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UNITED NEIGHBORHOOD HOUSES

The Need to Strengthen the Economic Security of the Settlement House Workforce: Voices from the Field

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Introduction

For more than a century, New York's settlement houses have worked to create stronger, more vibrant neighborhoods where residents of all ages can thrive. In the late 19th and early 20th centuries, the original settlement houses provided a broad array of services that ranged from child care and lending libraries to advocacy and organizing that improved access to housing, education, and jobs. Today, UNH member settlement houses continue to be multi-service providers and community builders—they have a collective budget of more than $1 billion with more than 680 program sites throughout New York.[1] These settlement houses reach nearly 765,000 people every year across the age continuum. Most program participants live in the neighborhood where the settlement house is located.[2]

New York City relies heavily on contracting with settlement houses and other community-based organizations to deliver essential services—in FY 2021, human services accounted for 40 percent ($12 billion) of the City's total procurement of $30.4 billion in goods and services.[3] The City's dependence on settlement houses was reinforced by the onset of the COVID-19 pandemic, which devastated many of the neighborhoods served by settlement houses. Like other crises New York City has faced throughout history, settlement houses stepped up to address increased need in their communities. Settlement houses expanded or created emergency food assistance programs, and they continued to deliver other critical services like eviction prevention and benefits enrollment, assistance with sign-ups for the COVID-19 vaccine, workforce training, and supports for homebound older adults. Settlement houses also pivoted to virtual early childhood education and afterschool programming.

Even as the pandemic's toll led to increased demand for their services from both the City and the communities they serve, settlement houses and other human service nonprofits remained consistently underfunded due to government contracts that only provide 70 cents on the dollar for direct program expenses.[4] Settlement houses employ more than 20,000 people, many of them women of color and from the low- and moderate-income communities they serve. Yet this workforce is not paid family-sustaining wages due to government contracts that fail to fund the full cost of providing essential services to these communities. Since it was established in 1919, United Neighborhood Houses (UNH), a policy and social change organization representing 45 neighborhood settlement houses, has mobilized its members and their communities to advocate for policies that keep neighborhoods resilient and thriving for all New Yorkers. In the past two years, UNH has engaged in two research studies focused on the settlement house network. In collaboration with UNH and the National Center for Children in Poverty, the Educational Alliance, a UNH member, conducted the first wave of the Settlement House American Rescue Plan (SHARP) Impact Study in late 2021. The SHARP Impact Study evaluated the impacts of the expanded Child Tax Credit on the lives of

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1 The 680 sites includes those located upstate (UNH has 5 upstate members).

2 A 2014 study conducted by UNH in partnership with the Hunter College Silberman School of Social Work found that two-thirds of the nearly 3,000 settlement house program participants surveyed live in the neighborhood where the settlement house was located.

3 https://www1.nyc.gov/assets/mocs/downloads/pdf/Indicators/FY21%20Indicators%20Executive%20Summary

4 https://www.oliverwyman.com/content/dam/oliver-wyman/v2/campaign-assets/January2018/A%20National%20Imperative_Finalscreen.pdf

families within the settlement house network, including settlement house employees. In addition, UNH partnered with Fordham University's Henry C. Ravazzin Center on Aging and Intergenerational Studies on a mixed-method survey[5] of settlement house employees conducted from mid-2020 to late 2021 to better understand settlement house employees' perceptions of work-related burnout, workplace climate, wages, and benefits (See Appendix for more detailed descriptions of survey methodology and sample size).

Centered on the findings from these two studies, this brief provides an overview of government underinvestment in the human services workforce that has led to poverty-level wages and lack of salary parity with other sectors; the financial precarity experienced by this workforce; as well as challenges with staff recruitment and retention due to low wages and work-related burnout and frustration. In addition to highlighting findings from the two research studies mentioned, this brief includes insights provided by peer groups of settlement house staff convened by UNH; five-year 2015-2019 American Community Survey data from the US Census Bureau; and data from UNH's member salary surveys.

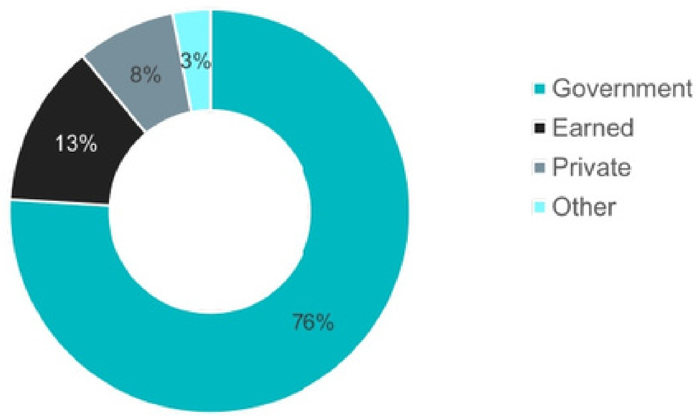
The brief offers recommendations for policymakers to stabilize and strengthen the economic security of the settlement house workforce and human service sector more broadly. Improving the stability of the settlement house workforce will also lead to more effective delivery of services to neighborhoods that are still reeling from the pandemic's economic and public health fallout and is critical to accelerating an inclusive economic recovery in New York City.

Chronic public underinvestment in settlement houses and other human service nonprofits

City and state governments depend on the content knowledge and expertise of settlement houses that are deeply embedded in the communities that they serve. Settlement houses contract with a variety of city agencies to provide essential services, including the Administration for Children's Services (ACS), the Department for the Aging (DFTA), Department of Education (DOE), the Department of Homeless Services (DHS), Department of Housing Preservation & Development (HPD), the Department of Youth and Community Development (DYCD), and the Human Resources Administration (HRA). At the state level, settlement houses contract with the New York State Education Department, NY State Office for the Aging (SOFA), the Office of Addiction Services and Supports (OASAS), Office of Children and Family Services (OCFS), and the Office of Temporary and Disability Assistance (OTDA), among others. Like the rest of New York City's nonprofit human services sector, government contracts fund most of settlement houses' budgets: funding from city, state, and federal governments accounts for 76 percent of settlement house budgets, followed by earned revenue (13 percent) and private sources (8 percent).

