one billion from FY 2015-2022, or nearly 40 percent. This increase was more in line with the overall 36 percent increase in total City expenditures during this period. (None of the data cited in this paragraph or in Figure 3 are adjusted for inflation.)

Figure 3

## Change in New York City core human services contracts, FY 2015-22

<i>contract \$ amts. (millions)</i>	FY 2015	FY 2022	FY 2015-22 change	
	\$ amounts	\$ amounts	\$ amounts	% change
<b>Total core human services</b>	<b>\$3,258</b>	<b>\$5,627</b>	<b>\$2,369</b>	<b>72.7%</b>
Homeless services	\$814	\$2,216	\$1,402	172.3%
Core minus homeless services	\$2,444	\$3,411	\$966	39.5%
<i>Early childhood education (ECE)</i>	<i>\$998</i>	<i>\$2,135</i>	<i>\$1,137</i>	<i>114.0%</i>

Source: City of New York, Office of Management and Budget, *Expense, Revenue and Contract Budgets, Adopted FY 2022*, June 2021; *Expense, Revenue and Contract Budgets, Adopted FY 2016*, June 2015.

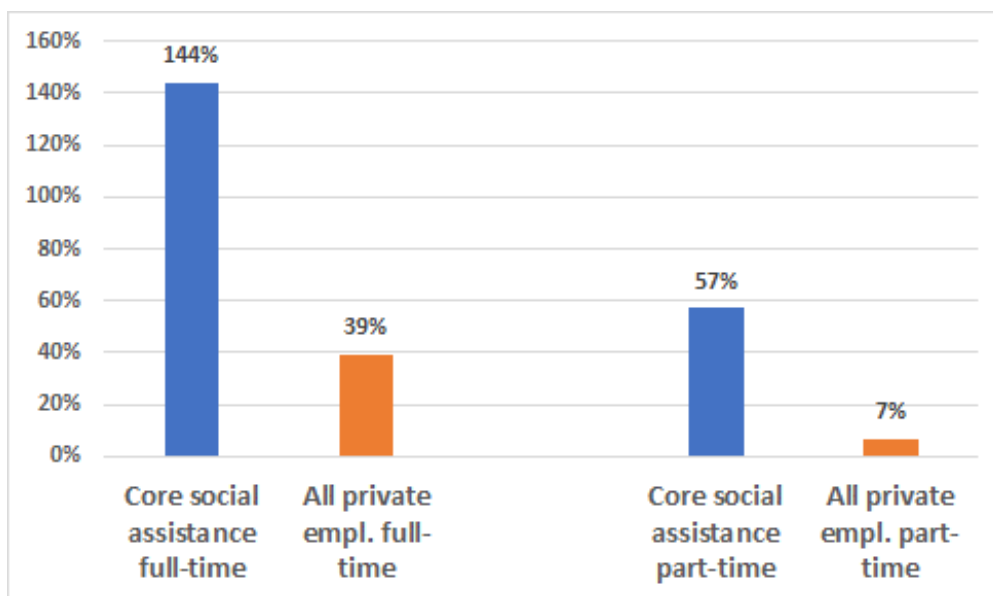
### 3. A largely female and women of color workforce

The demographic data presented below for employees in human services areas are from the U. S. Census Bureau’s 2019 five-year (2015-19) American Community Survey (ACS). We refer to the time period for the ACS data as 2015/19. The levels reported are averages over those five years; according to the payroll employment data for core human services from the Labor Department, there was a 20 percent growth in employment in New York City in these jobs between 2015 and 2019.

According to the ACS data, 29 percent of New York City’s core human services workers were part-time. For the private sector overall, part-time workers comprise 20 percent of all workers. From 2000 to 2015/19, full-time core human services employment grew by 144 percent, more than twice as fast as the 57 percent growth in full-time private sector workers in the city. (See Figure 4.) Part-time core human service workers also grew faster than in the private sector as a whole, although growth among part-time human services workers was not nearly as rapid as the growth of full-time workers.

**Figure 4**

**New York City employment change, core social assistance and all private sector, 2000 to 2015/19**



Source: Authors’ analysis of 2000 Census and 2015-19 American Community Survey, IPUMS US, University of Minnesota, [www.ipums.org](http://www.ipums.org). Note: Core social assistance excludes the child care sub-industry and all home care and personal care aide occupational employment.

Total employment of full-time and part-time core human services workers was 81,800 for 2015/19. These workers are private sector workers, and account for about 2.3 percent of all private sector New York City working in the city. As Figures 5 and 6 indicate, women are 72 percent of all core human services workers, quite a bit higher than the 47 percent female share of the city's entire private sector workforce. While 60 percent of the private sector workforce are workers of color, in core human services workers of color constitute three out of every four workers.

Women of color predominate in core human services, accounting for 55 percent of the total, nearly twice the women of color share in the broader New York City private sector workforce. White women have roughly the same (18 percent) representation in core human services as in the private sector overall. Men of color are 20 percent in human services compared to 31 percent in the total private sector, and white men account for only eight percent of human services and 22 percent of the private sector workforce overall.

**Figure 5**

**Gender and race/ethnic characteristics of New York City private and core human service workers**

	Core human services	Total private sector
<b>All-both genders</b>	<b>81,800</b>	<b>3,624,400</b>
All-female	59,200	1,701,100
All-male	22,700	1,923,400
All-White persons	20,700	1,441,100
White-female	14,300	646,100
White-male	6,300	795,000
All-Persons of color	61,200	2,183,300
Of color-female	44,800	1,055,000
Of color-male	16,300	1,128,300

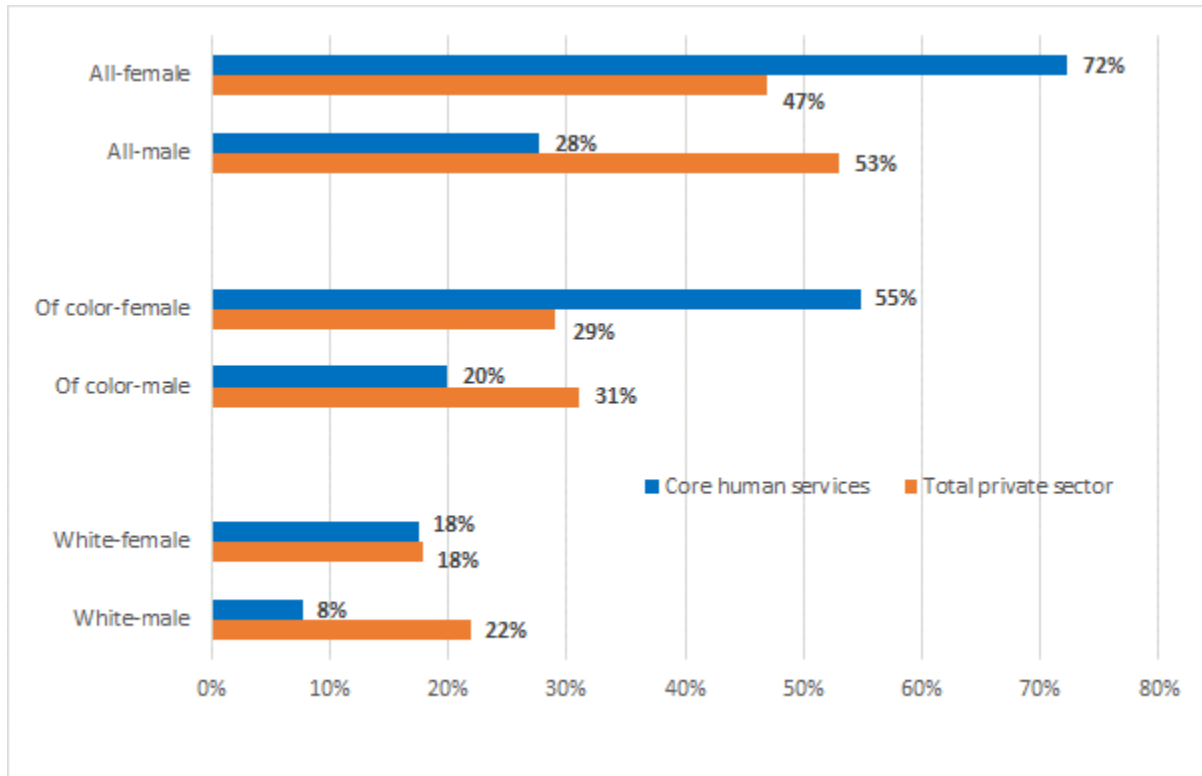
Source: CNYCA analysis of American Community Survey data, 2015-19, full-time and part-time workers, from IPUMS.

Blacks are 33 percent of the human services workforce, nearly twice their 17 percent private share. Latinx workers are 29 percent of human services workers compared to 25 percent of the

private sector workforce, while Asian and all others are 11 percent of the human services workforce but 17 percent of the private sector overall.<sup>14</sup>

**Figure 6**

**Women of color predominate among core human services workforce**



Source: CNYCA analysis of American Community Survey data, 2015/19, full-time and part-time workers, from IPUMS

The city's core human services workforce is highly educated, with one in every four workers having a master's degree or better. That's greater than the 20 percent share for the city's private sector workforce overall. At the other end of the education spectrum, a slightly lower share of core human services workers has a high school education or less than for the private sector workforce. (See Figure 7.)

