



SEATTLE CITY COUNCIL
CENTRAL STAFF

Wage Equity Resolution for Non-Profit Human Services Workers

JENNIFER LABRECQUE & KARINA BULL, ANALYSTS

PUBLIC SAFETY AND HUMAN SERVICES COMMITTEE

JUNE 13, 2023

Revised June 12, 2023

Agenda

- Previous Public Safety & Human Services (PSHS) presentations
- Wage Equity Resolution
- Changes in Wage Equity Resolution since April 25th PSHS Committee
- Assessment of UW Wage Equity Study Methodology
- Policy Considerations
- Next Steps

Previous PSHS Committee Presentations

March 14, 2023: University of Washington School of Social Work presented the Wage Equity Study for Non-Profit Human Services Workers

April 25, 2023: Central Staff presented a draft of the Wage Equity Resolution for Non-Profit Human Services Workers

Wage Equity Resolution Components

- #1.** Recognize UW Wage Equity Study recommendations without committing to all of them
- #2.** Collaborate with private and public funders to make joint progress on wage equity
- #3.** Consider increases to Human Services Department (HSD) administered contracts for purposes of wage equity, including a 7% increase by 2025
- #4.** Request a plan from HSD to ensure that human services contract increases are used to increase worker wages
- #5.** Request that the Executive consider wage equity increases for human services contracts administered by departments outside of HSD and provide a report with information on those contracts

Substantiative changes since draft discussed on 4/25

1. Added whereas clauses to acknowledge human services workforce stabilization actions during the 2023 state legislative session
2. Requested that the Executive continue participating in the Seattle Human Service Coalition's Funding Roundtable, with the goal of partner funders committing to wage equity goals by September 2023, rather than having the Executive or Council convene a new group.
3. Removed language saying that the Council intends to consider using savings achieved from lower than projected inflationary adjustments for wage equity
4. Requested a less detailed plan from the Human Services Department to ensure contract increases for purposes of wage equity would be used to increase wages
5. Added language that the Council may consider contract increases for purposes of wage equity to the extent that sufficient resources are available and acknowledges that wage equity increases may require other policy and spending trade-offs

Assessment of UW Wage Equity Study Methodology

- The study had two components - a market analysis that identified a 37% wage gap between non-profit human service workers and workers in non-care industries; and a job analysis to determine if human services worker wages were lower because of the underlying nature of the work
- Overall, Central Staff finds that the market analysis, the most critical component of the study, was sound because it used credible data and had a solid methodology that accounted for a range of other factors that could have influenced wages
- The job evaluation had some weaknesses in terms of sample size and representation of job types. However, it is not clear that a larger and more representative sample would have changed the results given how consistent the job evaluation findings were with the market analysis.
- The job evaluation utilized a tool to measure job difficulty; that tool accounted for traditionally undervalued job demands. Researchers could have also chosen to use a tool with a more mainstream approach to valuing work. There is no neutral way to assign values to work and policy makers must decide if they agree with the selected approach or not.

Policy Considerations

#1. Ensuring higher worker wages *(Slide 7)*

#2. Comprehensive funder commitment *(Slide 8)*

#3. Racial equity Impacts *(Slide 9)*

#4. Process for applying wage equity increases *(Slide 10)*

#5. Financial Impacts *(Slide 11)*

Policy Consideration #1 – Ensuring Higher Worker Wages

- City does not have data about whether inflationary adjustments under SMC 3.20.060, which are required for HSD contracts renewed or renegotiated after August 2019, have resulted in increases to worker wages.
- Impact of wage equity increases on worker wages will depend partly upon quality of the plan requested from HSD's plan and consistency of implementation
- If not successful, other steps may be necessary

Policy Consideration #2 - Commitment from other Public & Private Funders

- Unilateral action from the City will not achieve wage equity
- Current state and county efforts are promising but are at various levels of certainty and implementation
- Resolution calls for funder coordination including through the funding roundtable and requests the Executive and Council to work together collaboratively to monitor other funder efforts

Policy Consideration #3 - Racial Equity Impacts

- Raising wages of human services workers would benefit Black workers and women who are overrepresented in this industry.

Policy Consideration #4 - Process for Applying Wage Equity Increases

- Financial analysis assumes that the wage equity increase is applied before or after the inflationary adjustment (results are same regardless of order)
- Applying the wage equity increase concurrently with the inflationary adjustment would immediately undermine the impact of the wage equity increase, since the wage equity increase would not reflect any inflationary boost.

Policy Consideration #5 - Financial Impacts

- Wage equity increases to HSD-administered contracts would be funded solely through the General Fund (GF).
- While the City currently has a balanced 2024 endorsed GF budget, projections as of May 2023 show that there will be a \$222 million budget deficit beginning in 2025.
- Because of this deficit, funding for wage equity could require reduced spending in other areas or new revenue sources.

Table 1. Estimated Cost of HSD-Administered Contracts Under One Potential Scenario of a 3.5% increase in 2024 and in 2025

	2024 (Endorsed) (\$ in 000s)	2025 (Projected) (\$ in 000s)
Total cost / current law ¹⁷	\$209,744,288	\$218,134,060
Total Cost / wage equity scenario (3.5% increase in 2024 & 2025)	\$217,085,338	\$233,670,658
Estimated increased cost due to wage equity proposal	\$7,341,050	\$15,536,598

Next Steps

- June 13 PSHS Committee Meeting – possible vote.
- If passed by PSHS Committee on June 13, the resolution would go to June 20 City Council meeting for a vote.

Questions?