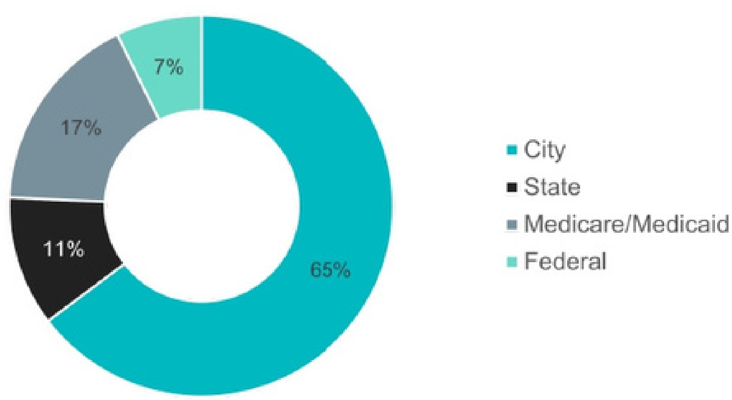
[5] The study had two main components: a qualitative component that involved focus groups of settlement house employees including direct service staff and supervisory staff members; and a quantitative component which included a self-administered online questionnaire.

Share of NYC Settlement House Network
Government Revenue by Funding Stream



Source: UNH, 2019 Member Survey. Excludes UNH affiliate upstate members.

Share of NYC Settlement House Network
Government Revenue by Funding Stream



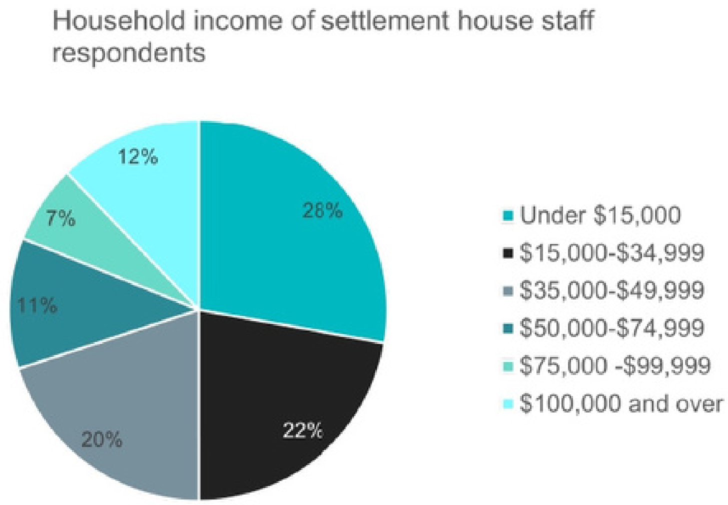
Source: UNH, 2019 Member Survey. Excludes UNH affiliate upstate members.

City contracts account for nearly two-thirds (65 percent) of the public funding that settlement houses in New York City receive. Since city contracts make up such a significant portion of settlement houses' collective budgets, government funding decisions and their focus on budget austerity directly and negatively affect settlement house employees. When city agencies extend rather than re-procure contracts, or when they keep program budget funding level, year-over-year, or scale up programs without sufficient funding to cover their expansion, settlement house staff are directly impacted by these decisions; as a result, this vital workforce is paid wages that have failed to keep up with historically high inflation rates. The City contracting process generally strives to reimburse nonprofits at the lowest price possible, which has forced settlement houses and other CBOs to operate at very slim margins.

Poverty-level wages and salary disparities

Government contracts either directly set low salary levels or do so indirectly by establishing low rates for service delivery while simultaneously setting mandatory staffing levels and certain levels of credentialing. As a result, human service workers are among some of the lowest paid workers in the city's economy. On average, the city's nonprofit workforce earned $34,000 in 2019.[6] As a settlement house senior leader noted, "We are expected to work for nothing and like it and be paid with accolades and not with money."

These low wage levels are mirrored in a recent survey conducted by the Educational Alliance in collaboration with the National Center for Children in Poverty and UNH: of full- and part-time New York City settlement house staff respondents surveyed,[7] half reported a household income of less than $35,000 a year, including 28 percent who reported a household income of less than $15,000 a year, well below the federal poverty line of $26,500 for a family of four with two adults and two children.[8]



Source: UNH analysis of data from the 2021 SHARP study conducted from October 2021 to December 2021 by Educational Alliance (a UNH member) in collaboration with the National Center for Children in Poverty & UNH.

Even among full-time settlement house staff respondents, about a third (32 percent) reported that their household income was less than $35,000. Using the Self-Sufficiency Standard, a budget-based, living-wage measure developed by the Center for Women's Welfare at the University of Washington, a

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6 https://nonprofitquarterly.org/ending-poverty-pay-for-human-services-workers-a-new-york-city-story/

7 The SHARP Impact study conducted by the Educational Alliance, in collaboration with the National Center for Children in Poverty and UNH, surveyed 1,078 families between October and December 2021—this included a total of 109 respondents that identified as NYC settlement house staff. However, of those who identified as staff, several noted that they were in job training programs, were unemployed, laid off, or temporarily laid off; these respondents were removed from the analysis. The analysis is based on 85 respondents that self identified as those working part-time or full-time for settlement houses. The survey sample also included staff and participants from Syracuse Northeast Community Center, but these were excluded from the analysis cited in this report. See Appendix for more information

8 Based on 2021 federal poverty guidelines developed by the U.S. Department of Health and Human Services: https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references/2021-poverty-guidelines

family of four with two adults and two children under the age 5 in Brooklyn would need to earn triple that amount ($100,524 a year) to meet all their basic needs, which include housing, childcare, food, transportation, and health care.[9]

These wages reflect government's flawed misconception that those in helping professions do not deserve to earn wages comparable to other sectors due to the charitable nature of their work.[10] This perception of the role of the nonprofit workforce in society also extends to the public as a whole. One senior-level settlement house staff member noted that nonprofits are held to an unfair benchmark that for-profit organizations are not: "Some people [believe that we] do nonprofit work voluntarily. Strong [non-profit] organizations run lean, that's how we're measured. The more we can do with less is how we got here."

Researchers from The New School's Center for NYC Affairs found that median pay and benefits for human service workers are 20-35 percent less than for workers with similar education in comparable positions in city government and elsewhere in the private sector.[11] These disparities are echoed across the UNH settlement house network. For example, as shown in the table below, the median annual salary of a full-time attorney working within the settlement house network is 57 percent below a comparable position in the private sector, even after adjusting for inflation from 2019 dollars to 2021 dollars.

Position	Settlement house	Government	For-profit sector
Accountant	$60,604.50	$73,398.56	$82,907.12
Attorney	$85,343.00	$106,144.86	$199,638.48
Social worker (BA)	$48,522.50	$55,271.77	$50,719.40
Social worker (MA)	$55,689.50	$74,527.37	$65,494.00
Porter/building cleaner	$34,060.80	$43,165.33	$33,453.27

Source: Settlement house salaries are from the 2021 UNH Salary Survey. Salaries for government and for-profit sectors are based on data from the 5-year 2015-2019 American Community Survey, US Census Bureau. Census data for attorneys include judges, magistrates, and other judicial workers. Note: Public and private sector salaries have been adjusted to 2021 dollars using the CPI-U for All Items. Salary data for social workers with master's degree includes those with and without licenses. Data from the UNH salary survey data and Census Bureau data do not distinguish between social workers with or without licenses.