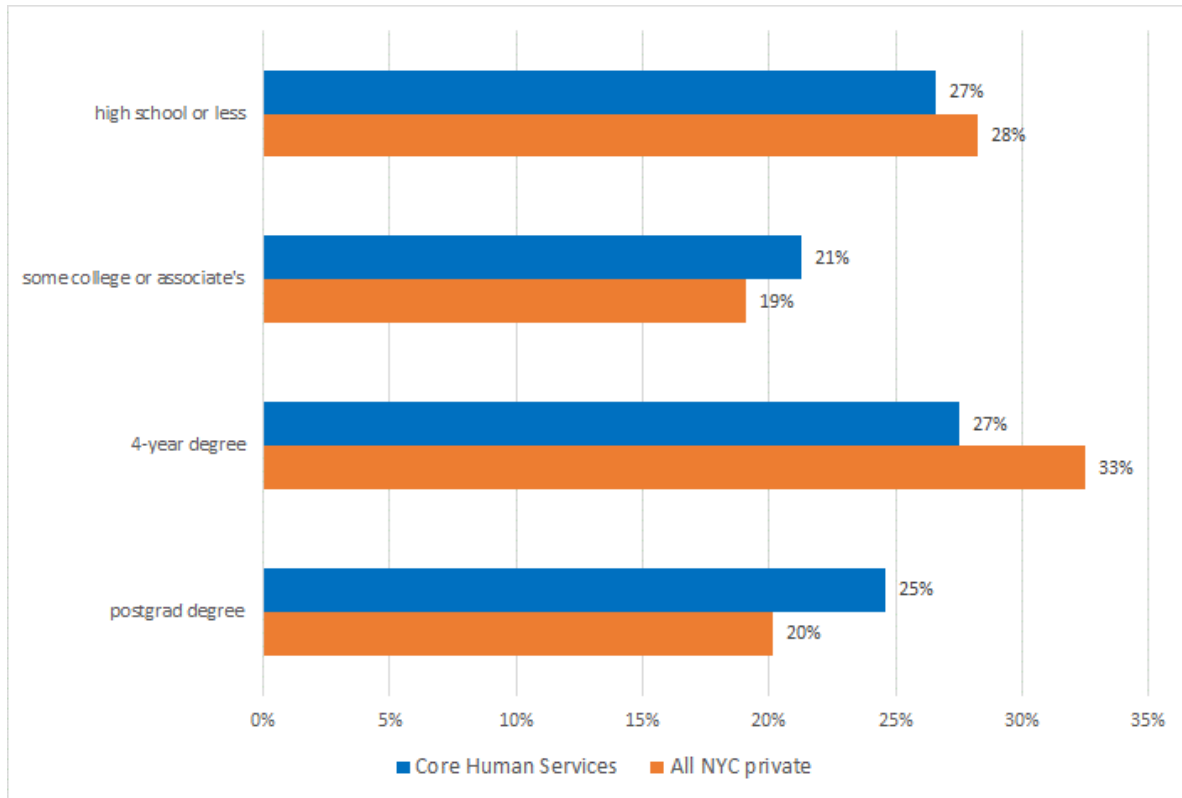
The native-born vs. foreign-born shares are the same 55 percent-45 percent in core human services as in the city's overall private sector workforce.<sup>15</sup>

<sup>14</sup> CNYCA analysis of American Community Survey data, 2015/19.

<sup>15</sup> Ibid.

Figure 7

**A greater share of full-time core human services workers has advanced degrees than in the city's overall private sector workforce**



Source: CNYCA analysis of American Community Survey data, 2015-19, full-time workers, from IPUMS



## 4. Human service workers lag in salary comparisons

Annual pay in 2019 in the New York City core social assistance sector averaged only \$34,000, making it the fifth-lowest-paid large employing sector in the city's economy. (See Figure 8.) Home health care services was the lowest-paying at \$28,800. Core social assistance was slightly better-paying than jobs in restaurants and coffee shops (food services and drinking places, \$33,700) but much lower-paying than work in clothing stores (\$48,200), hotels (accommodation, \$69,000), or administrative support services (\$70,600). Core social assistance employees had average pay that was 64 percent less than the average \$95,600 pay of all wage workers in the city, and 57 percent less than the of the \$80,200 average pay for local government employees.

**Figure 8**

**Core social assistance workers have the fifth-lowest average salary among the 15 largest industries employing more than 50,000 workers in New York City, 2019**

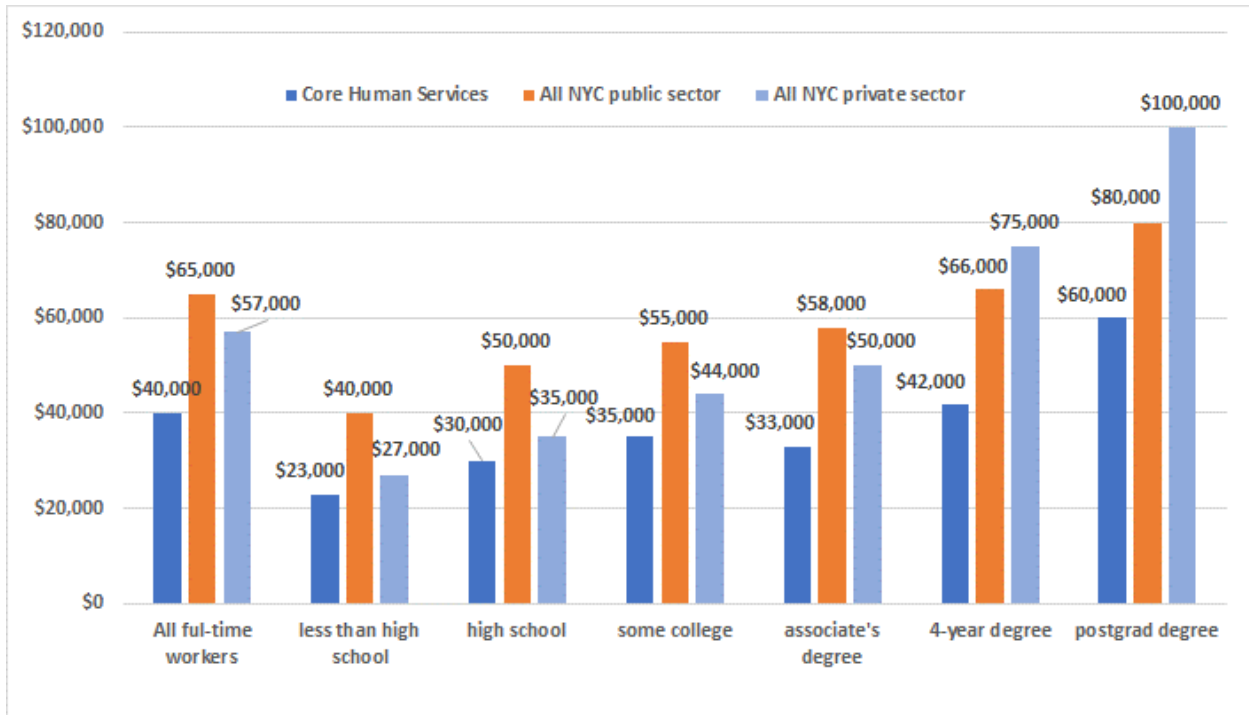
<u>Industry Title</u>	<u>Average Employment</u>	<u>Average Wages</u>
Total, All Industries	4,492,700	\$95,600
1 Home Health Care Services	208,400	\$28,800
2 Food and Beverage Stores	81,700	\$30,800
3 Food Services and Drinking Places	317,800	\$33,700
4 Personal and Laundry Services	62,300	\$33,900
5 <b>Core Social Assistance</b>	175,800	\$34,000
6 Nursing and Residential Care Facilities	75,400	\$45,200
7 Clothing and Clothing Accessories Stores	70,300	\$48,200
8 Manufacturing	66,600	\$64,000
9 Accommodation	52,700	\$69,000
10 Administrative and Support Services	265,900	\$70,600
11 Membership Organizations & Associations	83,300	\$72,500
12 Ambulatory Health Care Svcs. (exc Home Health)	129,300	\$72,500
13 Private Educational Services	186,800	\$76,200
14 Specialty Trade Contractors	99,600	\$79,700
15 Local Government	492,600	\$80,200

Source: NYS Department of Labor, Quarterly Census of Wage and Employment, 2019.

This section presents several salary comparisons between New York City workers in core human services, the public sector, and the private sector overall, using data from the 2015/19 American Community Survey.

Figure 9 shows median annual salary comparisons for full-time workers. The median represents the worker in the exact middle of the pay distribution within any category and is more reflective of what a typical worker might receive than the average or mean. Given the very high pay levels for top earners in sectors like finance, corporate headquarters, and professional services in New York City, mean salary data can be skewed sharply upward. Basing the comparison on median annual salary, those with a master’s degree or better in the city’s private sector have a median salary of \$100,000, significantly higher than the \$60,000 median salary for workers at that education level in the core human services sector. At every education level, human services workers are paid less than a similarly educated public or private sector worker.

