



SEATTLE CITY COUNCIL | POSITION 8

## COUNCILMEMBER TERESA MOSQUEDA

From: Budget Chair Teresa Mosqueda  
To: Select Budget Committee Members  
Date: 11/13/2023  
RE: Human Service Provider Pay Inflation Adjustments

### Summary:

In July 2019, Seattle City Council passed Ordinance 125865, which required all contracts managed by the City's Human Services Department (HSD) to receive annual inflationary increases. At that time, HSD managed Continuum of Care (COC) contracts for homelessness services funded by the U.S. Department of Housing and Urban Development (HUD). HUD COC contracts were subject to this inflationary requirement when Ordinance 125865 was passed, and in subsequent years until these contracts were moved to the King County Regional Homelessness Authority (KCRHA).

In 2022, KCRHA began to directly administer HUD COC contracts previously managed by HSD. Because KCRHA received funding directly from HUD and not through HSD, these contracts were no longer included in the base of contracts subject to the inflationary requirements in Ordinance 125865. In 2023, Seattle City Council amended the budget to add one-time inflation adjustments to these contracts to maintain equity and support workers at these contracted agencies, and has proposed a similar investment in 2024, but these inflation adjustments are not guaranteed in future years. Note that although one-time funding has helped to sustain services in the short term, inflation is an ongoing need. Failing to address this will present compounding problems within the system as a whole.

While the Council's original intent was for these contracts to receive wage increases under the City's Ordinance, the transfer of COC contracts to KCRHA has resulted in these workers from being left out of wage increases in the City's base budget. Without a specific long-term plan to address wage increases for COC contracts, there will be funding inequities among agencies that provide essential services to Seattle residents solely based on which government agency holds their contract. Human services providers in Seattle and King County all face rising costs of doing business each year. Without inflation adjustments, agency contracts fall short of covering the cost of providing services. The result of failure to adjust fully or at all to cover inflation has had a cumulative effect in this sector, both in terms of workforce due to high vacancy and turnover rates for staff positions, inability to hire and retain a skilled, diverse workforce and operations and maintenance like aging facilities, soaring insurance rates, increases in utilities, food, transportation, and other programmatic necessities. In addition, homeless services and supportive housing providers serve populations who are disproportionately likely to live with disabilities, serious health problems and behavioral health disorders. They often operate 24/7 program models.

All providers in Seattle face rising costs each year, regardless of which government agency holds their contract. Without inflationary adjustments, providers may need to reduce or cut services, capacity, or continue a downward spiral of under-funded programs and staffing shortages.

KCRHA is not able to provide ongoing inflationary adjustments without additional funding from its funders (largely Seattle and King County). HUD does not typically provide inflationary adjustments,



SEATTLE CITY COUNCIL | POSITION 8

## COUNCILMEMBER TERESA MOSQUEDA

creating significant unsustainability for these contracts. Proposed amendment HSD-001-A included in the Chair's Balancing Package states that Council's intention is that in 2024 the Office of Intergovernmental Affairs include inflationary adjustments and provider pay increases for CoC contracts in its federal policy agenda and pro-actively seek a congressional appropriation for these purposes. Without a specific plan working to ensure that contracts are adjusted to meet inflation there will be negative and compounding effects on the crisis response system, including further loss of capacity, reduced ability to provide specialized services for people with complex needs, reduced quality of services, and fewer reputable organizations willing to take on insufficient contracts.

Sincerely,

Teresa Mosqueda,

Seattle City Councilmember, Citywide-Position 8