Findings from the Fordham and UNH survey confirm that many settlement house employees are concerned about low pay and benefit levels. As part of the quantitative component of the survey,

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9 According to the self-sufficiency standard created by the University of Washington's Center for Women's Welfare. See: "Overlooked & Undercounted 2021 Struggling to Make Ends Meet in New York City."https://selfsufficiencystandard.org/wp-content/uploads/2021/11/NYC2021_Demo.pdf

10 Pratt, Jon. *Nonprofit Quarterly.* "It's Complicated: Nonprofit Organizations and Wage Equity." https://nonprofitquarterly.org/its-complicated-nonprofit-organizations-and-wage-equity/. March 15, 2022.

11 Parrott, James. *Nonprofit Quarterly.* "Ending Poverty Pay for Human Services Workers: A New York City Story." https://nonprofitquarterly.org/ending-poverty-pay-for-human-services-workers-a-new-york-city-story/. May 4, 2022.

respondents were asked to indicate the extent to which they personally disagreed or agreed with a series of statements about perceptions of salary and benefits, including "I feel that I am well paid for the amount of work and responsibilities I have on a daily basis" and "I am satisfied with my employee benefits package." Nearly one out of every five settlement house employees surveyed had negative perceptions of their salaries.[12] Compared to those in supervisory positions, a slightly larger share of direct staff had a negative perception of salaries and benefits (22 percent of direct staff vs. 16 percent of supervisory staff).

Challenges with staff recruitment and retention

Low wages can lead to difficulties with recruiting and retaining staff. In New York City, a 2021 survey commissioned by the Human Services Council found that 80 percent of surveyed organizations reported that inadequate pay significantly impacted their organization's ability to make hires.[13] Low wages can also lead to high vacancy rates. A 2021 National Council for Nonprofits survey of more than 1,000 nonprofits nationwide found that more than a quarter of those surveyed had a vacancy rate of 20 to 29 percent, and eight out of 10 nonprofits said that salary competition impacted their ability to fill job openings.[14] As of March 2021, the average vacancy rate among New York City nonprofits was around 11 percent, with more than 30 percent of human service nonprofits reporting a vacancy rate higher than 15 percent.[15] More recently, as of late May-early June 2022, settlement house Human Resources staff have reported that vacancy rates have increased in the past year, typically above 10 percent.

Frustration about lack of wage parity across sectors was a recurring theme in focus groups conducted as part of the Fordham and UNH survey. In focus groups, some respondents noted that non-competitive salaries have contributed to settlement houses losing valuable employees to other industries with higher payment structures and incentives. Settlement house employees noted that low pay led them to feel conflicted about whether they should remain in a job that they love or leave it for a position that would improve their financial security. Settlement house leadership also echoed the frustrations of not being able to pay their employees what they felt was needed and deserved.

Settlement houses have reported that they are struggling to compete with city agencies like the Department of Education and with large corporations like Amazon, McDonald's, and Starbucks that are offering higher starting wages and other benefits like tuition reimbursement. At the same time, with the City's recent expansion of programs like Summer Rising and the Summer Youth Employment Program (SYEP), settlement houses have been asked by the City to increase their programmatic capacity even as they struggled to staff these programs prior to expansion.

[12] Fordham researchers created summary scores based on respondents' answers to the series of statements. A negative perception of salaries is equivalent to a summary score of less than 20.

[13] https://humanservicescouncil.ftlbcdn.net/wp-content/uploads/2021/06/HSC-Taskforce-Report-Essential-or-Expendable-How-Human-Services-Support-Communities-Through-COVID-19.pdf

[14] National Council of Nonprofits. "The Scope and Impact of Nonprofit Workforce Shortages." https://www.councilofnonprofits.org/sites/default/files/documents/nonprofit-workforce-shortages-report.pdf.

[15] Ibid.

One settlement house senior leader estimated a double-digit turnover rate, noting that, "People come on board, we invest time and money, and they find something that pays more money. Starbucks is increasing hourly wages to $23…how can we compete with this? [The City is] putting out RFPs for expansion, but where's the extra money to increase salaries so we can attract and keep people to do the work?"

Chronic underfunding by government also leads to elevated levels of stress and burnout among human service workers that can contribute to staffing shortages and turnover within this sector. One settlement house leader noted that government leaves nonprofits with "very narrow margins" and that contracts fail to provide adequate funding for back-up staff coverage, staff continuity, or staff transitions to minimize gaps in service delivery. Focus groups conducted by Fordham found that work-related exhaustion and stress were a challenge among settlement house employees who struggled to manage increased workloads and use their paid time off due to inadequate staffing levels. In a focus group, a settlement house employee who was asked to continue responsibilities attached to another role within the settlement house noted, "I already have a caseload of 40 plus people, and now I also have to do this. Am I getting paid more for that? No." Another focus group participant worried about who would helm the program in their absence, noting, "There is a looming pressure of like, I can't call out sick because who's going to run check in tomorrow?" Chronic work-related stress and exhaustion can be detrimental to the mental and physical well-being of settlement house staff, magnifying existing health inequities among a workforce that is predominantly comprised of people of color.

The online survey component of the Fordham study also confirmed that settlement house staff experienced moderate stress levels. Using the Copenhagen Burnout Inventory instrument for measuring work-related burnout, Fordham researchers created summary scores for settlement house employees that evaluated burnout on a scale of 0-100, with higher scores indicating greater levels of stress and exhaustion (see Appendix on survey methodology for more details). The mean score across settlement houses surveyed was 47.8 on a possible scale of 0-100, with supervisors experiencing slightly higher levels of burnout than direct service staff: supervisory staff had an average score of 52 compared to direct service staff who had an average score of 43.5.

Adequate pay is only one aspect of improving staff recruitment and retention. Subsidizing and/or increasing access to professional development opportunities can also improve job quality and reduce vacancy rates. The Fordham study found that settlement house employees expressed a strong desire for professional development opportunities that will help advance their careers, with management or leadership training emerging as the most frequent response to a question on respondents' top choice for additional training. Staff also expressed the desire for clinical practice training that covered topics such as crisis intervention and working with mixed-status immigrant families. Furthermore, many participants requested the opportunity to earn continuing education credits for these training opportunities. Yet, due to chronic underfunding of human service contracts, supervisors are often forced to focus on addressing the urgent, immediate need of ensuring that their programs are adequately staffed, rather than cultivating the next generation of leaders within the settlement house network. The educational divide between supervisors and direct staff in the settlement house network underscores the need for more flexible funding in government contracts to pay for increased training and education opportunities that can help bolster staff recruitment and retention—among employees surveyed as part of the Fordham and UNH study, supervisors were almost twice as likely to have higher than a bachelor's degree (62 percent) than direct staff (34 percent).