**Figure 9**  
**Median pay for full-time core human services workers significantly lags median pay for all NYC public sector and all private sector workers at all education attainment levels**

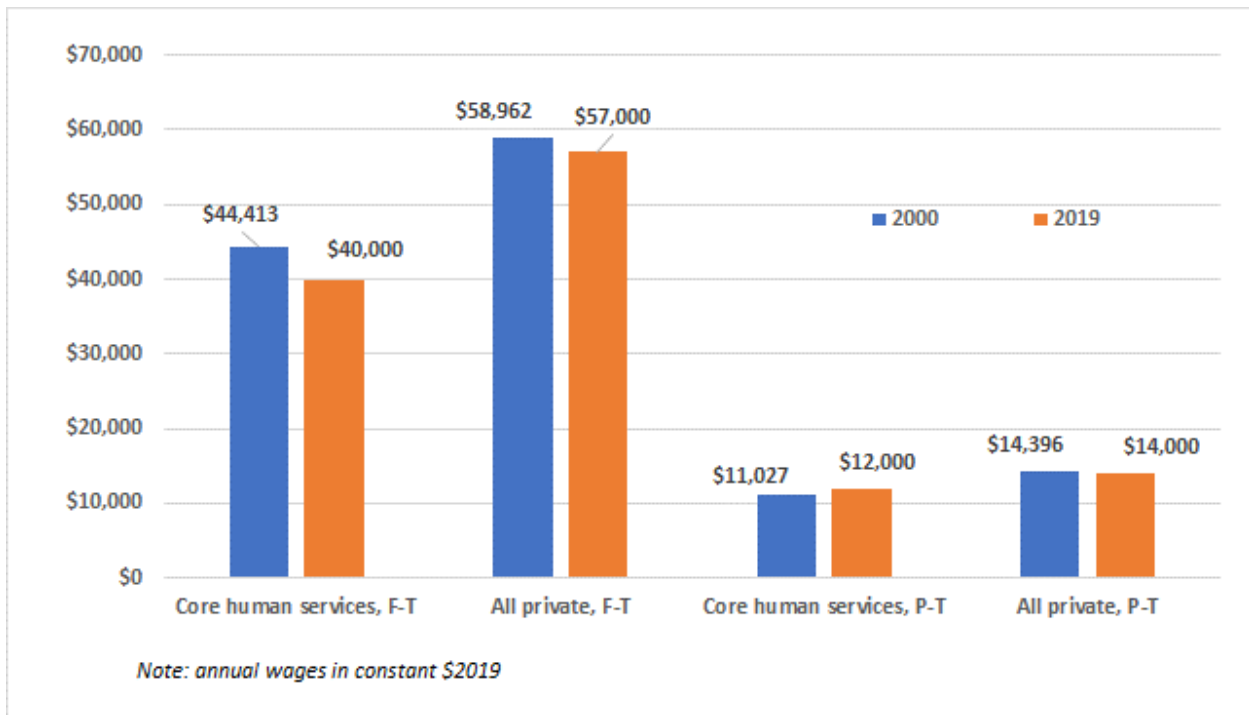


Source: CNYCA analysis of American Community Survey, 2015/19, IPUMS USA, Univ. of Minnesota, [www.ipums.org](http://www.ipums.org).

For workers with a high school education and higher, a core human services worker generally makes about \$20,000 a year less than a public sector worker with a comparable education. (Over two-thirds of government employees in New York City are employed by the City of New York or one of its subsidiary entities, such as Health + Hospitals and the New York City Housing Authority.) Relative to the public sector, median private sector salaries are lower for those with less than a four-year college degree, but higher for those with a four-year degree or better.

Median pay levels for most New York City workers have been relatively stagnant over the past two decades. According to the Census and ACS data presented in Figure 10, inflation-adjusted median pay for full-time human services workers fell nearly 10 percent from 2000 to 2015/19, while median pay for full-time private sector workers declined by a little over three percent. Median annual pay for part-time human services workers managed to rise by nearly nine percent over this period, but the 2015/19 median part-time wage of \$12,000 was still less than the \$14,000 median annual pay for the part-time private sector worker whose pay had fallen by nearly three percent from 2000 to 2015/19.

**Figure 10**  
**Median annual pay for full-time core human services workers fell nearly 10 percent from 2000 to 2015/2019**

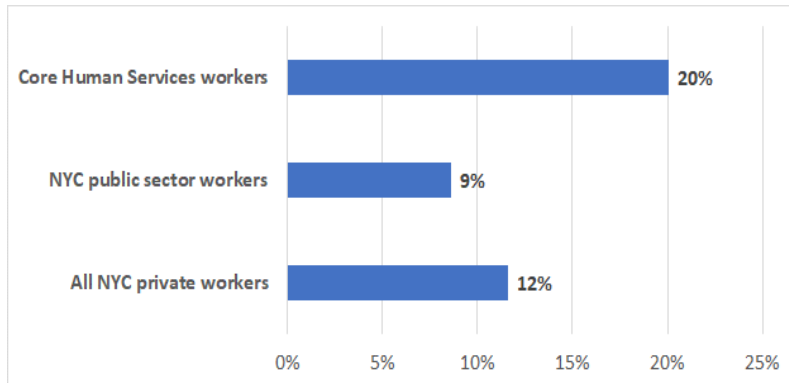


Source: CNYCA analysis of 2000 Census 5% sample and American Community Survey, 2015/19, IPUMS USA, Univ. of Minnesota, [www.ipums.org](http://www.ipums.org).

Pay is so low for core human services workers that one in five received Supplemental Nutrition Assistance Program (SNAP) benefits, commonly known as food stamps. (See Figure 11.) That share is more than twice the share of all public sector workers receiving food stamps in 2015/19, and considerably greater than the 12 percent of all private sector workers

**Figure 11**

**Percent of full-time and part-time workers receiving food stamps**

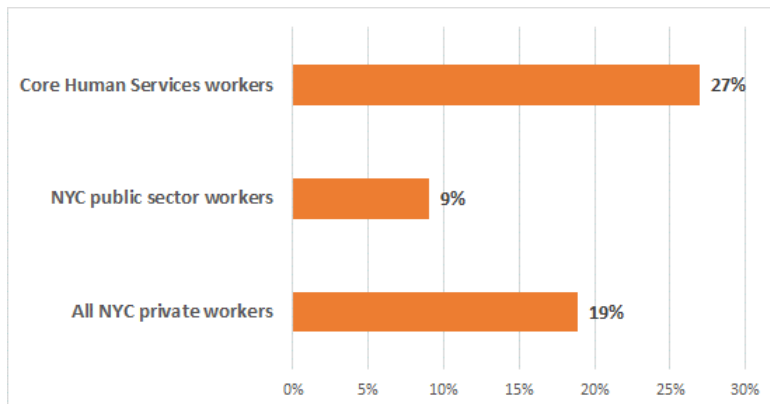


Source: CNYCA analysis of American Community Survey data, 2015/19, from IPUMS.

More than one out of every four core human services workers had family incomes that put them in “near-poverty,” that is, with incomes below 200 percent of the federal poverty threshold for 2015/19. That 27 percent share was three times the share among public sector workers and well ahead of the 19 percent share for New York City private sector workers overall. (See Figure 12.)

**Figure 12**

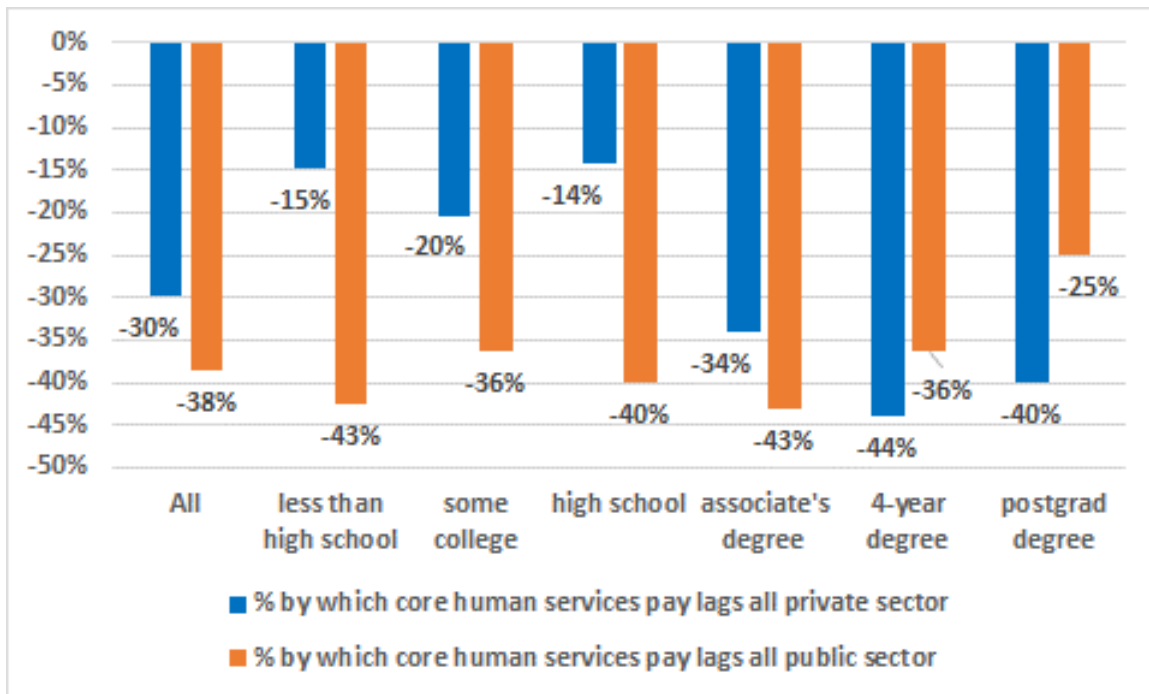
**Percent of full- and part-time workers with family income below 200% of the federal poverty line**



Source: CNYCA analysis of American Community Survey data, 2015/19, from IPUMS.

