



City of Seattle

Jenny A. Durkan, Mayor

Human Services Department

Jason Johnson, Interim Director

Date: July 30, 2018

To: Human Services and Public Health Committee; Housing, Health, Energy, and Workers' Rights Committee

From: Jason Johnson, Interim Director, Human Services Department

Subject: Response to Revised SLI 281-1-B-2, Report by HSD on Disparities Between Internal and Contracted Human Service Provider Wages

Summary

This memorandum provides the Human Services Department's (HSD) response to Revised SLI 281-1-B-2, which was adopted in Resolution 31795 and pertains to workforce equity and human services wages.

The SLI required the City of Seattle Human Services Department (HSD) to submit a report by August 1, 2018 to the Chair of the Housing, Health, Energy, and Workers' Rights Committee and the Council Central Staff Director comparing employees who work for non-profit human service providers and City employees at the Human Services Department who are required to have comparable experience and skills and perform comparable job duties.

SLI 281-1-B-2 requested the following of HSD:

- Convene stakeholders to engage with the City regarding workforce equity
- Report to Council by August 1, 2018 outlining the process, issues identified, comparison of salaries of similar job titles, impacts of other government and regional funders, and how other funders address wages.

Background

HSD invests \$105 million in contracts to more than 200 community-based human service providers to support the City's most vulnerable residents. Through competitive Request for Proposal (RFP) or Request for Qualification (RFQ) processes, HSD funds organizations that have a high probability of meeting specified contract results while providing high quality, culturally responsive services to participants. Part of the bidding process, and subsequently the contract negotiation process, includes personnel budgets.

Human service providers provide valuable services to the community and support the most vulnerable and marginalized members of our community. Their work is intellectually, socially, emotionally, and sometimes physically, taxing. Service providers have reported that these demands compounded by the lack of equitable compensation results in high turnover, high burnout, and inability to recruit staff to meet an ever-growing need and reach program outcomes. In addition, providers have shared that their delivery of quality service is affected by their ability to attract, recruit, and retain a skilled workforce. Case management, specifically, is a person-centered approach which requires trust, relationship, and continuity; high turnover rates hinder these necessary criteria.

The recent economic boom our city has experienced has created an environment of rising living and operating costs, and lower unemployment rates. This creates a competitive workforce environment that community service providers have identified as a barrier to hiring a skilled and stable workforce.

At the same time, the need for skilled social service professionals increases exponentially. Without proportionate funding increases in the face of rising operating costs, service providers have asserted their tough choices of either cutting service to the most vulnerable populations or lowering their quality or levels of service. Either option is sure to have adverse impacts on vulnerable clients, provider staff, and the general public.

The City of Seattle is just one part of the solution. Many factors should be considered, including the state and regional partners that need to be included in the solution.

Stakeholder Process

In February 2018, HSD convened an internal planning team as well as a formal workgroup that each met three times between February and April.

Over 40 local community-based organizations and other Human Service sector stakeholders (Appendix A) were invited to develop a shared understanding of the human service workforce threats and proposed solutions. Roughly one third of invitees participated in at least one session.

The first two meetings held February 26, and April 2, allowed city staff and community human service providers to build a foundation of trust and understanding of the issues that face the human service sector workforce. The stakeholder group was able to coalesce around a desired result: all human service providers in Seattle pay a living wage that allows them to recruit and retain a skilled workforce who can deliver quality services. This group also agreed to focus on a shared understanding of how wages are set and how HSD's funding processes impact wage ranges.

The final meeting, held April 13, focused on use of objective tools to help identify what equitable wages might be and opportunities for the City to join with providers in requesting said wages. In addition to wages, the importance of benefits and training was elevated for consideration to mitigate staff turnover.

As a starting point, the attendees at the April 13 meeting agreed to focus on homelessness services providers specifically.

Issues

1. Wage Gap

The human services sector is largely made up of women and people of color. National data shows that 70% to 82.5% of Social Workers, Social and Community Service Managers, and Social and Health Service Assistants are women¹. Moreover, across all sectors the work done by women and people of color has been undervalued and undercompensated. Women earn roughly 82% what men earn².

Research of how equitable wages are identified by two objective tools (see footnotes 3 and 4) show that Seattle's human service sector workers are earning far below the necessary wages to afford a one-bedroom in Seattle.

¹ <https://www.bls.gov/cps/cpsaat11.htm>

² <https://www.bls.gov/opub/reports/womens-earnings/2016/home.htm>

Per the National Low Income Housing Coalition³, Seattle residents need to earn \$61,160 annually (\$29.40 per hour) to afford a one bedroom, using the definition that no more than 30% of income is spent on rent. Research of the Human Services sector wages, specifically MIT's⁴ data, shows that the average Community and Social Services worker in King County earns roughly 77% of what it takes to afford a one-bedroom Seattle; just \$47,683 annually.

2. Recruitment and Retention

One of HSD's contracted homeless service providers allowed HSD to analyze their turnover data for the case manager classification. Based on the data provided, turnover rates for 2016 and 2017 were 47% and 17% respectively. Additional data needs to be gathered to identify sector averages.