Inconsistent COLA provisions lead to pay disparities within settlement houses

Inconsistent government funding streams not only lead to lack of pay parity between settlement house employees and their public or private sector counterparts, but they also result in pay disparities within their organization. Since settlement houses aim to be "one-stop shops" for the residents of the neighborhoods they serve and have contracts across multiple city and state agencies, they are negatively impacted by the inconsistent ways in which Cost of Living Adjustment (COLA) provisions are applied across contracts at the city, state and federal levels. If a government contract includes a COLA provision, settlement house employees covered under that specific contract will receive the COLA. However, this can lead to pay disparities within the organization and across programs, given that a settlement house employee in a similar position—but funded through a different government contract without a COLA provision—will not be able to reap the same financial benefits. For example, New York State's FY 2023 budget included a one-time 5.4 percent COLA for some human services providers,[16] but the City's final FY 2023 budget has included a baselined enhancement of just $60 million for human services contracts, falling significantly short of what it would likely take to provide this workforce with a 5.4 percent COLA. This leads to pay disparities and low staff morale within settlement houses who have both city and state contracts.

A senior leader at a settlement house with city and state contracts noted: "How can we implement staff raises in an equitable way when the COLA is not on every budget line? It's paralyzing. I'm torn on how to do this and not cost the agency money, but I want to be transparent with staff on how it's done and where the money's coming from. A 5.4 percent [state COLA] is wonderful, but if I can only give it to some staff, this leads to bad feelings and morale. How do I turn around and say to another staff member, you're doing the same job, but I can barely afford to give you a 2 percent COLA?"

In the absence of a COLA provision in government contracts, settlement houses struggle to fund across-the-board COLA increases. "If city contracts don't include a provision for COLA, it is hard to raise wages above 3 percent," noted one senior-level settlement house staffer during a UNH-convened peer group meeting. However, a 3 percent COLA does not even keep pace with rising inflation—in the New York metro area, average wages have increased by 2.8 percent in the past year but inflation has increased by more than double that rate (6.1 percent) over the same period.[17] Settlement houses are taking steps to evaluate salaries across departments and address salary disparities within their

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[16] Workers who deal with domestic violence programs, supportive housing and others are excluded from receiving the COLA. https://www.governor.ny.gov/news/governor-hochul-announces-historic-20-billion-multi-year-healthcare-investment-fy-2023-budget

[17] David, Greg. *The City*. "Inflation Threatens Foundation of Eric Adams' First Budget." https://www.thecity.nyc/2022/5/2/23054455/inflation-eric-adams-budget. May 2, 2022.

organizations; in some cases, they are risking budget deficits or dipping into operating funds to raise wages regardless of whether they are reimbursed by government because they believe that it is the right thing to do.

Settlement house workforce is experiencing alarming levels of financial instability

An alarming share of the human service workforce is struggling to meet their families' basic needs on poverty-level wages. The survey conducted by Educational Alliance in partnership with UNH found that levels of financial insecurity experienced by settlement house staff respondents are similar to the participants that they serve. On top of the difficult, tireless work that settlement house staff are doing around the clock to help clients meet their basic needs, a portion of this workforce is earning such low wages that they face the risk of eviction from their homes, are stressed from trying to survive on poverty-level wages, and struggle to pay for their families' own urgent needs. More than a quarter of settlement house staff reported that that it was "hard" or "very hard" to pay for essential needs like food, housing, medical care, and heat in the past month.

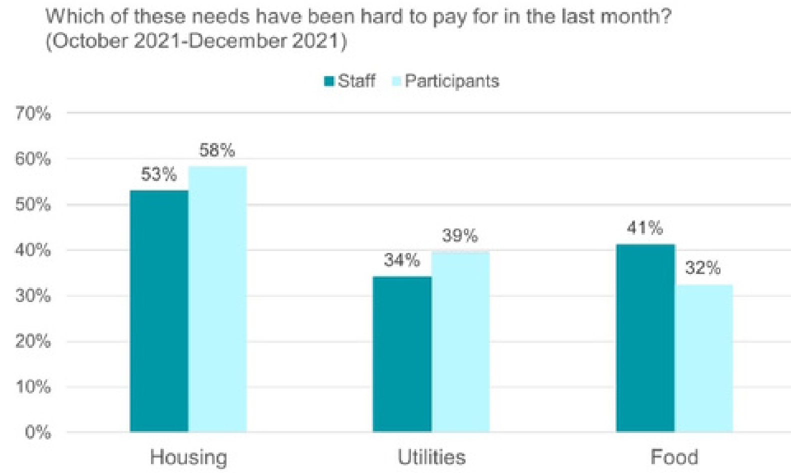
Source: UNH analysis of data from the 2021 SHARP study conducted from October 2021 to December 2021 by Educational Alliance (a UNH member) in collaboration with the National Center for Children in Poverty and UNH.

For settlement staff respondents surveyed, housing was the most challenging monthly expenditure to meet—53 percent reported difficulties with paying for housing costs in the past month. This is unsurprising given that housing comprises the largest share of household budgets among low-income families[18] and rents in New York City continue to rise at nearly double the national rate.[19] Food insecurity was also more prevalent among settlement house staff respondents: 41 percent of

[18] https://www.whitehouse.gov/wp-content/uploads/2021/08/Costs-Brief.pdf

[19] Zaveri, Mihir. *The New York Times*. "Rents are Roaring Back in New York City." https://www.nytimes.com/2022/03/07/nyregion/nyc-rent-surge.html. March 7, 2022.

staff respondents reported that they struggled to afford the cost of food, compared to 32 percent of program participants who faced challenges with meeting this basic need.