Figure 13 utilizes the median annual pay data for full-time workers from Figure 9 to show the extent to which core human services pay lags public and private sector pay. The core human services pay shortfall relative to the public sector ranges from 25 to 43 percent, while the median pay shortfall compared to the entire private sector ranges from 14 to 44 percent.

**Figure 13**  
**Core human services full-time pay significantly lags public and all private sector pay**



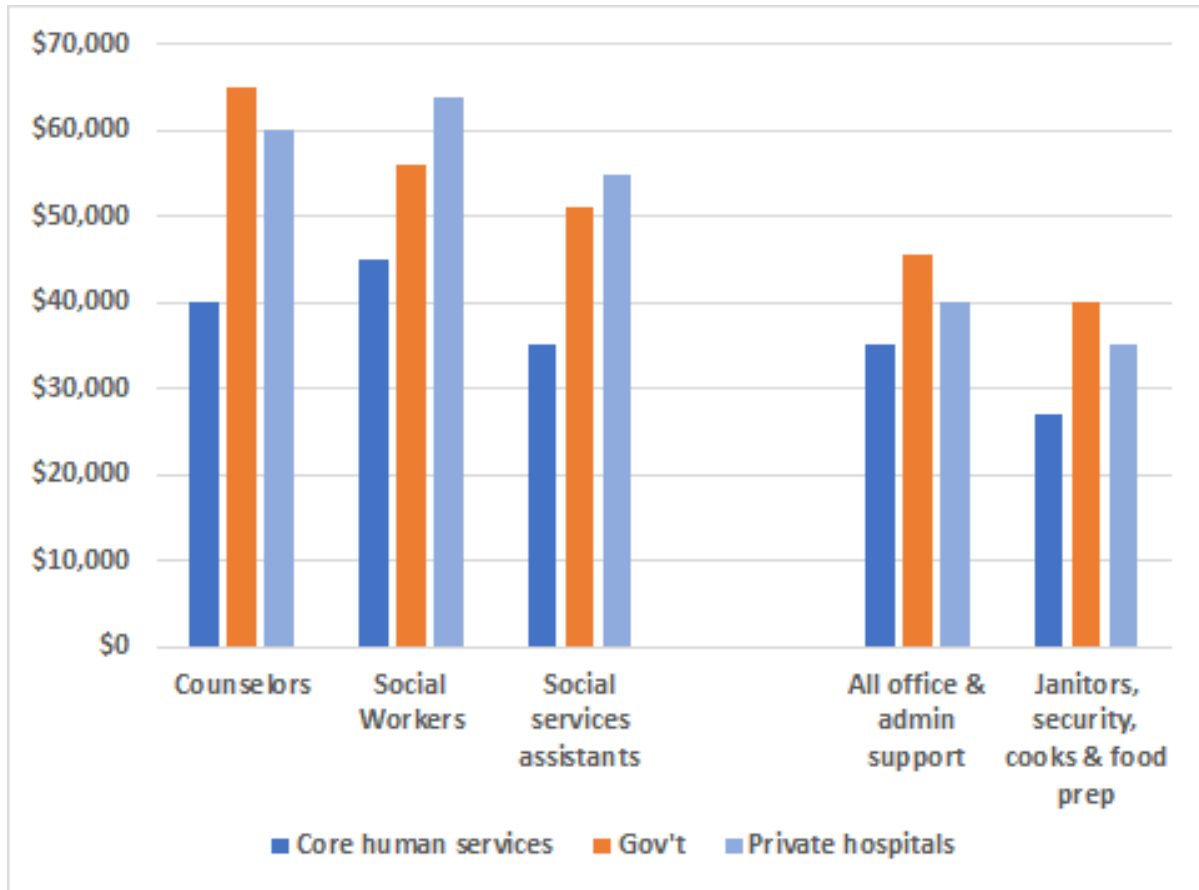
Source: CNYCA analysis of American Community Survey data, 2015/19, from IPUMS.

*Human services pay consistently lags for specific occupations*

To home in more closely on pay comparisons for comparable workers, Figure 14 provides comparisons for three professional occupations, including one at entry-level (“social service assistants”) and two groups of nonprofessional occupations. Median full-time worker pay comparisons are made to the comparable workers in the public sector and those working in private hospitals, a sizable employer including many workers in similar occupations as in core human services. Pay gaps between human services and other sectors remain substantial for both professional and non-professional workers.

Figure 14

**Pay for core human services workers trails government and private hospitals for both professional and non-professional occupations**

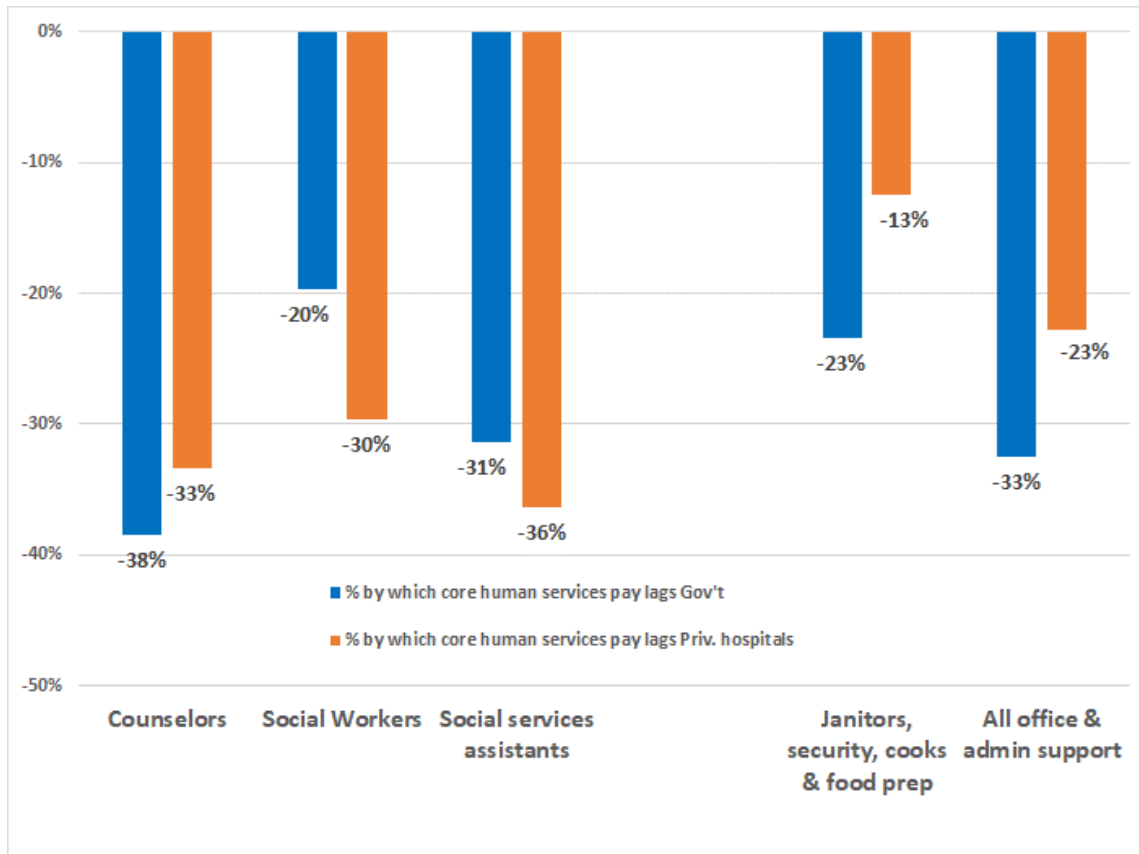


Source: CNYCA analysis of American Community Survey data, 2015/19, from IPUMS.

Figure 15 uses the median pay data from Figure 14 to show the degree to which core human services pay lags that of comparable workers in the public sector and in private hospitals. For example, the \$40,000 annual median pay for counselors in core human services not only puts them 33-38 percent behind their counterparts in the other two sectors; it also puts their pay below median pay for office and administrative support workers in the public sector and on a par with office workers in private hospitals and janitors, security guards, and food service workers in the public sector. Mid-level social services assistants who often have a bachelor's degree are in a similar situation – far behind their counterparts in the government and hospital sectors and at or below office workers and security guards in those sectors. Median annual pay for core human services social workers of \$45,000 lags 20 percent behind their counterparts in the public sector, and 30 percent behind social workers employed in private hospitals. Pay gaps are nearly as wide among non-professional workers.

Figure 15

**Core human services pay, for specific occupations, lags the government sector by 20-38%, and lags private hospitals by 13-36%**



Source: CNYCA analysis of American Community Survey data, 2015/19, from IPUMS.

