



SEATTLE CITY COUNCIL
CENTRAL STAFF

Draft Wage Equity Resolution for Non-Profit Human Services Workers

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UW's 2023 Wage Equity Study Findings

- There is a 37% wage gap between non-profit human services workers and workers in non-care industries, which would take a 59% wage increase to close
- Workers who leave the human services industry for jobs in other industries see a net pay increase of 7% a year later
- Non-profit human services worker pay is less despite the high level of skill, responsibility, and difficulty of human services jobs

UW's 2023 Wage Equity Study Findings

**HUMAN SERVICE WORKER WAGES =
\$63,000**

**OTHER INDUSTRY WORKER WAGES =
\$100,000**

- The difference in wages between the Human Service Worker and Other Industry Worker is \$37,000
- There is a 37% wage gap between the Human Service Worker and Other Industry Worker ($\$100,000 - \$63,000 / \$100,000 = 37\%$)
- The Human Service Worker's wages would need to increase by 59% to equal the Other Industry Worker's wages. ($\$37,000 / \$63,000 = 59\%$)

UW's 2023 Wage Equity Study Findings

- Women comprise almost 80% of workers in human services
- Black/African American workers are almost three times as likely to work in human services as they are to work in non-care industries

Impacts of Wage Equity Gap

- **High vacancy and turnover rates**
 - Permanent supportive housing providers have much higher rates of unfilled positions compared to other industries
 - King County Regional Homelessness Authority (KCRHA) reports that the top 5 homelessness services providers had 300 vacancies and low wages are one of the top reasons for those vacancies
 - KCRHA reports that providers' inability to hire and retain staff was impacting their ability to spend down contracted funds
- **Additional recruitment and training costs for providers and funders** due to soaring costs such as overtime and lost productivity
- **Disruption of relationships between providers and program participants** that are essential for successful outcomes
- **Delayed services** when there are not enough human services workers to move people into affordable housing for those exiting homelessness

King County Human Services Wage Equity Efforts

King County's Best Starts for Kids Levy:

Providing \$5 million per year through 2027 to fund a Childcare Workforce Demonstration Project to increase the wages for 1,400 low-wage childcare workers

King County's Proposed Veterans, Seniors & Human Services Levy:

Implementation plan shall include strategies to stabilize the nonprofit health & human services workforce

King County's Proposed Crisis Care Center Levy:

- Assumes 20% increase in wages for crisis care center staff
- Assumes an additional \$20 million for other strategies such as subsidizing staff insurance costs, funding costs of certifications, or subsidizing caregiver costs like childcare or eldercare for staff

City of Seattle Human Services Wage Efforts

Seattle Office of Housing Request for Interest:

\$25 million for workforce stabilization, operating and maintenance expenses at existing permanent supportive housing (PSH) buildings in 2023

Proposed 2023 Seattle Housing Levy:

- Includes \$34 million for workforce stabilization, operating and maintenance expenses at existing PSH buildings
- Contains \$88 million for operating, maintenance and services for new PSH developments, which is intended to address in part increased operating costs and workforce stabilization

Executive's Proposal for Jumpstart Funding:

- \$171 million between 2024-2030 for workforce stabilization, operating and maintenance expenses at existing PSH buildings
- \$110 million between 2024-2030 to OMS for new PSH developments, which is intended to address in part increased operating costs and workforce stabilization

Wage Equity Resolution Components

- #1.** Recognize UW Wage Equity Study recommendations
- #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
- #4.** Request a plan from HSD to ensure that human services contract increases are used to increase worker wages
- #5.** Request that Executive consider wage equity increases for human services contracts administered by departments outside of HSD and provide a report with information on those contracts

#1 - Recognize UW Study Recommendations (1/2)

Near term recommendations (2025)

- Increase human services workers wages by at least 7%, the minimum increase needed to immediately reduce the number of workers leaving human services posts for higher paying jobs in other industries
- Make wage adjustments for inflation separate from wage equity increases
- Maintain or improve non-wage benefits & job characteristics
- Consider wage increases as a necessary part of racial and gender equity work in Seattle and King County

#1 - Recognize UW Study Recommendations (2/2)

Long term recommendations (2030)

- Substantially increase wages for non-profit human services workers to align with those of workers doing comparable work in other sectors and industries
- Create a salary grade system and establish minimum pay standards based on job characteristics
- Use public contracts to further wage equity

#2 – Collaborate with private and public funders

Council recognizes that fully addressing the wage equity gap will take a combined effort from all funders and requests that:

- Executive work collaboratively with Council to convene public and private funders to develop strategies for addressing wage equity and submit recommendations to the Council by September 26, 2023, for consideration during 2024 budget deliberations
- Executive work collaboratively with Council, external partners and other jurisdictions to focus workforce investments so they increase worker wages