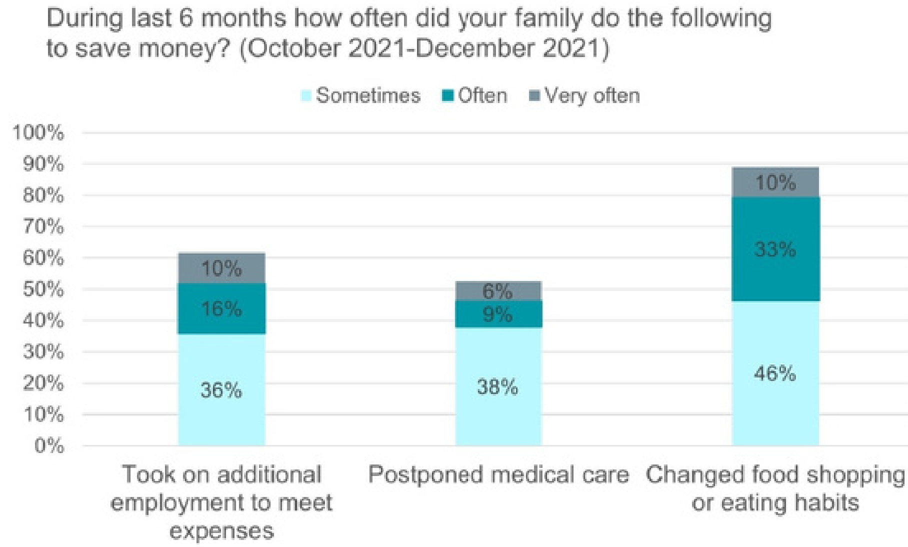


Source: UNH analysis of data from the 2021 SHARP study conducted from October 2021 to December 2021 by Educational Alliance (a UNH member) in collaboration with the National Center for Children in Poverty and UNH.

Furthermore, more than half (51 percent) of settlement house staff reported that they were experiencing “moderate” or “major” problems with their family’s finances, similar to the share of program participants who reported the same grim outlook on their family’s finances (55 percent).

Source: UNH analysis of data from the 2021 SHARP study conducted from October 2021 to December 2021 by Educational Alliance (a UNH member) in collaboration with the National Center for Children in Poverty and UNH.

A staggering 62 percent of surveyed settlement house staff reported that they took on another job to help pay the bills. Staff were also forced to make difficult spending tradeoffs when it came to their family’s health and nutrition, with more than half (52 percent) of respondents who postponed medical care and 89 percent who reported cutbacks in food.



Source: UNH analysis of data from the 2021 SHARP study conducted from October 2021 to December 2021 by Educational Alliance (a UNH member) in collaboration with the National Center for Children in Poverty and UNH.

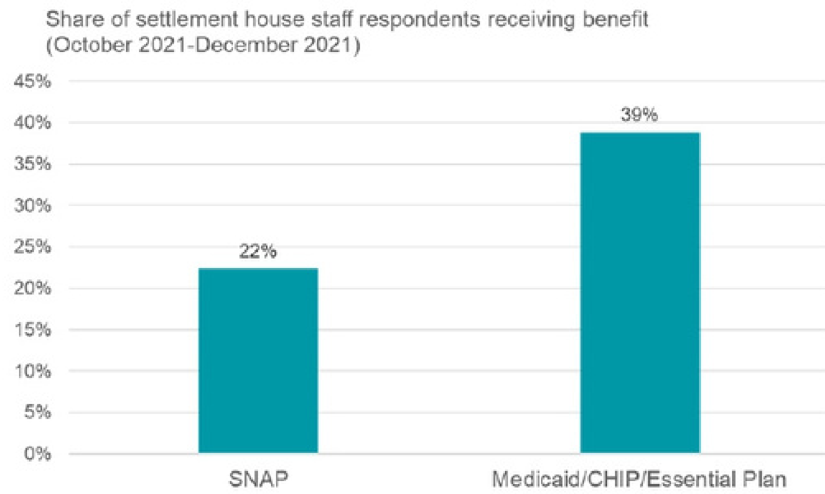
Settlement house staff are living from paycheck to paycheck

More than three-quarters (78 percent) of surveyed settlement house staff reported that they "often" or "sometimes" ran out of cash between paychecks or before the end of the month, highlighting the lack of an emergency cushion or rainy-day savings should they lose their employment.

Source: UNH analysis of data from the 2021 SHARP study conducted from October 2021 to December 2021 by Educational Alliance (a UNH member) in collaboration with the National Center for Children in Poverty and UNH.

Public benefits help fill in the pay gaps

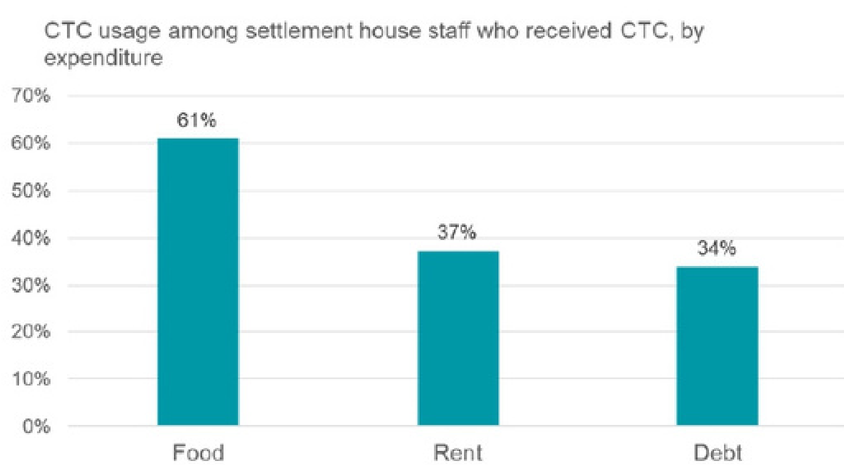
In the absence of adequate wages, a sizable share of settlement house staff responding to the SHARP survey received public benefits to subsidize the cost of food and health care. Of the settlement house staff surveyed, more than one out of every five (22 percent) reported receiving SNAP (Supplemental Nutrition Assistance Program) benefits and nearly 40 percent said that they were enrolled in Medicaid, CHIP, or public health insurance through the NY State of Health Marketplace.



Source: UNH analysis of data from the 2021 SHARP study conducted from October 2021 to December 2021 by Educational Alliance (a UNH member) in collaboration with the National Center for Children in Poverty and UNH.

Flexible direct cash assistance like CTC helped meet basic needs like food, rent, and debt payments

In addition to public benefits like SNAP and Medicaid, the expanded Child Tax Credit helped offset inadequate wages for settlement house staff. Funded through the American Rescue Plan Act, the Child Tax Credit provided up to $3,600 for each child younger than six and $3,000 for each child aged 6–17 in the form of advance monthly installments of $300 per young child and $250 per older child from July 2021 through December 2021. These advance payments enabled settlement house staff to pay for necessary expenses that were not covered by their wages—food, rent, and debt payments were the top three expenditure categories. Sixty-one percent of settlement house staff surveyed who received the CTC spent it on food and 37 percent used the CTC to pay their rent. Furthermore, it is concerning that more than a third of surveyed settlement house staff are using the CTC to pay off debt – this highlights the fact that the education and experience necessary to provide high-quality human services mean that many settlement house workers are burdened with student debt while receiving wages far below a living wage.