Regardless of occupation, nearly half of full-time core human services workers—those with less than a four-year college degree—have median annual earnings of only \$30,000. That means they make close to the \$15 minimum wage.

### *Zeroing in on two key occupations and holding education level constant*

Figure 16 goes a step further in looking at pay comparisons for similar key professional human services occupations separately for those with a bachelor's degree and those with a master's degree. For counselors, median pay for full-time workers in core human services lags pay for their counterparts working for government by 31 to 35 percent. For social workers, the pay gap ranges from 21 to 23 percent. The pay for social and community service managers (not shown in

Figure 16) similarly lagged, with median salaries in core human services lagging 29-35 percent behind their counterparts working for government.

**Figure 16**

**Pay gaps between core human services and gov't remain sizable when holding education level constant**

<b>Median salaries, full-time workers</b>	<b>Core human services</b>	<b>Gov't</b>	<b>% by which core human services pay lags Gov't</b>
Counselors with B.A. degree	\$39,000	\$60,000	-35%
Counselors with Master's degree	\$50,000	\$72,000	-31%
Social workers with B.A. degree	\$40,000	\$52,000	-23%
Social workers with Master's degree	\$55,000	\$70,000	-21%

Source: CNYCA analysis of American Community Survey data, 2015/19, from IPUMS.

***Racial pay disparities within human services***

Pay disparities also fall along racial lines among workers in the core human services sector. Figure 17 shows median pay for full-time counselors and social workers (with the two occupations combined together) in human services and government by education level and separately for whites and for persons of color.<sup>16</sup> Interestingly, the data show that pay for white workers is much closer at both bachelor's and master's levels between core human services and government than it is for persons of color. The pay for whites with a bachelor's degree in core human services is only six percent less than in government, and at the master's level median pay is basically the same. However, for workers of color, median pay is about 20 percent less in core human services than in government at both education levels.

Comparisons within sectors reveals that median pay for persons of color in core human services lags that of their white counterparts by about 10 percent, and within government, workers of color tend to have higher median pay than their white counterparts.

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<sup>16</sup> Within core human services, the number of social workers is 4-5 times the number of counselors. Within the government sector, the disparity is much greater in favor of social workers. To enhance the statistical reliability of the analysis in Figure 17, we did not disaggregate this analysis by gender.



Figure 17

**The core human services-government pay gap is more pronounced for persons of color, and persons of color also suffer a pay gap within core human services**

<b>Counselors &amp; Social Workers combined (full-time)--median annual pay (\$2019)</b>	<b>Median annual wage (\$2019)</b>		<b>% by which core human services pay lags government</b>
	<b>Core human services</b>	<b>Government</b>	
<b>B.A. degree</b>			
Whites	\$45,000	\$48,000	-6%
Persons of color	\$40,000	\$50,000	-20%
<i>pay for persons of color as % of pay for whites</i>	<i>89%</i>	<i>104%</i>	
<b>M.A. degree</b>			
Whites	\$58,000	\$57,500	1%
Persons of color	\$53,000	\$67,000	-21%
<i>pay for persons of color as % of pay for whites</i>	<i>91%</i>	<i>117%</i>	

Source: CNYCA analysis of American Community Survey data, 2015/19, from IPUMS.

***It's not just pay; benefits also lag compared to other sectors***

Fringe benefits – including health insurance, health and welfare fund contributions, pension contributions, and paid time off – are also significantly higher in the public sector than in the nonprofit human services sector. Total fringe benefits amount to an estimated 36 percent of regular pay in the core nonprofit human services sector.<sup>17</sup> This compares to about 50 percent for City of New York employees, making the nonprofit fringe rate 28 percent less than in the public sector. And of course, 28 percent of a relatively low salary level to begin with translates into a much smaller investment in health insurance, retirement savings, and paid time off than in the public sector for a comparable human services worker.

<sup>17</sup> The 36 percent estimate is based on conversations with human services nonprofit leaders. The 36 percent estimated fringe rate includes: 7.65 percent FICA; UI 2.5 percent; workers comp 2.5 percent; total paid time off (vacation, holidays, personal and sick days=30) 11.5 percent; health insurance 10 percent; retirement 1.5 percent; MTA 0.34 percent. A 2015 survey of New York City nonprofit human services organizations found that employers made retirement contributions averaging four percent for an estimated 37 percent of workers. The above estimate uses the product of these two values, .04 \* .37 = .015. James A. Parrott, *Promoting Better Retirement Security among Nonprofit Social Service Employees in New York City*, Fiscal Policy Institute, July 2015.

## 5. Basic family budget needs in New York City

As noted in the previous section, the median pay for full-time core human services workers was only \$40,000 for the 2015/19 period (in 2019 dollars). There was some wage growth in the years before the pandemic, so adjusting the \$40,000 figure for the average inflation-adjusted wage change for the social assistance sector from 2017-2021 and expressing that value in today's dollars would make it about \$44,900.<sup>18</sup> Since there was also growth in wages in the public and overall private sector since 2015/19, we would not expect the wage differentials shown in the previous section to be significantly different today.

The point of updating the median pay figure in core human services in this way is to look at it in relation to the income a family needs to pay for basic family budget needs in New York City today. Figure 18 provides information on the income that representative family types need to cover the costs of basic family budget needs in Brooklyn and the Bronx, the two boroughs home

**Figure 18**  
**Basic family self-sufficiency budgets, Bronx and Brooklyn\*, select family types**

Monthly costs	Bronx County			Kings County (Brooklyn)*		
	1 adult, pre-schooler	1 adult, pre-schooler, school-age	2 adults, infant, pre-schooler	1 adult, pre-schooler	1 adult, pre-schooler, school-age	2 adults, infant, pre-schooler
Housing	\$1,806	\$1,806	\$1,806	\$1,831	\$1,831	\$1,831
Child care	\$1,285	\$1,924	\$2,637	\$1,285	\$1,924	\$2,637
Food	\$435	\$657	\$802	\$502	\$759	\$926
Transportation	\$127	\$127	\$254	\$127	\$127	\$254
Health care	\$535	\$555	\$605	\$535	\$555	\$605
Miscellaneous	\$419	\$507	\$610	\$428	\$520	\$625
Taxes (net of credits)	\$1,072	\$1,197	\$1,429	\$1,115	\$1,290	\$1,499
Monthly total	\$5,679	\$6,773	\$8,143	\$5,823	\$7,006	\$8,377
Annual family budget	\$68,148	\$81,276	\$97,716	\$69,876	\$84,072	\$100,524

\* Brooklyn (excluding northwest Brooklyn)

Source: Annie Kucklick and Lisa Manzer, *The Self-Sufficiency Standard for New York 2021*, Center for Women's Welfare, Univ. of Washington School of Social Work, Prepared for FPWA, March 2021.

<sup>18</sup> 2017 is used as the midpoint of the 2015/19 period. The 5.4 percent change in the CPI-W from 2019 to the average for the first nine months of 2021 was used to express the \$40,000 figure in 2021 dollars. The growth in inflation-adjusted average industry wages of 6.2 percent from the Quarterly Census of Employment and Wages for the first nine months of 2017 to the first nine months of 2021 was used to approximate the growth in the median wage compared to the average value for the 2015/19 period. Wage data for the third quarter of 2021 is the latest available at this writing.

to the most human services workers. These figures are from the “self-sufficiency” budgets periodically compiled using a widely accepted methodology developed by the Center for Women’s Welfare at the University of Washington. The self-sufficiency budgets are based on average costs for market-rate housing, child care, food, healthcare, transportation, and emergency savings in each borough without reliance on any government assistance or subsidy from other family members. These are meant to be bare bones basic family budgets that do not provide for savings for college or retirement, or for vacations.

The estimated 2021 median annual earnings for a human services worker falls \$24,000-\$25,000 short of the income needed to support an adult with a pre-schooler, and \$36,000-\$38,000 short of the income needed to support an adult with a pre-schooler and a school-age child. For a two-earner, four-person family, it would take two human services salaries to meet the basic family budget needs.

Another way to view the inadequacy of the pay received by nonprofit human services workers is to look at it in relation to the City’s official poverty measure. Since 2005, the Mayor’s Office for Economic Opportunity has calculated “a measure of poverty adapted to the realities of the city’s economy ... (accounting) for housing costs that are higher than the national average.” For 2019, the City pegs what it calls the “NYCgov poverty threshold” at \$32,262 for a two-adult, two-child family. The near poverty threshold (150 percent of the NYCgov threshold) was \$52,566 for 2019. This would mean that roughly two-thirds of all full-time human services workers had 2019 earnings below the near poverty threshold.<sup>19</sup>

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<sup>19</sup> City of New York, Mayor’s Office for Economic Opportunity, *New York City Government Poverty Measure 2019*, An Annual Report from the Office of the Mayor, December 2021, pp. 5-6. For New York City full-time core human services workers, median (50<sup>th</sup> percentile) earnings for 2015/19 were \$40,000 in 2019 dollars, and 75<sup>th</sup> percentile earnings were \$60,000. An approximate interpolation for the 67<sup>th</sup> percentile (“two-thirds”) would be very close to the \$52,566 near poverty level. CNYCA analysis of the American Community Survey data 2015/19.