In 2016, most turnover occurred in 2 years or less, and in 2017, all turnover occurred in less than 1.5 years. The 6-month difference in tenure may explain the large difference in the turnover rate from 2016 to 2017. Data from 2018 may show another spike in turnover.

Wage Comparison

Stakeholder participants agreed to focus on homelessness services and their case manager classification. Because HSD does not provide direct case management services for people experiencing homelessness, an apples-to-apples comparison does not exist.

While HSD does staff a case management program in the aging and disability services sector, the work is vastly different from the homeless case management services provided by community partners. HSD case managers provide in-home visits for elderly and disabled residents. These staff are paid with Medicaid funds that pays a standard unit rate per client, per month, not a per-hour staff wage and are supplemented through city's General Fund.

Other Funders and Impacts

The issue of braided funding shines light on the need for regional systemic change. While there may be organizations that receive majority City funding, most others have multiple funding sources including the federal, state, county, and philanthropic funding.

To illustrate, imagine a human services employee makes \$20/hour and is funded 50% by HSD General Fund and 50% by federal funding. That means HSD pays \$10/hour and the federal government pays \$10/hour for that employee. Now imagine HSD contracts with the provider to raise the employee's wage to \$30/hour. HSD's funding – which pays for the 50% of the employee – would cover \$15/hour. Federal funding would remain at \$10/hour, leaving the provider \$5/hour short. A similar issue exists even if an employee is funded fully by HSD. In that case, if HSD raised wages, any employees not funded by HSD could not be paid at the higher rate, causing inequities across a provider's staff for the same classification.

³ <http://nlihc.org/oor/washington>

⁴ <http://livingwage.mit.edu/counties/53033>

Considerations for Next Steps

The cost implications of raising provider wages are unknown. A human resources consultant could perform a wage study that would collect salary data from providers and determine – based on human resources research and best practices – a recommended wage structure. Earlier reviews of cost indicate this study would be \$250,000 to complete. Alternatively, a coalition of human services providers could propose a wage structure based on their data.

The issue of braided funding requires a joint regional effort for all funders to consider raising wages together. Otherwise, a gap in funding will still exist for partially funded or non-funded City funded employees, and providers will not be able to raise wages.

Appendix A: Addressing Human Service Wages participants

Attended at least one meeting

Name	Organization	Role
Community Representatives		
Elisa Del Rosario	Asian Counseling and Referral Service	Deputy Director
G. De Castro	Asian Counseling and Referral Service	Director of Aging and Adult Services
Lorraine B. Harris	Country Doctor Community Health Center	Clinic Manager
Daniel Malone	Downtown Emergency Service Center	Executive Director
Michelle Janson	Downtown Emergency Service Center	Director of Program Integration and Support
Hilda Magaña	El Centro de la Raza	Child Development Center Director
Kelli Larsen	Plymouth Housing	Chief Program Officer
Tara Moss	Public Defender Association	Law Enforcement Assisted Diversion Project Director
Julia Jacobs	Public Defender Association	Executive Assistant
Chloe Gale	REACH	Co-Director
Kelly Craig	REACH	Co-Director
Julia Sterkovsky	Seattle Human Services Coalition	Executive Director
Jesse Inman	SEIU Healthcare 1199NW	Organizer
Barbara Gangwer	Solid Ground	Human Resources Director
Joe Gruber	University District Food Bank	Director
Rene Murry	Youth Development Executives of King County	Public Policy Manager
Shoshana Wineburg	YouthCare	Public Policy and Communications Manager
Melinda Giovengo	YouthCare	Executive Director
City Staff		
Jesse Rawlins	City Council	Legislative Aide to CM O'Brien
Patricia Lee	City Council	Council Central Staff
Alan Lee	City Council	Council Central Staff
Audrey Buehring	HSD	Deputy Director
Cathy Knight	HSD	Division Director Aging and Disability Services
Susan McCallister	HSD	Funding Policy Advisor
Amanda Grumbach	SDHR	Assistant Director, Shared Administrative Services
Dawn Mitchell	SDHR	

Invited but did not attend

Name	Representing	Role
Stacy Gillett	ARC of King County	Executive Director
General invite to organization	Atlantic Street Center	N/A
Louis Garcia	Big Brothers Big Sisters of Puget Sound	President and CEO
Raleigh Watts	Byrd Barr Place (formerly Centerstone)	Executive Director
Nicole Macri	Downtown Emergency Service Center	Deputy Director
DeAnn Yamamoto	King County Sexual Assault Resource Center	Deputy Executive Director
Barbara Ebert	Lifelong AIDS Alliance	Executive Director
Susan Segall	New Beginnings	Executive Director
Ann Fuller	North Seattle Family Resource Center	Community Director
Vu Le	Rainier Valley Corps	Executive Director
David Coffey	Recovery Café	Executive Director
Lindsey Grad	SEIU Healthcare 1199NW	Legislative Director
Gordon McHenry	Solid Ground	President and Chief Executive Officer
Susan Doerr	Sound Generations	Interim Chief Executive Officer
Dominique Alex	South King County Family Resource Center	Community Director
Sarah Tran	The Nonprofit Assistance Center	Executive Director
Ruthann Howell	Wellspring Family Services	Chief Executive Officer
Jessica Werner	Youth Development Executives of King County	Executive Director