Source: UNH analysis of data from the 2021 SHARP study conducted from October 2021 to December 2021 by Educational Alliance (a UNH member) in collaboration with the National Center for Children in Poverty and UNH.

Full funding of indirect costs can provide more flexible funding for wages but an end-date looms

Government can also provide more funding for wages in contracts with nonprofits through fully covering their indirect costs, which include wages for operations and administrative staff. Settlement houses have reported that that there are often vacancies for key support staff such as human resources, maintenance, finance and information technology (IT) team members due to low wages. Launched with $53.4 million in the FY 2020 budget, the Indirect Cost Rate Funding Initiative (ICR) was created to reimburse nonprofits at higher rates (above 10 percent) that more accurately reflect—and cover—the expenses they incur when they contract with New York City, which can include wages for critical operations and support staff, such as those in IT and finance.[20] Following damaging cuts to the ICR initiative in 2020 and 2021,[21] the FY 2022 budget did include $60 million to fully fund the ICR initiative.[22] However, this funding was drawn from federal COVID-19 relief funds through the American Rescue Plan Act that expire at the end of 2024, raising concerns about a replacement funding source for ICR after federal funding dries up.[23] Without full funding of indirect cost rates, settlement houses and other human service profits will have less funding to fill—and retain—pivotal operations positions.

Recommendations

As they have been doing for more than a century, settlement houses have stepped up during crises to address urgent needs in their communities. As the backbone of New York City's safety net, settlement houses and other human service organizations are key to ensuring an equitable recovery from the pandemic. Yet, the survey findings above show that low wages exacerbate the lack of salary parity with other sectors and are contributing to high levels of both turnover and financial insecurity among the settlement house workforce—it is troubling that this workforce is just as likely as the program participants they are supporting to struggle with making ends meet.

Settlement house staff and other human service workers—an essential segment of New York City's workforce that remains deeply committed to their work and the communities that they serve—deserve to earn family-sustaining wages that are comparable to their for-profit or government counterparts. Government relies on these workers to do some of the most important jobs in our communities—they take care of our aging neighbors, assist families in remaining stably housed, teach and care for young children, and work with people to overcome substance abuse and addiction. Yet, the government fails to provide a family-sustaining wage to these workers to encourage retention and recognize all the important work that they do for their communities—many of these workers are living paycheck to paycheck and are struggling to meet their families' basic needs. The City's final FY 2023 budget included only a $60 million baselined enhancement for human services and legal service providers. Furthermore, it remains unclear as to when the baselined enhancement will take effect and how quickly workers will see these funds in their paychecks. City and state leaders must ensure settlement houses and other human service organizations have the tools and resources they need to

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[20] Providers had the choice of taking a default 10 percent rate without verification or choosing from two options that could result in a rate higher than 10 percent. Once providers had new ICRs accepted, the rates were applicable for three years from the beginning of either 2020 or 2021, and their existing contracts with city agencies were amended. For more information, see: https://ibo.nyc.ny.us/iboreports/citys-nonprofit-contractors-receive-more-funding-after-year-of-uncertainty-june-2021.pdf

[21] At a November 2020 City Council oversight hearing on the ICR Funding Initiative, one settlement house reported losses in the hundreds of thousands of dollars due to the 2020 funding policy . UNH estimated that for FY 2020, reducing funding for indirect costs had amounted to a loss of more than $5 million in revenue for the settlement house network alone .

[22] https://council.nyc.gov/budget/wp-content/uploads/sites/54/2021/07/Fiscal-2022-Schedule-C-Merge-6.30.21.pdf

[23] Hanna, Katie. Independent Budget Office. "City's Nonprofit Contractors Receive More Funding After Year of Uncertainty." https://ibo.nyc.ny.us/iboreports/citys-nonprofit-contractors-receive-more-funding-after-year-of-uncertainty-june-2021.pdf. June 2021

thrive, including fair compensation for staff, fully funded contract services and indirect rates, prompt payment and flexible program designs.

Here are recommendations for policymakers to improve the economic security and the workplace stability of the settlement house workforce and the human services sector more broadly:

New York City:

1) Establish a living wage floor for human services workers of no less than $21 per hour

A living wage floor of no less than $21 an hour is essential for stabilizing the sector. Even before the COVID-19 pandemic, the human services workforce has been toiling under City-contracted poverty wages.

2) Amend contracts to include an automatic annual cost-of-living adjustment (COLA) for all human services contracts that is line with inflation rates

For FY22, UNH and our partners had advocated for $48 million in the City budget to pay for COLAs for human service workers. Instead, the human services sector received $24 million to pay for one-time bonuses. As part of the FY 2023 budget, we had urged the mayor to prioritize this sector with a 5.4 percent COLA on the personnel services line of all human service contracts. The City's final FY 2023 budget included a $60 million baselined enhancement for human service and legal service contracts. This investment is a first step toward addressing salary disparities.

However, with inflation now above 6 percent[24] and persistent underfunding of the human services sector, more will be needed to compensate the human services workforce at levels that they deserve after going above and beyond for the City and their communities throughout the last two years. For FY 2024 and subsequent years, we urge the City to ensure that our city's human service workforce receives a COLA that is pegged to the pace of inflation, based on 12-month changes to the Bureau of Labor Statistics' Consumer Price Index for all Urban Consumers.

3) Create and fund a comprehensive wage and benefit schedule that is compatible to similarly qualified City and State government employees

Government contracts either directly set low salary levels or do so indirectly by establishing low reimbursement rates while simultaneously setting mandatory staffing levels. The City should adopt a prevailing wage approach and create a comprehensive wage and benefit schedule to ensure that human services workers finally earn fair pay for their labor. The City already has a model for how to do this: In 2019, certified lead teachers in early childhood education working in community-based centers entered into a contract agreement with the City that brought their salaries on par with the salary of an entry level 10-month DOE teacher.[25] But the agreement did not account for regular increases or longevity bonuses; and it left out special education teachers, program directors and support staff such as assistant teachers and teacher aides.

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[24] Inflation is 6.3 percent for the NY-NJ metro area. Based on the Bureau of Labor Statistics' Consumer Price Index for All Items (12-month change between May 2021 and May 2022). See: https://www.bls.gov/regions/new-york-new-jersey/news-release/consumerpriceindex_newyorkarea.htm

[25] Parrott, James. Center for NYC Affairs. "The Road to and from Salary Parity in New York City: Nonprofits and Collective Bargaining Early Childhood Education." http://www.centernyc.org/salary-parity-in-nyc#:~:text=By%20James%20Parrott,percent%20by%20October%201%2C%202021.