## 6. Uneven pay practices regarding contract workers

This section addresses various factors besides the City's human services contracting process that affect the compensation of nonprofit human services workers. Dating back at least to the 1990s, the City had periodically provided additional funding to nonprofit human services contractors to give employee wage increases following the wage pattern negotiated under municipal labor contracts. This linkage reflected a need to regularly adjust the pay for nonprofit contract workers outside of the service contract process itself.

This linkage to municipal labor contracts, however, began to weaken in Mayor Rudolph Giuliani's second term, and ended altogether during the 2008-09 Great Recession, toward the end of Mayor Michael Bloomberg's second term. Former Governor Andrew Cuomo similarly stopped providing regular cost of living adjustments (COLAs) in State-funded human service contracts in the decade he was in office (2011-21). In her first Executive Budget proposal in January 2022, Governor Kathy Hochul proposed a 5.4 percent COLA for State-funded human services contract workers.

### *Raising the wage floor for core human service contract workers*

By the time Mayor Bill de Blasio took office in 2014, the pay gap relative to public sector workers experienced by nonprofit contract workers had widened considerably. In addition, after 2006, the Bloomberg administration failed for several years to renew collective bargaining agreements with AFSCME District Council 1707, which represented teachers and support staff in City-funded child care centers, the only part of the nonprofit human services landscape that was heavily unionized. The Bloomberg administration's relations with municipal unions hardened significantly in 2009, when it stopped negotiating with the United Federation of Teachers, and by the time Mayor Bloomberg left office, all municipal labor contracts covering roughly 300,000 workers had expired. In his first year in office, de Blasio settled the long-expired teachers' contract and negotiated a new seven-year municipal labor pattern that provided for an average of 1.5 percent annual pay increases.

Rather than reinstate the practice of providing annual COLAs to nonprofit contract workers, the de Blasio administration put resources into raising the pay floor for City-funded human services contract workers. This was connected to his advocacy for raising the minimum wage for all New York City workers. In his budget proposal released in early May 2015, de Blasio included funding for an \$11.50 wage floor for human services contracts effective July 1 of that year plus a 2.5 percent COLA for human service contract workers paid above the \$11.50 wage floor level. This was the first wage increase or COLA for such contracts since the onset of the 2008-09 Great Recession.

After then-Governor Cuomo initially batted down de Blasio’s push for the authority to raise the minimum wage in New York City, the Governor switched gears and threw his support behind the \$15 hourly minimum wage push, acting in late 2015 to begin to phasing in increases to \$15 for fast food workers through a Wage Board process, and announcing his intent to introduce legislation to enact an across-the-board phased-in \$15 minimum wage increase for all workers on the same timetable as specified in the fast-food wage order. Not to be outdone in the jostling for policy leadership in proposing higher wages, Mayor de Blasio announced in early January 2016 that City employees and City-funded nonprofit human service contract workers would be covered by a \$15 hourly minimum wage.<sup>20</sup> The mayor proposed the same phase-in schedule as for fast-food workers in New York City, so that \$15 would be reached by December 31, 2018, and included funding in the City budget to enable nonprofits to pay for the wage increase.

Raising the pay floor helped the lowest-paid workers in nonprofit contractors, but it did nothing to address the glaring pay disparities experienced by human services professionals (the great majority of nonprofit employees) and their public sector counterparts. The de Blasio administration eventually addressed the salary parity issue for teachers in the center-based early childhood education (ECE) sector.

### ***Starting pay salary parity in center-based Early Childhood Education***

Salary parity for community-based Early Childhood Education (ECE) center teachers became a front burner issue in the spring of 2014 when New York City began to implement full-day universal pre-kindergarten (UPK). UPK – Mayor de Blasio’s signature issue – relied on ECE-contracted centers that were City-funded and operated by nonprofit organizations.

Pay for teachers in the nonprofit sector lagged far behind pay for UPK teachers in public schools covered by the United Federation of Teachers contract. Nonprofit centers soon struggled mightily with retention and recruitment problems as certified teachers left for the public school system. Following years of organizing, rallies, and temporary fixes, the City committed in July 2019 to phase in starting pay salary parity for certified teachers in nonprofit centers that raised pay by 30-40 percent.

While further steps are needed to achieve comprehensive salary parity and to address the inferior pay for child care providers in the 0-3 age family care settings, the ECE salary parity commitment was an historic breakthrough, with significant implications for ECE and government-funded nonprofit sector pay practices nationally.<sup>21</sup>

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<sup>20</sup> The City workers immediately affected by this included a few thousand school-crossing guards and seasonal parks employees.

<sup>21</sup> See James A. Parrott, *The Road to and from Salary Parity in New York City: Nonprofits and Collective Bargaining in Early Childhood Education*, Center for New York City Affairs at The New School, January 2020.

*City pay standards for other service contract workers*

The New York State Constitution enacted in 1938 recognizes a “prevailing wage” principle for “any public work.”<sup>22</sup> While “public works” is generally construed as government-funded construction projects, in 1971 the State enacted a new Article 9 of the State Labor Law that also extended a prevailing wage requirement to service workers employed under State or local government contract. The committee report on the proposed legislation stated:

The fundamental public policy embodied in the bill is that service employees employed by a contractor or subcontractor in the performance of a service contract with a public agency should not be paid substandard wages, but, on the contrary, should be paid the prevailing wages, including supplements (fringe benefits), in their locality for similar work.<sup>23</sup>

The City requires prevailing wages to be paid on City-funded construction projects, and for its building service contractors. The City first enacted a “living wage” in 1996 that applied to several specific categories of service contract workers (e.g., day care services, food services, and temporary office services).

The last time it was adjusted in 2002 it set the “living wage” at \$10.00 an hour. That 2002 living wage law also exempted, at their urging, nonprofit human services providers since the City was not committing at that time to provide them funding sufficient to pay the living wage. The City’s service contract living wage law, Section 6-109 of the City’s Administrative Code, requires that “A City service contractor or subcontractor that provides building services, food services or temporary office services must pay its covered employees no less than the living wage or the prevailing wage, whichever is greater.”<sup>24</sup>

The City Comptroller’s office that administers living wage and prevailing wage laws has updated prevailing wage levels and supplements to cover benefits for those categories of services, selected examples of which are shown in Figure 19. As they illustrate, the City requires its service contractors to pay employees in occupations that do not require a four-year college degree annual wages that range from \$41,000 to \$81,000 while it funds human services contracts that pay professionals with a bachelor’s or master’s degree \$45,000-\$60,000 in today’s dollars.<sup>25</sup>

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<sup>22</sup> §17 of the New York State Constitution.

<sup>23</sup> Bill jacket for Labor Law Article 9, Chapter Law 777, bill Nos. S. 1943-A/A. 3508 (1971). Report No 220 by the Committee on Labor Law.

<sup>24</sup> Section 6-109 of the NYC Administrative Code.

<sup>25</sup> In September 2018, the Port Authority of New York and New Jersey enacted a minimum pay rule for service workers at the three airports under its jurisdiction (LaGuardia, JFK, and Newark) that provides for a current minimum hourly pay of \$17.00, increasing to \$18.00 in September 2022, and to \$19.00 in September 2023. Among

New York City building services contract workers receive a benefit package worth \$28,500 while college-educated human services contract workers have a benefit package worth from \$16,200-\$21,600.

**Figure 19**

**New York City selected service contract prevailing wage and supplemental benefit rates**

<u>selected occupational titles/ regular hourly rates</u>	<u>wage rate</u>	<u>supplemental benefit rate</u>
<i>effective July 1, 2021 - June 30, 2022</i>		
<i>Temporary office services</i>		
Administrative assistant	\$39.03	\$4.85
Computer assistant	\$33.37	\$4.85
File clerk	\$19.95	\$4.85
Secretary	\$22.31	\$4.85
 <i>Building service employees</i>		
Nonresidential building class "A" Handyman	\$30.52	\$13.78
Residential building cleaner/porter/doorperson/ elevator operator	\$26.45	\$13.71

Source: Office of the Comptroller, City of New York, NYC Service Contractors Prevailing Wage and Living Wage Schedule, NYC Administrative Code, section 6-109; and Building Service Employee Prevailing Wage Schedule, Labor Law Article 9, Real Property Tax Law section 421-A, and NYC Administrative Code, section 6-130.

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the workers covered by the airport minimum wage are building cleaners, food service and retail workers, and cleaners and security workers for concession services.

## 7. Human services workforce challenges

In nearly two dozen interviews with human service organizations across service areas, the Center for New York City Affairs confirmed long-held perceptions that, despite the City's reliance on human service organizations to provide essential services, the sector faces workforce retention and recruitment problems due to the high-stress nature of these jobs, inadequate and unequal wages and benefits, and limited career advancement prospects. Turnover endemic to the sector leads to discontinuities in service delivery and quality.

As this report has detailed, human service nonprofits often face significant budgetary constraints resulting from contracts and reimbursement levels from the City. Limited financial capacities can result in limited wage and benefit levels for staff. These contractual agreements result in workers' compensation levels to be determined by government policy rather than by broader labor market conditions. Entry-level and non-professional employees within the sector are often compensated at inadequate rates, in many cases, with pay not very much above the minimum wage, and too often about the same as the pay received by baristas or fast food workers.

