Thank you, Chair Won and members of the New York City Council, for the opportunity to testify. My name is J.T. Falcone, and I am the Deputy Director at United Neighborhood Houses (UNH). UNH is a policy and social change organization representing 45 neighborhood settlement houses, 40 in New York City, that reach 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. UNH leads advocacy and partners with our members on a broad range of issues including civic and community engagement, neighborhood affordability, healthy aging, early childhood education, adult literacy, and youth development. We also provide customized professional development and peer learning to build the skills and leadership capabilities of settlement house staff at all levels.

Background

New York City relies on nonprofit human service providers to serve New Yorkers in need. From prenatal care for expecting parents, to early childhood education, to afterschool programs and in-school support, to summer camp, to youth workforce development programs like the Summer Youth Employment Program (SYEP), to college preparedness and college retention, to adult literacy and adult education programming, to adult workforce development, to aging services like Older Adult Centers (OACs) and services that allow older adults to age in place like Naturally Occurring Retirement Communities (NORCs). Further, New York City relies on these same nonprofits to help New Yorkers meet their basic needs, including housing supports, mental health programming, benefit and entitlement navigation services, legal assistance, food access, home delivered meals, transportation—the list goes on and on.
In theory, a partnership between New York City and the human services sector is symbiotic: New York City gains the community ties and issue-area expertise of nonprofit organizations while the nonprofit organizations are able to further their mission, leveraging stable public dollars to expand their programming and meet the needs of more New Yorkers. Unfortunately, in practice, the symbiotic relationship between New York City and human services contractors has broken down as government has failed to adjust the budgets for these essential services, allowed contracts to renew year-over-year without cost escalators or Cost of Living Adjustments (COLAs) for hardworking staff, and failed to pay providers in a timely fashion for their important work.

As a result of the City’s unreliable contracting behavior, nonprofits have been forced to pull attention away from their critical missions, instead devoting countless hours to navigating bureaucracy—re-submitting forms over and over through PASSPort, responding to Corrective Action Plans (CAPs) issued by their contracting agency, and working to find emergency funding to account for delinquent payments. Even worse: Nonprofit providers find themselves in a staffing crisis, meaning that all of this bureaucracy has an even heavier impact on their ability to deliver high-quality programming to as many New Yorkers as possible, especially with a bare bones staff comprised of overworked and underpaid staff who have been trapped in a vicious cycle of austerity.

In uncertain economic times, human services become all the more essential. New Yorkers rely on settlement houses and other community-based organizations to keep their households afloat, and we have seen demand for services spike over the last two years despite other indicators that our economy may be stabilizing. In the FY24 budget, New York City should strive to reinvigorate the symbiotic relationship it has shared with human service providers for the benefit of all New Yorkers, but Mayor Adams’ Preliminary Budget Proposal falls short. Rather than invest in a COLA, budget adjustments to accommodate for rising costs, or a prevailing wage, the preliminary budget proposes a Program to Eliminate the Gap (PEG) that results in cuts that directly and indirectly impact settlement houses and other human services providers.

**Invest in the Human Services Workforce**

Low wages for human services workers have contributed to a staffing crisis, and without increased budgets in government contracts to cover wage increases, nonprofits will be unable to recruit and train the next generation of nonprofit leaders, setting future New Yorkers up for significant barriers to accessing services that grow over time.

Human service workers as a sector are grossly underpaid. A recent analysis by UNH found that human service workers face similar economic insecurity as the participants in their programs; in our report, *The Need to Strengthen the Economic Security of the Settlement House Workforce*, we note that government funding decisions and chronic underinvestment in human services have led to poverty-level wages for essential frontline workers at settlement houses. Low wages,
exacerbated by burnout from the COVID-19 pandemic, have led to chronically low staffing levels at human services organizations. Our settlement house members report more, longer vacancies, higher turnover, and significant challenges recruiting in a competitive labor market. Insufficient staffing has made it increasingly difficult for nonprofits to serve New Yorkers, leading to under-enrollment and program closures – such as the recent announcement of the closure of Sheltering Arms – which then leads to budget reductions and a vicious cycle that harms New Yorkers seeking services.

For years, the human services sector has warned of a staffing crisis citing low wage levels. Over the last two years, the City ignored a COLA request and instead issued a one-time bonus for our workforce that was equivalent to less than 1%, and a “contract enhancement” that led to contract-by-contract increases of between 1.5 and 2.5%. This investment is wholly insufficient to have a meaningful impact on the nonprofit workforce. Even with an annual 5% COLA, for most frontline workers starting at or around minimum wage, five years of raises would still mean an hourly wage of under $20. Coupled with inflation and the City’s tendency to extend contracts without any cost escalators or budget modifications, this salary problem will only be solved by a significant investment in the workforce.

Create a Prevailing Wage Schedule for Human Services Workers
For these reasons, UNH supports Introduction 510 (Stevens), which would establish prevailing wage schedules for human service workers, require agencies to include sufficient funding to cover those wages in contracts, and track implementation of those wages by human service contractors; and we know that this legislation would need to pass through the budget process to be effective. While prevailing wage schedules are an imperfect tool to address the current conditions faced by human service workers, it is a significant improvement from the status quo. This process to design a true prevailing wage system is arduous and will require careful analysis, but we cannot afford to continue ignoring the need. For years, the government at every level has asked nonprofit partners to do “more with less.” This dynamic has pushed our sector to a real breaking point, and our workforce has suffered the consequences.

UNH urges Council to pass Introduction 510 and fully fund it in the FY24 Budget to limit impacts to programs.

Include a 6.5% COLA for Human Services Workers
Given the gravity of the human services staffing crisis, we are also supportive of a 6.5% Cost of Living Adjustment (COLA) for this workforce in FY 2024, in alignment with the JustPay campaign. We also ask the Council to ensure it is included in the budget as a “cost of living adjustment” and not some other named initiative so providers can rely on these funds being stable and recurring.
UNH urges the Council and Administration to include a 6.5% COLA for human service workers in the FY24 Adopted Budget to immediately relieve the economic pressures faced by our workforce.

Taken together, these two measures will provide immediate relief and a long-term solution to an ongoing problem that has limited New York City’s human services sector. While the Mayor expressed concerns regarding economic uncertainty in the leadup to the release of his proposal, there have been reliable analyses since showing that those concerns were premature. With an anticipated surplus in excess of $2 billion, now is the time for New York City to do right by the human services workforce and ensure wages reflect the quality of the services they have provided to New Yorkers.

Thank you for your time. For any follow up questions, I can be contacted at jfalcone@unhny.org.