

June 6, 2023

## MEMORANDUM

**To:** Public Safety and Human Services Committee  
**From:** Jennifer LaBrecque and Karina Bull, Legislative Analysts  
**Subject:** Resolution 32094 - Human Services Workers Wage Equity

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On June 13, 2023, the Public Safety and Human Services Committee will discuss and possibly vote on [Resolution \(RES\) 32094](#) that would express City Council's (Council's) commitment to supporting wage equity for human services workers by considering increases to human services contracts and collaborating with other public and private funders. The RES follows the February 2023 publication of the University of Washington's (UW) Wage Equity Study for Human Services Workers. That study found a 37 percent wage gap between non-profit human services workers and workers in other industries despite evidence that human services work is not easier, less skilled, or less demanding than other jobs.

The Committee received briefings from the UW research team on their findings on [March 14, 2023](#) and from Central Staff on draft RES language on [April 25, 2023](#).

This memo (1) provides background on the impact of low wages on the human services field in Seattle; (2) summarizes the UW Wage Equity Study; (3) summarizes the RES; (4) discusses policy considerations; and (5) presents next steps.

### Background

Multiple public and private entities report that low wages in the non-profit human services sector create negative impacts for staff recruitment and retention, impeding the City of Seattle's (City's) ability to effectively provide human services for the City's most vulnerable communities and address critical issues, such as reducing homelessness. Examples include:

- According to the King County Regional Housing Authority's (Authority), service providers report that staffing vacancies impact their ability to provide services, including their ability to successfully utilize all contracted funds. Low wages, paired with secondary trauma, contribute to staff burnout and turnover. Based on an informal April 2022 Authority survey of service providers, the five largest homelessness service providers in King County had more than 300 vacant positions.<sup>1</sup>
- The Office of Housing reports that wages for many staff in Permanent Supportive Housing (PSH) buildings are well below median income and that PSH providers are seeing much higher rates of unfilled staff positions compared to national and state averages.<sup>2</sup> Staffing shortages at non-profit organizations have been severe enough to restrict the City's capacity to open new housing units, including those serving people exiting homelessness<sup>3</sup>.

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<sup>1</sup> [Revised-Five-Year-Plan-5.12.pdf \(kcrha.org\)](#)

<sup>2</sup> [OH presentation at the April 25, 2023 Select Committee on 2023 Housing Levy](#)

<sup>3</sup> [Seattle homelessness nonprofits struggle to hire, complicating plans to expand shelters and housing | The Seattle Times](#)

- The 2021 King County Nonprofit Wage & Benefits Survey Report found that wages for nonprofit employees providing services such as shelter provision and violence prevention are at levels that make it difficult to sustain a career.<sup>4</sup>

### **UW Wage Equity Study**

In the 2022 Adopted Budget, Council added \$600,000 to the Human Services Department (HSD) for a study analyzing the comparable worth of human services jobs as compared to jobs in different fields that require similar skills, education, and difficulty. At the conclusion of a competitive RFP process, HSD contracted with the University of Washington (UW) School of Social Work to conduct this study. In February 2023, UW published a Wage Equity Study<sup>5</sup> comprised of a market analysis and job evaluation.

The market analysis found a 37 percent wage gap between non-profit human service workers and workers in non-care industries, which would take a 59 percent wage increase to close.<sup>6</sup> It also found that workers who leave the human services industry for jobs in other industries see a net pay increase of seven percent a year later. The job evaluation found that the gaps revealed in the market analysis between human services workers and workers in other industries do not reflect lower pay because human services work is easier, less skilled, or less demanding than other jobs.

The Wage Equity Study included short and long-term recommendations for closing the wage gap for human services workers. By 2025, the study recommended that non-profit human services organizations, with the support of their funders, should increase human services workers' wages by at least seven percent, as a starting point to immediately reduce the number of workers leaving human services posts for higher-paying jobs in other industries. The study also recommended that any wage equity increases should be separate from inflationary increases. By 2030, the study recommended substantial wage increases for non-profit human services workers to align with those of workers doing comparable work in other sectors and industries.

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<sup>4</sup> [King County Nonprofit Wage & Benefits Survey \(501commons.org\)](https://www.501commons.org/)

<sup>5</sup> [Wage Equity Study | School of Social Work \(uw.edu\)](https://www.uw.edu/school-of-social-work/wage-equity-study/)

<sup>6</sup> For purposes of the UW Wage Equity Study and this Resolution, wages refers only to earnings and not to other forms of compensation such as benefits.