One human resource director detailed how individuals employed in frontline, direct service, and case management roles are oftentimes one or two paychecks away from the desperate economic positions of the clients they serve. As a result, many qualified staff leave human service nonprofits to seek more remunerative employment at City agencies or other organizations.

Relatively few nonprofit human services workers (outside of early childhood education) have collective bargaining representation. While the workforces of a few multi-service providers are unionized, because of the tight constraints imposed by limited City funding, the union contracts for covered nonprofit workers rarely provide higher wages or better benefits than in organizations that are not unionized. Without strength from greater numbers in the nonprofit sector, unions have not been able to leverage the political influence they might have with City leaders to increase contract funding.

Organizations spoke to the importance of benefit offerings like medical, vision, and dental care, paid time off, sick leave, and vacation time to remain competitive with other employers; constrained budgets, however, limit what they could provide. Organizations confirmed that retaining highly-educated staff, particularly those with Master of Social Work degrees, is difficult higher given pay levels for those with advanced degrees in comparable industries.

The human service sector is staffed by a mission-driven and passionate workforce, invested in providing quality care to their clients. Interviewees acknowledged the extremely labor-intensive and taxing nature of social service work. Entry-level staff in case management and direct-service roles often juggle high caseloads, significant administrative work, and are responsible for



carrying emotional burdens associated with working closely with clients in need. Organizations spoke to the necessity of investment in strong institutional supports, structures, and training to mitigate burnout. Entry-level staff may rely on managerial and supervisory staff to cope with the stress of their work. Organizations also emphasized the necessity of building a positive work environment, where staff is appreciative, communicative, and supportive.

A 2018 study reported that nonprofit managers identified the unmet “desire to obtain career advancement” among the greatest reasons for staff turnover.<sup>26</sup> Entry-level staff positions have the highest rates of turnover, reflective of low wage levels and limited advancement prospects. High turnover rates within an organization can result in a perpetual process of recruitment, reducing an organization’s capacity to provide services. Where market shortages of skilled workers exist, nonprofits may experience long-term vacancies for weeks or months at a time.

To mitigate turnover, human service organizations can establish a career ladder, or a defined pathway for advancement with articulated position tracks commensurate with pay.

### ***Human Services Career Advancement Scholarship***

In June 2021, the City launched the Human Services Career Advancement Scholarship, a \$2 million initiative intended to cover up to 50 percent of tuition costs for qualified employees of human service nonprofits working toward associate’s, bachelor’s, or master’s degrees at participating City University of New York (CUNY) schools. The scholarship also has financial support available for individuals working to attain the licensure portion of a Master of Social Work degree. This initiative was developed with the Mayor’s Office of Workforce Development, CUNY’s Office of Continuing Education, FPWA, and the Center for New York City Affairs. The scholarship is now recruiting for its third cohort of students for the Fall 2022 semester.<sup>27</sup>

This initiative builds on years of organizing around the need to develop more explicit pathways for advancement within the human services sector. Workers who can successfully complete their degrees will be more likely to earn competitive wages and advance into higher-level positions. The City’s commitment to this program is a critical step in investing in social service workers. Continued expansion of the program, in the form of additional funding or program offerings like child care, transportation stipends, or other financial supports, would ensure the program can serve additional workers. The Human Services Career Advancement Scholarship represents a modest but meaningful step toward investing in this critical workforce to ensure the highest quality of human service delivery for New Yorkers in need.

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<sup>26</sup> Labor Market Information Service (LMIS), *Social Services Career Ladders Report*. January 2018, page 8.

<sup>27</sup> <https://www.cuny.edu/about/administration/offices/workforce/human-services-career-advancement-scholarship/>

## 8. Covid-19 impacts

The coronavirus pandemic has forced the human services nonprofit sector to restructure and rethink how it delivers services. The pandemic highlighted both the sector's importance and the vulnerability of those it employs. Covid-19 increased the need for many of the services delivered by the sector as more New Yorkers became vulnerable to food insecurity, homelessness, and mental health crises. Nonprofit organizations were expected to adapt quickly, locating PPE equipment for in-person services like shelter operations and food allocations, and shifting online for services like telehealth and job support. To meet such changing needs, human services organizations relied on philanthropy, loans, or other financial sources.

Human services nonprofits have had to reevaluate how to work during the pandemic. This included limited in-person service delivery, and transitions to remote service where possible. Those in forward-facing positions have had to take increased safety precautions.

For example, in the workforce development sector, which is a crucial component of helping New Yorkers search for employment, COVID highlighted serious digital barriers and challenges.<sup>28</sup> A report from the New York City Employment and Training Coalition found that workforce development organizations were highly adaptable, with 75 percent of workforce development service organizations able to provide services digitally. The report also found that small and median sized organizations, which generally serve clients with high barriers to employment, experienced higher rates of digital disconnection<sup>29</sup>.

In June 2021, the Human Services Council released a taskforce report entitled *Essential or Expendable? How Human Services Supported Communities Through Covid-19 and Recommendations to Support an Equitable Recovery*. It presented insights and analysis from interviews and a survey of nonprofits to document impacts of the pandemic and recommend policy solutions to better support the sector. We refer to its work in the following paragraphs.

During Covid-19, 82 percent of nonprofits reported “launching new services” and 72 percent reported “expanding services.” Despite this, the City government was limited in being able to provide upfront reimbursements or financial compensations outside of any organization's contract.<sup>30</sup> The taskforce found that only 38 percent of pandemic-related expenses have been reimbursed on average, underscoring many organizations' financial precarity during Covid-19.

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<sup>28</sup> L.K. Moe, Justin Collins, Andrea Vaghy, and Yanni Deconescu, *Post-Covid Workforce Development: A Digital Transformation and What It Means for Workforce Professionals*, Workforce Professionals Training Institute and Center for New York City Affairs, September 2021.

<sup>29</sup> <https://nycetc.org/wp-content/uploads/2020/05/NYCETC-COVID-Report-Economic-Ripple-Effects.pdf>

<sup>30</sup> Human Services Council, *Essential or Expendable? How Human Services Supported Communities Through Covid-19 and Recommendations to Support an Equitable Recovery*. June, 2021. Page 3

Some of the costs incurred during the first months of the pandemic included new operational costs, upgrading IT systems, developing remote programming, and purchasing protective gear and cleaning services. Many nonprofits, which already had strained finances due to retroactive funding cuts by the City, also had to cancel their own fundraising events during the pandemic lockdown.<sup>31</sup>

As a result, HSC found that 62 percent of nonprofit organizations providing human services “had to either permanently or temporarily lay off or furlough staff.”<sup>32</sup>

As New York begins to move forward from life under lockdown, the lingering effects of Covid-19 on the already-strained human service nonprofit sector, has the potential to present increased strains on the city’s recovery.

Data related to employment and social assistance trends show the severity of the impact of Covid-19 throughout the five boroughs. Tens of thousands of individuals remain unemployed and in need of public assistance and food stamps. There may also be increased need for other kinds of social services. There has, for example, been an increase in applications for temporary cash assistance since Federal unemployment benefits ended in early September 2021. (See Figure 20.)

The February 2022 City Office of Management and Budget economic forecast does not expect total New York City employment to return to the pre-pandemic job level until early 2025, and the Independent Budget Office does not see a return to the pre-pandemic job level until late 2025.<sup>33</sup> As of December 2021, New York City still had more than 400,000 fewer jobs than before the pandemic. The city’s pandemic jobs deficit is 8.5 percent, more than four times that of the rest of the nation. Black unemployment was 15.2 percent in the fourth quarter of 2021, more than twice the 6.3 percent rate for whites.<sup>34</sup> Many low-wage workers have been permanently dislocated from their jobs and thousands of women have left the labor force to shoulder the burden of caring for family members through the pandemic. High unemployment and hardships are likely to continue for at least another two to three years, increasing the demands placed upon the city’s human services sector.

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<sup>31</sup> <https://nycfuture.org/research/essential-yet-vulnerable>