#3 - Consider Wage Equity Increases for HSD Contracts

- Applies to all HSD-administered human services contracts with required inflationary adjustments under SMC 3.20.060
- Intends to consider recommendations to increase funding for contracts by 7% by 2025
- May consider additional increases in 2026 and beyond
- Intends to consider wage equity increases to be in addition to inflationary adjustments
- May consider using any savings achieved from lower than projected inflationary adjustments to reduce the existing wage equity gap
- May consider other possible actions upon submittal of SLI HSD-300-A-002-2003, which is due on June 20, 2023

#4 – Request HSD to Develop Plan for Wage Equity

To ensure that increases to human services contracts support wage equity, the Council requests that HSD:

- Engage with key partners and stakeholders
- Develop a plan for incorporating wage equity into Request for Proposal evaluations, executed contracts, reporting and annual contract monitoring
- Make recommendations for legislation to ensure contract increases for wage equity and inflationary adjustments are used to increase human services worker wages
- Submit proposal by April 1, 2024

#5 – Other Human Service Contracts (1/2)

Council understands other City departments may administer human service contracts and requests:

- Executive consider wage equity increases and inflationary adjustments for human service contracts administered outside of HSD
- The City Budget Office work with other departments and Central Staff to determine the number and size of those other contracts
- Use SMC 3.20.050 as a starting point for determining the criteria for a human services contract
- Submit a report to City Council with this information by April 1, 2024

#5 – Other Human Service Contracts (2/2)

SMC 3.20.050 - The Human Services Department (Department) shall make investments in human services programs ... to meet six desired results:

- All youth living in Seattle successfully transition to adulthood;
- All people living in Seattle are able to meet their basic needs
- All people living in Seattle are sheltered
- All people living in Seattle experience moderate to optimum health conditions
- All people living in Seattle are free from violence
- All older adults living in King County experience stable health and are able to age in place.

Financial Analysis

Current Law

Steps to calculate HSD Contract Costs.

Step 1: Determine base amount of HSD-administered human services contracts from previous year

Step 2: Apply inflationary adjustment

Wage Equity Proposal

Steps to calculate HSD Contract Costs with impact of wage equity increase.

Step 1: Determine base amount of HSD-administered human services contracts from previous year

Step 2: Apply wage equity increase

Step 3: Apply inflationary adjustment

Step 4: Determine the additional funding needed:

- a. To increase base contract amount
- b. For the inflationary adjustment once base increases

Determining HSD Base Contract + Annual Total Costs

Current Law 2024-2025

\$ in 1,000s		2024 Endorsed	2025 Projected
A	Previous year – total cost of HSD Contracts	\$196,574	\$209,744
B	Inflationary Rate*	6.7%	4.0%
	Increase due to inflation rate	\$13,170	\$8,390
C	Total Cost – Current law / next year’s base	\$209,744	\$218,134

(A) Total cost of the previous year’s contracts x (B) Inflation Adjustment per SMC 3.20.060 = (C) Current law total Cost / Base Contract
Current Law

Determining HSD Base Contract + Annual Total Costs

Wage Equity Proposal 2024-2025

\$ in 1,000s		2024 Endorsed	2025 Projected
A	Previous year – total cost of HSD Contracts	\$196,574	\$217,085
B	Wage Equity Rate	3.5%	3.5%
	Increase due to Wage Equity	\$6,880	\$7,598
	<i>Subtotal</i>	<i>\$203,454</i>	<i>\$224,683</i>
C	Inflationary Rate*	6.7%	4.0%
	Increase due to inflation rate	\$13,631	\$8,987
D	Total cost – Wage Equity Proposal / Next year’s base	\$217,085	\$233,671

(A) Total cost of the previous year’s contracts x (B) Wage Equity Adjustment x (C) Inflation Adjustment per SMC 3.20.060 = (D) Wage Equity Proposal

Estimated Fiscal Impact 2024-2025

Wage Equity Proposal

\$ in 1,000s		2024 Endorsed	2025 Projected
A	Total cost – Wage Equity Proposal	\$217,085	\$233,671
B	Current Law Total Cost	\$209,744	\$218,134
C	Estimate of total increased cost due to wage equity proposal	\$7,341	\$15,536

(A) Total Cost – Wage Equity Proposal – (B) Total Cost – Current Law = (C) Estimate of increased cost due to wage equity proposal

Summary

- While the City alone cannot solve the wage equity gap, it can demonstrate leadership and make progress in contributing its fair share
- This is an issue with significant race and social justice implications
- Given the current revenue forecast, wage equity progress will necessitate a conversation about policy trade-offs

Questions?