## Resolution Summary

The RES would state the Council's acknowledgement of its responsibility to make a meaningful contribution toward achieving wage equity for non-profit human services workers by:

- Recognizing the short-term and long-term recommendations in the UW Wage Equity Study without committing to all of them;
- Collaborating with private and public funders to make joint progress on wage equity;
- Intending to consider recommendations to increase the total amount of HSD-administered contracts by seven percent by 2025 for purposes of wage equity and possibly consider additional increases in 2026 and beyond;
- Making wage equity adjustments separate and in addition to inflationary adjustments currently required by City law under [SMC 3.20.060](#);
- Considering additional actions upon reviewing HSD's response to [Statement of Legislative Intent \(SLI\) HSD-300-A-002-2023](#), which is due on June 20, 2023<sup>7</sup>;
- Requesting a plan from HSD on how the department would incorporate wage equity into their review of Request for Proposal responses and their contracting process, to help ensure that increases in contracts for purposes of wage equity is used to increase worker wages; and
- Requesting 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, using [SMC 3.20.050](#) as a starting place for developing criteria for what constitutes a human services contract.<sup>8</sup>

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<sup>7</sup> This SLI requested HSD to report on the impacts of the required annual inflationary adjustments under SMC 3.20.060, recommendations for changes, if any, to regulations requiring annual inflationary adjustments, recommendations for strategies to address the staffing shortage among human services providers; and recommendations for potential funding sources to increase human services wages for workers.

<sup>8</sup> The SMC does not contain a specific definition of for human services. However, SMC 3.20.050 does provide some context, as it says that HSD shall make investments in human services program that provide the following six desired results: 1) All youth living in Seattle successfully transition to adulthood 2) All people living in Seattle are able to meet their basic needs 3) All people living in Seattle are sheltered 4) All people living in Seattle experience moderate to optimum health conditions 5) All people living in Seattle are free from violence 6) All older adults living in King County experience stable health and are able to age in place

## Assessment of UW Study Methodology

The recommendations in the UW Wage Equity Study could have significant budget implications for the City, as the study identifies significant wage gaps between human service workers and workers in other industries and recommends that funders, such as the City of Seattle, increase contracts to close that wage gap. This section is intended to provide an assessment of the overall soundness of the study, given that this RES draws heavily from the study and will likely be a significant part of City budget deliberations in 2024 and possibly future years as well. The study had two components – a market analysis and a job evaluation.

The market analysis is the most critical component of the study because it was the portion that demonstrated the quantitative wage gaps on which future budget considerations could be based – namely that there is a 37 percent wage gap between non-profit human services workers and workers in non-care industries, and that workers who switch from the human services industry to other industries have an hourly wage increase of seven percent. – *Overall, Central Staff finds that the market analysis 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 component was intended to be complementary to the market analysis by determining if human services worker wages were lower because of the underlying nature of human services worker (e.g., less demanding or less skilled work). 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.*

Additionally, the job evaluation utilized a tool to measure how difficult a job was. Researchers intentionally selected a tool that accounts for traditionally undervalued job demands such as emotional demands and responsibility for people. Because human service wages reflect historical devaluation of the work done by women and people of color there is a logic to selecting a tool that accounts for traditionally undervalued job demands. Researchers could have also chosen to use a tool with a more mainstream approach to valuing work, such as one that focused on required education levels. – *In short, there is no neutral way to assign values to work and policy makers must decide if they agree with the selected approach or not.*

### Market analysis used credible data and controlled for the appropriate variables.

The market analysis first provided descriptive statistics on the median wages of workers in human services versus workers in other industries, using data from the US Census Bureau's American Community Survey. The descriptive statistics showed that human services workers earn less than workers in other industries. However, a simple comparison of median income between these two groups of workers is not sufficient as there might be other factors which would explain lower wages for human services workers. For example, workers in human services may tend to be younger than workers in other industries. Therefore, the study also included a multi-variate analysis to determine if the observed wage gap still existed once other observable

workers' characteristics – including age, education level and number of hours worked - were taken into account. The multi-variate analysis found that there was a 37 percent wage gap between non-profit human services workers and workers in other industries even when accounting for those other observable worker characteristics.

Researchers also conducted a job-switching analysis using earning records from the Washington State Employment Security Department to see what happened when workers switched from the human services industry to another industry. One benefit of this approach is that it allowed researchers to account for non-observable worker characteristics such as dedication or work habits, since these were held constant. The study also conducted a multi-variate analysis to control for other factors that might have led to a change in wages upon switching jobs – such as number of hours worked and employer size. The multi-variate analysis found that workers who switch from the human services industry to other industries had an hourly wage increase of seven percent as compared to the reference category of those staying at the same job not in human services.