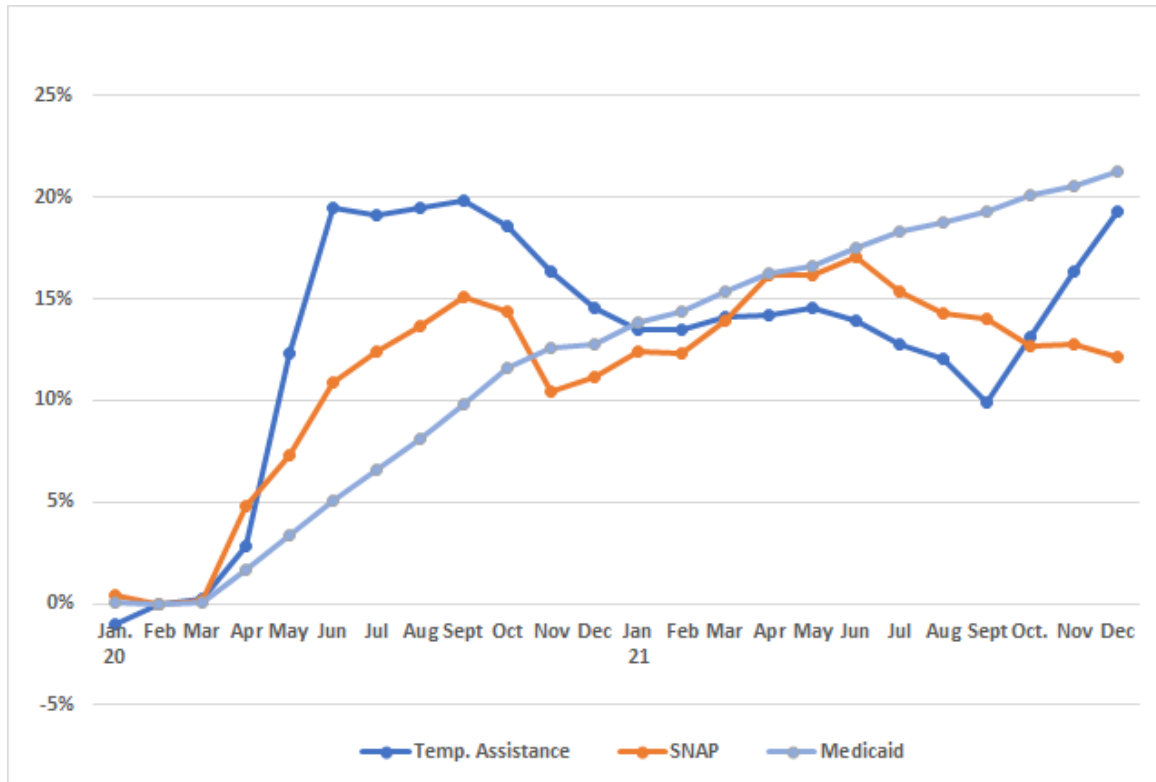
<sup>32</sup> Human Services Council, *Essential or Expendable? How Human Services Supported Communities Through Covid-19 and Recommendations to Support an Equitable Recovery*. June, 2021, p. 3.

<sup>33</sup> The City of New York Executive Budget, February 2022 Financial Plan Detail, February 16, 2022, p.15; New York City Independent Budget Office, “Modest Budget Shortfalls Projected, But risks To Outlook Increase as Infections Surge,” January 4, 2022.

<sup>34</sup> James A. Parrott, “New York City’s pandemic jobs deficit stood at 421,000 in December 2021; 15.2 percent Black unemployment in the fourth quarter,” *Economic Update*, January 27, 2022, Center for New York City Affairs.

Figure 20

**Pandemic economic disruptions have pushed up reliance on temporary cash assistance and Medicaid by 20 percent in New York City since February 2020**



Sources: New York State Office of Temporary and Disability Assistance, *Monthly Caseload Statistics*, and New York State Department of Health, *Medicaid Enrollment Trends*.

Nevertheless, social assistance employment saw a decline during Covid-19. As of December 2021, core social assistance employment in New York City had gained back a little over half of the 20,000 jobs lost between February and April of 2020.<sup>35</sup>

An in-depth survey of the frontline workforce at nonprofits that provide critical workforce development services found that "without better pay, benefits, and career advancement opportunities, a high number [of frontline workforce professionals] are considering looking for other work." As the city seeks to recover from a Covid-devastated labor market, these

<sup>35</sup> CNYCA analysis of NYSDOL Current Employment Statistics data, excluding the child care industry from Social Assistance.

professionals will be tasked with upskilling and reskilling workers for a changed, increasingly digital economy.<sup>36</sup>

The Covid-19 economic impact could not be more lop-sided. Communities of color have borne about 75 percent of the New York City job losses and two-thirds of job losses have hit low-paid workers, many of whom are experiencing heightened hardships and face enormous challenges in re-gaining stable employment.<sup>37</sup>

As this report has detailed, workers of color represent a significant majority of employees within the core human services sector (75 percent). The Human Services Council taskforce report found workers of color were also over-represented in frontline roles within the human services sector, furthering these worker's risk of exposure. On average, "85 percent of an organization's frontline workers identified as persons of color." The survey found that in larger nonprofit organizations (with more than 100 employees) Black employees were four times more likely to be in a frontline role than their white counterpart.<sup>38</sup>

These findings are consistent with trends in the human services sector that predate the Covid pandemic. A report by the Building Movement Project, a New York-based organization that promotes racial equity within the nonprofit sector, details the disparate reliance on organizations led by persons of color to provide essential in-person services during Covid-19, despite these nonprofits being less resourced than comparable nonprofits across the United States.<sup>39</sup> The City has a responsibility to address lingering racial pay disparities in the human services sector.

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<sup>36</sup> L.K. Moe, Justin Collins, and Andrea Vaghy, *Navigating Uncertain Waters: NYC Workforce Professionals in the Age of Covid-19*, Workforce Professionals Training Institute and the Center for New York City Affairs at The New School, November 2021.

<sup>37</sup> CNYCA Covid-19 Economic Recovery Project, <http://www.centernyc.org/covid19-economic-impact>

<sup>38</sup> Human Services Council, *Essential or Expendable? How Human Services Supported Communities Through Covid-19 and Recommendations to Support an Equitable Recovery*. June, 2021. Page 13

<sup>39</sup> Building Movement Project, *On the Frontlines: Nonprofits Led by People of Color Confront Covid-19 and Structural Racism*. The report also highlighted that while workers of color "were more likely to aspire to top leadership positions" in their human services nonprofit than their white counterparts, 57 percent of white workers surveyed held Executive Director, CEO, Senior Manager or Director-level positions, compared to 48 percent of persons of color surveyed.

## 9. Conclusion and recommendations

New York City has substantially increased the range and extent of human services it provides to assist residents in need and in crisis, deal with the nagging persistence of homelessness, and meet the increased demand for mental health services in a Covid-ravaged city. The City largely relies on nonprofit providers to deliver such human services. As a consequence, the core human services workforce has grown more than twice as fast as the city's overall private workforce over the past three decades. This workforce is better educated on average than the broader city workforce, with one in four holding an advanced degree. Three out of four human services workers are persons of color, with women of color constituting 55 percent of the total, double their representation in the overall private sector.

And yet the nonprofit human services workforce is dramatically underpaid relative to their counterparts working in government or the rest of the private sector. It is the fifth-lowest-paying large sector in the city's economy, offering pay generally ranging from 20 to 35 percent less than earned by comparable (by education and occupation) government workers. Benefits likely lag even more. Nearly half of full-time human services workers have median annual pay of only \$30,000, close to the state \$15 minimum wage in New York City (which has not been adjusted for inflation since reaching that level at the end of 2018).

The City government bears responsibility for this substantial compensation disparity. The City decides on the services to be provided and it controls the contracting process, usually with an eye toward minimizing costs regardless of the impact on the workforce. City human services contracts often run for multiple years but don't include any provision for cost escalators. The nonprofit sector had to fight for several years to get the City to agree to increase provision for indirect costs in human services contracts, and then, when Covid-19 hit, the City quickly reneged on that commitment before eventually using federal Covid relief funds to restore that funding on a temporary basis.<sup>40</sup>

Following years of complaints regarding chronically late contract payments, Mayor Eric Adams and Comptroller Brad Lander recently committed to improve the contracting process, including ensuring that contracts are paid on time, and in full.<sup>41</sup>

It remains to be seen if the new City administration will address the glaring pay disparities we have described. It is a little surprising that with nearly \$6 billion in City contracts supporting the

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<sup>40</sup> Derek Thomas and James A. Parrott, *New York City's Covid-19 Federal Relief Funding: Implications for Human Services and Workforce Development*, Center for New York City Affairs at The New School, December 16, 2021.

<sup>41</sup> New York City Comptroller Brad Lander, *NYC Mayor Eric Adams and Comptroller Brad Lander Release Five Key Actions for A Better Contract for New York*, February 14, 2022.

work of more than 80,000 nonprofit workers, almost all of whom are New York City residents, the City has not accepted responsibility for those pay disparities.

To address the glaring pay and benefit disparities between nonprofit core human services workers and similar workers employed by the City, New York City should adopt a *prevailing wage* approach and establish a wage and benefit schedule for all contracted human services workers to put them on an equal footing with comparable City employees. These compensation benchmarks should then be incorporated into all contracts, along with the funding to support career advancement and promotion opportunities.

Recognizing that this entails a significant commitment of budget resources, the City should phase in funding increases to achieve full compensation parity, and immediately establish a higher, living wage floor for all human services workers, and a reserve for recruitment and retention to stabilize the contracted human services workforce. A COLA increase at the City level, while overdue and much needed given the significant inflation over the past year, is not a substitute for a serious start on closing the human services compensation gap.

The challenge facing the broader human services sector is different but not less compelling than in the early childhood education sector where the City committed to an historic starting pay salary parity agreement in mid-2019. The pressure to achieve early childhood education salary parity was made greater by the fact that pre-kindergarten had become universal, effectively part of the official school system, and the pay disparity between nonprofit educators and public school teachers was very pronounced and visible.

City-funded human services typically support low-income households, those with special service needs, and specific vulnerable populations. The need for those essential services is well-established and widely appreciated. There should also be public support for fairly compensating the nonprofit workers providing those services. This is all the more important given the broad support voiced by New York's elected officials and civic leadership to address longstanding racially disparate compensation practices. The frontline workforce selflessly demonstrated their tremendous commitment to helping New Yorkers in need in feeding and caring for thousands during the worst days of the Covid-19 pandemic.