4) Provide funding in city contracts for professional development and training

Increasing access to professional development opportunities can also help stabilize the settlement house workforce and human service sector more broadly by improving staff retention. The Fordham and UNH study found that settlement house employees expressed a strong desire for professional development opportunities that will help advance their careers, with management or leadership training emerging as the most frequent response to a question on respondents' top choice for additional training. We urge the City to set aside funding in contracts for these professional development opportunities to support career advancement and promotion opportunities for the human service workforce.

5) Provide sufficient funding in city contracts for back-up staff coverage, staff continuity or staff transitions to minimize gaps in service delivery

Continuity of services is critical and often undercut because human service contracts do not include adequate funding for back-up coverage in situations where staff are sick or on leave or staff transition out of the program or CBO. City contracts should ensure that there is sufficient funding to reduce potential gaps in service or program delivery.

6) Establish a true cost of living measure for government contracts and ensure that contracted workers are paid wages that are in line with this measure

In line with the ballot proposal for the November 2022 election,[26] the City should create an annual "true cost of living" measure for government contracts that reflects the actual cost in New York City of meeting essential needs, including housing, food, childcare, transportation, and other necessary costs. Such a measure should exclude public, private, or informal assistance, and would be used to supplement other thresholds like the federal poverty level used to measure eligibility for public benefits. Furthermore, the City must ensure that workers covered under these contracts are paid wages that are consistent with this measure and allow them to meet their families' basic needs. The self-sufficiency standard developed by the University of Washington's Center for Women's Welfare can be a model for policymakers on how much income a family must earn to meet basic needs, with the amount varying by family composition and where they live. The self-sufficiency standard is based on the costs of housing, child care, food, health care, transportation, and miscellaneous items, as well as the cost of taxes and the impact of tax credits.

7) Maintain full and stable funding for indirect costs exceeding 10 percent of city contracts with nonprofits

Launched in 2019, the Indirect Cost Rate Funding Initiative (ICR) was created to reimburse nonprofits at higher rates (above 10 percent) that more accurately reflect—and cover—the expenses they incur when they contract with New York City, which can include wages for critical operations and support staff, such as those in IT and finance. Following damaging pandemic-induced cuts in 2020 and 2021, the FY 2022 budget did include $60 million to fully fund the Indirect Cost Rate Funding Initiative[27] and ensure that nonprofits are reimbursed at these higher rates. However, this funding was drawn from federal COVID-19 relief funds through the American Rescue Plan Act that expire at the end of 2024. Before the expiration of federal funding in two years, we urge the City to plan ahead and ensure that

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[26] NYC for Racial Justice. Ballot Proposal 3: https://racialjustice.cityofnewyork.us/ballot-proposals/proposal-3/

[27] https://council.nyc.gov/budget/wp-content/uploads/sites/54/2021/07/Fiscal-2022-Schedule-C-Merge-6.30.21.pdf

the ICR initiative remains fully funded. Without full stable funding of indirect cost rates, settlement houses and other human service profits will have less funding to raise staff wages for key operations and support positions.

8) Include cost escalators for multi-year contracts with human service providers

City agencies should amend their contracts with providers to include appropriate cost escalators each year. Wages among settlement house staff and other nonprofits have remained stagnant because human services contracts last between five to seven years (often longer with extensions) with no opportunity for cost-escalators that allow providers to raise workers' salaries.

State:

1) Index NY State minimum wage to living costs

In New York City, the minimum wage has been frozen at $15 an hour since 2018. In suburban Long Island and Westchester County, the minimum wage reached $15 in late 2021. And in other parts of the state, the current minimum wage is $13.20 but eventually will phase up to $15. However, a $15 minimum wage is no longer keeping pace with record-high inflation and rapidly rising rents across the state. New York State should index the state minimum wage every year so that it keeps up with the rising cost of living. Eighteen states and the District of Columbia already adjust or "index" their minimum wages each year so that they keep up with the rising cost of living.[28] There is strong support in New York for a minimum wage of least $20 an hour, with 62 percent of all likely New York voters saying that the minimum wage should be at least $20 to be a living wage.[29] New York is already using a model indexing formula for adjusting the upstate minimum wage, and we should expand it to the rest of the state. Under current law, the minimum wage in the suburbs and New York City is not being adjusted each year, and the adjustment for the upstate minimum wage will stop once it reaches $15, regardless of the increase in the cost of living.[30]

2) Include provisions for cost escalators in State contracts with human service providers

State agencies should amend their contracts with providers to include appropriate cost escalators each year.

3) Establish wage floor of at least $21 an hour for state-contracted human service workers

We urge the state legislature to pass legislation[31] that would require human service providers that contract with any state or local agency to pay their employees a minimum wage of $21 per hour and appropriate the necessary funding to ensure that this minimum wage is paid.

4) Amend contracts to include an automatic annual cost-of-living adjustment (COLA) for all state human services contracts that is line with inflation rates and ensure that it covers all human service workers

[28] https://www.raiseupny.com/. Also see: https://s27147.pcdn.co/wp-content/uploads/Raises-From-Coast-to-Coast-in-2022-report.pdf

[29] https://www.dataforprogress.org/blog/2022/4/28/ny-min-wage

[30] National Employment Law Project (NELP). "Why New York Needs to Index its Minimum Wage Now." https://s27147.pcdn.co/wp-content/uploads/Why-New-York-Needs-to-Index-Its-Minimum-Wage-Now.pdf. April 2022.

[31] During the 2021-22 legislative session, legislation introduced by Assemblymember Latoya Joyner and Senator Jessica Ramos (A9538 (Joyner)/S8749 (Ramos) required that the rate of pay for all human services contracts between any state or local agency and a nonprofit human services provider should be no less than $21 dollars per hour. This bill was not passed.

While a statutory cost of living adjustment (COLA) for the human services workforce has been written into State law, the State has often canceled or postponed planned COLAs over the past decade.[32] While we were pleased to see that New York State's FY 2023 budget included a one-time 5.4 percent COLA for some human services providers, it still left out domestic violence and supportive housing programs, among others. We urge the State to ensure that the COLA reflects the pace of inflation, based on 12-month changes to the Bureau of Labor Statistics' Consumer Price Index for all Urban Consumers and ensure that it covers all human service workers.

5) Provide sufficient funding in state contracts for back-up staff coverage, staff continuity, and staff transitions to minimize gaps in service delivery

Continuity of services is critical and often undercut because human service contracts do not include adequate funding for back-up coverage in situations where staff are sick or on leave or staff transition out of the program or CBO. State contracts should ensure that there is sufficient funding to reduce potential gaps in service or program delivery.