#### Job evaluation used a measurement tool that accounts for traditionally undervalued job demands.

The job evaluation component required researchers to select a tool that would allow them to measure and compare what is essentially a subjective experience – the “difficulty” of a job. It is a standard practice to use a tool to measure an inherently subjective experience; one example is the tool used by primary care providers to screen for depression. Researchers selected the National Joint Council Scheme (NJCS) because it was transparent and provided a strong framework for making subjective conclusions. There may also have been other valid tools or approaches to utilize for the job evaluation. Because the NJCS tool accounted for job demands that can be devalued in traditional job assessments, such as emotional demands and responsibility for people, it produced results that could be perceived as unexpected. For example, the study found that a job as a teaching assistant had a higher score than a job as a public sector project manager.<sup>9</sup> Whether or not selection of this tool was a valid choice depends on one's perspective on how such demands should be valued relative to other factors such as education.

#### Job evaluation utilized a small sample size and lacked full representation.

The job evaluation sample size was small, comprised of twelve workers in non-profit human services and ten workers in other industries. The small sample size is a limitation of the research because it was not representative of all human services jobs and only included some common positions. Additionally, selection of the comparator jobs was not comprehensive and was largely conducted by using networks and connections of the researchers and Seattle Human Services Coalition's (SHSC's) Pay Equity Analysis Steering Committee<sup>10</sup> for the study. The job evaluation

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<sup>9</sup> Jobs were scored on 13 factors falling into the categories of knowledge, skills, demands, responsibility, working conditions and initiative/independence.

<sup>10</sup> The Steering Committee was comprised of City stakeholders, Seattle and King County non-profit leaders, and local and national policy experts.

was not used to calculate a numeric wage gap, although median wages were provided in the job evaluation results for illustrative purposes and showed that human services workers are paid less for jobs with similar score. – *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.*

## **Policy Considerations**

### Ensuring that contract increases for wage equity actually result in increased worker wages.

The City does not have data about whether inflationary adjustments under SMC 3.20.060, which are required for any contracts renewed or renegotiated after August 2019, have resulted in increases to worker wages. Under SMC 3.20.060, inflationary adjustment increases to HSD contracts are strongly encouraged to be used for increasing worker wages but are not required to be used for this purpose. HSD has indicated that they have informally communicated to organizations during the contracting process that inflationary increases should not be used to increase deliverables. However, HSD does not have any formal system of ensuring that inflationary increases raise worker wages.

The RES requests that HSD develop a formal plan for integrating wage equity into the evaluation of Request for Proposal responses and the contracting process. The quality of the plan and its consistency of implementation would ultimately impact its success at ensuring contract increases are used for the purpose of raising worker wages. If not successful, other steps may be necessary.

### Comprehensive commitment needed from public and private funders.

Most non-profit human service providers receive funding for many public and private sources, so increasing one contract, such as an HSD-administered contract, is unlikely to substantially increase wages across the organization. One full-time position can be funded through multiple different grants, both public and private. Similarly, different lines of business within the same organization can have multiple fund sources. Difficult equity questions are raised if an organization has funds to raise wages for some staff but not others performing similar types of work.

While wage equity efforts among a variety of funders are underway, there is still a significant amount of progress that would need to be made to achieve wage equity. Recently, the State, County, and City have all taken steps to address human services worker wages (See Attachment A.) Those efforts are at various levels of certainty and implementation. For example, the City's plan to increase the wages of workers in PSH buildings is dependent upon both passage of the Seattle Housing Levy and continued dedication of JumpStart/Payroll Expense Tax funds for that purpose, along with continued monitoring that funds are being used to increase PSH worker wages instead of addressing other needs such as operating and maintenance expenses. In another example, the Senior, Veterans and Human Services Levy (SVHSL) does not contain a

specific amount for higher worker wages and given recent concerns about the reduced buying power of the VSHSL Levy,<sup>11</sup> it may be difficult to fund new efforts such as wage equity. Since 2002, SHSC has convened a Funding Roundtable with the goal of bringing public and private human services funders and providers together to collaboratively chart a path toward wage equity.<sup>12</sup>

### Racial Equity Impacts

Raising wages of human services workers would disproportionately benefit Black workers and women who are overrepresented in this industry. Women comprise almost 80 percent of workers in human services.<sup>13</sup> Black workers are almost three times as likely to work in human services as they are to work in non-care industries.<sup>14</sup> Today's human services workers face lower wages because industry wages have carried forward historic gender and racial discrimination.<sup>15</sup> Workers of color have historically experienced and still experience discrimination in employment that constricts their opportunities and reduces their bargaining power. Discrimination is also associated with a cultural devaluation of skills and commitments of people of color that shows up in lower wages. While the City cannot address wage equity issues alone – given that most non-profit human services organizations have multiple funding sources – the adoption of this RES could demonstrate the City's commitment toward closing the wage gap and establish leadership in this area.

### Process for Applying Wage Equity Increase

As noted earlier in this memo, SMC 3.20.060 requires an annual inflationary adjustment to HSD-administered contracts. There are three options for applying a wage equity increase in addition to the inflationary adjustment: (1) apply the wage equity increase *before* the inflationary adjustment; (2) apply the wage equity increase *after* the inflationary adjustment; or (3) apply the wage equity increase and inflationary adjustment *concurrently*.

Applying the wage equity increase after the inflationary adjustment or 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. As such, the financial analysis discussed in the next section assumes that the wage equity increase is applied *before* the inflationary adjustment.<sup>16</sup>

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<sup>11</sup> [King County levy renewal may not cover affordable-housing costs | Crosscut](#)

<sup>12</sup> Members include representatives from HSD, King County Department of Community and Human Services, large philanthropic organizations such as Ballmer Group, Gates Foundation, Seattle Foundation and United Way and several small and midsize foundations.

<sup>13</sup> American Community Survey Data (2005-2019)

<sup>14</sup> American Community Survey Data (2005-2019)

<sup>15</sup> [Wage Equity Study | School of Social Work \(uw.edu\)](#)

<sup>16</sup> For a more detailed discussion of how the wage equity increase was applied see Central Staff's presentation at the [April 25<sup>th</sup> PSHS Committee meeting](#)

## Financial Impacts

The RES states Council’s intent to consider increasing HSD-administered contracts by seven percent by 2025 and to consider additional wage equity measures between 2026-2030, both of which were recommendations in the UW Wage Equity Study.

Table 1 shows the cost of HSD-administered contracts under SMC 3.20.060, which requires that the City provide annual inflationary adjustments for HSD-administered human services. Table 1 also shows the cost under one potential scenario to achieve a seven percent wage equity increase by 2025, which is an increase of 3.5 percent in 2024 and 3.5 percent in 2025. The total additional cost, above what would be required under current law, would be \$7.34 million in 2024 and \$15.54 million in 2025. Costs impacts in 2026 and beyond would depend on the size of the wage equity increase.

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 3.5% increase in 2025 (\$ in 000s)*

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

## **Next Steps**

The Public Safety and Human Services Committee will meet on June 13, 2023, for discussion and a possible vote on the RES.

## **Attachments**

- A. Examples of Wage Equity Efforts

cc: Esther Handy, Director  
Aly Pennucci, Deputy Director  
Greg Doss, Lead Analyst

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<sup>17</sup> Assumes inflationary rate of 6.7 percent in 2024 and 4 percent in 2025.



## **Attachment A - Examples of Wage Equity Efforts**

*State, local, and regional efforts related to increasing human services wages.*

- King County's Best Starts for Kids Levy is 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 and study the impacts of these wage boosts.
- King County's proposed Veterans, Seniors, and Human Services Levy (VSHSL) would require that the implementation plan identify and describe the levy strategies to stabilize the nonprofit regional health and human services workforce.
- King County's Crisis Care Center (CCC) Levy has assumed operating CCC staff wages would be funded at 20 percent above the current average staff wage at King County's only comparable crisis facility and also assumes an additional \$20 million to invest in strategies such as subsidizing staff insurance costs, funding costs of certifications, or subsidizing caregiver costs like childcare or eldercare for staff.
- The City of Seattle Office of Housing released a \$25 million Request for Interest for 2023 to pay for workforce stabilization, maintenance, and operating expenses in existing permanent supportive housing buildings.
- The proposed 2023 Seattle Housing Levy would, if approved by Seattle voters, include \$122 million to pay for operating, maintenance and services expenses, including workforce stabilization, in new and existing permanent supportive housing buildings and the Executive has proposed \$282 million in Jumpstart Funding between 2024-2030 for the same purpose.
- The 2023-2025 State Operating Budget increased homeless service provider contracts by \$45 million, a 6.5 percent increase, and prioritized the funds for stabilization of the homeless service provider workforce; and provided a 15 percent Medicaid rate increase for behavioral health providers to help address many of the state's current behavioral health workforce issues.
- Since 2002, the Seattle Human Services Coalition has convened a Funding Roundtable with the goal of bringing public and private human services funders and providers together to collaboratively chart a path toward wage equity and includes representatives from the City's Human Services Department, King County Department of Community and Human Services, large philanthropic organizations such as Ballmer Group, Gates Foundation, Seattle Foundation and United Way and several small and midsize foundations.