Federal:

1) U.S. Department of Labor should direct the Bureau of Labor Statistics (BLS) to provide quarterly data on nonprofit employment and wages through its Quarterly Census of Employment and Wages (QCEW)

Unlike other industries, the BLS does not regularly collect and release employment data for nonprofit employers by the state, county and metropolitan area that is broken down by field. The absence of timely and accurate wage and employment data on the nonprofit workforce threatens the health and wellbeing of New Yorkers who rely on settlement houses and other nonprofits for services because policymakers lack a consistent, regularly updated source of data that could help them better understand the size of this workforce and make informed decisions on how to best support them.

2) Congress must raise the federal minimum wage

The current federal minimum wage is $7.25 per hour and has not been raised in more than a decade. Furthermore, a worker currently paid the $7.25 federal minimum wage earns 27 percent less in inflation-adjusted terms than what their counterpart was paid in July 2009 when the minimum wage was last increased, and 40 percent less than a minimum-wage worker in February 1968.[33] Although the Biden-Harris administration recently raised the minimum wage to $15 per hour for federal contractors, the federal minimum wage should be raised to $15 for all workers. A national $15 minimum wage would raise the incomes of nearly 32 million workers in the United States.[34]

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[32] Referenced in Parrott, James and Butel, Angela. Center for NYC Affairs report: New York State's Historic Disinvestment in Human Services since the Great Recession. Originally sourced from: Michelle Jackson, "Commentary: Human services workers deserve pay raise," February 9, 2019. Times Union. https://www.timesunion.com/opinion/article/Commentary-Human-services-workers-deserve-pay-13603212.php

[33] Cooper, David, Martinez Hickey, Sebastian; and Ben Zipperer. Economic Policy Institute. "The value of the federal minimum wage is at its lowest point in 66 years." https://www.epi.org/publication/raising-the-federal-minimum-wage-to-15-by-2025-would-lift-the-pay-of-32-million-workers/. July 14, 2022

[34] Shierholz, Heidi. Economic Policy Institute. "EPI testimony on increasing the minimum wage to $15 per hour." https://www.epi.org/publication/epi-testimony-on-increasing-the-minimum-wage-to-15-per-hour/. February 24, 2021.

Appendix: Survey Methodology

Settlement House American Rescue Plan (SHARP) Impact Study

Educational Alliance, in partnership with United Neighborhood Houses and the National Center for Children in Poverty (NCCP), examined impacts of the expanded Child Tax Credit among 1,078 families drawn from UNH's settlement house membership. This sample of 1,078 families included 85 part-time and full-time staff respondents from 13 settlement house members. The analysis presented in this report focused on staff from New York City-based settlement houses and excludes staff members from Syracuse.

The study received university Institutional Review Board approval, and the informed consent process explained the purpose of the survey and that the participation was voluntary. Participants in this study included families who participate in settlement house services who were eligible to receive Child Tax Credit funds (i.e., have at least one child aged 0-17 they claim as a dependent). Recruitment began in September 2021 and involved a purposive sample of settlement house participants and staff. The research team contacted each of the 45 settlement houses to inform them of the project; 17 sites ultimately agreed to participate in Wave 1 of data collection. Participating sites forwarded an email invitation to potentially eligible adults that included a link to an online questionnaire hosted by the Qualtrics survey platform. All study materials were available in English, Spanish, and Simplified Chinese. The survey was released in October 2021 and closed in December 2021. The survey included six sections: childcare; financial well-being/hardship; settlement house services; benefits received and access to child tax credit; family well-being and outcomes; and demographics.

Settlement House Employees' Work-Related Experiences

UNH partnered with the Fordham University Henry C. Ravazzin Center on Aging and Intergenerational Studies to conduct a mixed-method study. The goal of the study was to better understand settlement house employees' perceptions of work-related burnout, workplace climate, wages, and benefits. The study started in mid-2020 shortly after the pandemic became widespread and continued through late 2021. The study had two main components: a qualitative component with focus groups and a quantitative component with a self-administered online questionnaire.

Qualitative component

Fordham convened five focus groups of settlement house employees during summer 2020. A total of 32 settlement house staff participated in these focus groups, including 22 direct service staff and 10 supervisory staff members. Participants were recruited using flyers sent to all employees via email. Focus group moderators used semi-structured interviewing techniques and participants gave permission for the focus group sessions to be audiotaped.

Quantitative component

The quantitative component collected responses from 386 participants in an anonymous self-administered online survey. This study utilized a cross-sectional survey research design and a non-probability convenience sampling approach. The inclusion criteria for participation in this survey were: (1) being a current employee of the settlement house; (2) able to have internet access. The study received university Institutional Review Board approval, and the informed consent process explained the purpose of the survey and that the participation was voluntary. Email announcements were distributed in advance to let employees know about the survey. The following sections were included in the questionnaire: (1) demographic data; (2) work-related burnout; (3) agency climate; (4) perceptions about salary and benefits; (5) work-life balance, including family and child care; (6) workplace experiences during COVID-19.

- **Perceptions of work-related burnout**

The Copenhagen Burnout Inventory (CBI) was used to gain an understanding of perceived work-related burnout. Only the work-related burnout subscale was used, consisting of 7-items. The work-related burnout subscale asked respondents to score statements, such as "Is your work emotionally exhausting?" using a 5-point Likert scale starting with "To a very low degree" to "To a very high degree." The possible score on exhaustion is 0-100, with higher scores indicating great exhaustion. The next four items of the CBI work-related burnout subscale were scored with a 5-point Likert scale, however the wording was changed to "Never/almost never" to "Always." One of the four statements was reverse scored. The statement was the following, "Do you have enough energy for family and friends during leisure time?" Possible scores on the work-related stress are between 0-100 with higher scores indicating greater stress.

- **Perceptions of salaries and benefits**

The questionnaire used to assess participants' perceptions about salaries and benefits was created by the Fordham University research team with United Neighborhood Houses. The questionnaire contained selected statements with open-ended questions on suggestions for improving the current work environment, for what participants liked best about working at a settlement house, and for what their first and second choices would be for receiving additional training.

Respondents were asked to indicate the extent to which they personally disagreed or agreed with a series of statements about perceptions of salary and benefits, using a 5-point Likert scale, ranging from 1 for "strongly disagree" to 5 for "strongly agree." Sample statements included, "I feel that I am well paid for the amount of work and responsibilities I have on a daily basis" and "I am satisfied with my employee benefits package."

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United Neighborhood Houses (UNH) is a policy and social change organization representing 45 neighborhood settlement houses, including 40 in New York City, that reach over 765,000 New Yorkers from all walks of life. A progressive leader for more than 100 years, UNH is stewarding a new era for New York's settlement house movement. We mobilize our members and their communities to advocate for good public policies and promote strong organizations and practices that keep neighborhoods resilient and thriving for all New Yorkers.

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