

HCA Wage Equity Campaign Report

May 2016

Human Care Alliance

The Mission of the Human Care Alliance is to:

- Educate the public and advocate for Health and Human Services
- Ensure effective and efficient services by promoting diversity, communication, collaboration and mutual assistance among nonprofit providers
- Maintain service through cooperative cultivation of public and private funding and support.

“I have to live in a garage in order to afford rent and [I] would not be able to support myself if I had a family.”

“Besides having to work two jobs, sometimes to make ends meet we rely on other services for food.”

In the new economy, the face of poverty is changing. The quotes above reflect the overwhelming financial struggle that we know is a reality for many of the clients we serve. However, these testimonials are from our staff. Since the recession, the line between the people we serve and our staff has vanished.

The following report provides a snapshot of the state and impact of nonprofit wages in Santa Cruz County as revealed by the HCA 2016 Wage and Benefit Survey.

HCA Policy Agenda

HCA developed a policy agenda to call attention to the issues, root causes and solutions to the challenges faced by the health and human services fields. The HCA policy agenda embraces the following core focus areas:

- Strong and safe neighborhoods with housing for all.
- Healthy people who have equal access to the resources needed to live a healthy life.
- **A just and equitable economy where working people do not live in poverty.**

In 2015 we focused our policy agenda on housing. We are now starting to work on our economic justice agenda. The economic downturn along with the lack of investment in cost of living increases, dwindling grant funding and changes in funding landscapes, have made it incredibly challenging for nonprofits to secure adequate financial support to meet the increasing demand for services. As a result, HCA decided to focus on economic justice and the plight of the working poor. We suspected that our best entry into that issue was close to home and we set out to explore the impact of low wages in the nonprofit sector as part of our 2016 policy work. We began by developing and issuing a wage and benefit survey for local nonprofits to gather basic data and to learn more.

HCA Wage and Benefit Survey Overview

HCA developed a survey for nonprofit executive directors and one for staff. The surveys were distributed and collected during the months of April and May 2016. Our initial goal was to better understand the scope of the low wage issue in the nonprofit sector in order to explore and craft promising solutions. However, what we found was more severe than anyone initially suspected. The table below offers a profile of the two groups that provided the data for this report.

Nonprofit Agencies	Nonprofit Employees
<ul style="list-style-type: none"> • 23 Agencies • Provided data on about 1,331 employees • Sample size is 50% of agencies receiving County Funding; 60% City Funding • Representative of local nonprofit community 	<ul style="list-style-type: none"> • 103 Direct responses submitted via online, fax and U.S. Mail • All types of agencies • Data collected in English & Spanish • Confidential responses

The survey responses on which this report is based are representative of our local nonprofit community with one exception. There is a slight oversampling of larger organizations as additional outreach done to encourage larger organizations to participate as a strategy to gather information on as many employees as possible.

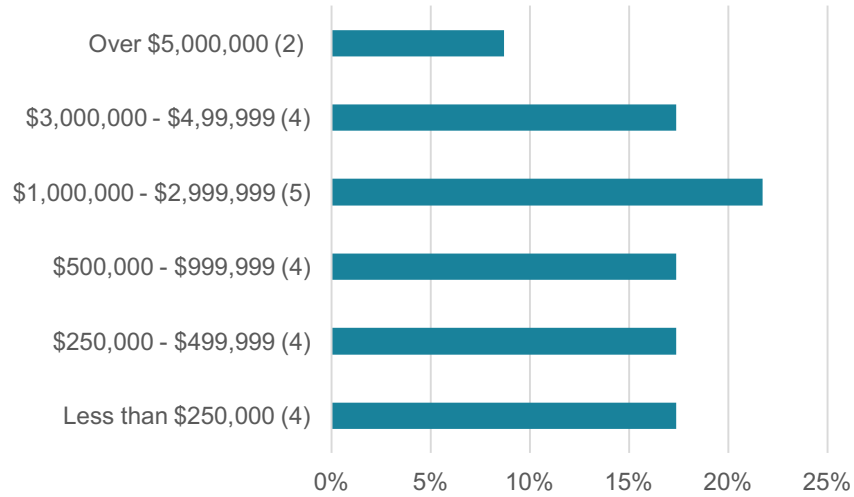
The survey included a question on wages. It is important to note that the wage question was not a general survey of wages. The guiding question was very specific: How do our own workers compare with the measures of poverty we use with our clients? We selected five benchmarks from a range of accepted measures:

- A. Soon to be minimum wage of \$15 per hour
- B. California Poverty Measure for one person
- C. Santa Cruz County Living Wage
- D. Santa Cruz County Real Cost Measure
 - Reflects the minimum budget for one adult and one child to live in a low market rate rental without public subsidy.
- E. California Housing Affordability Wage
 - National index of what it costs to rent an unsubsidized, two-bedroom apartment and not spend more than 40% of your income on housing – which is the Federal Sustainability Standard.

Profile of 23 Participating Agencies

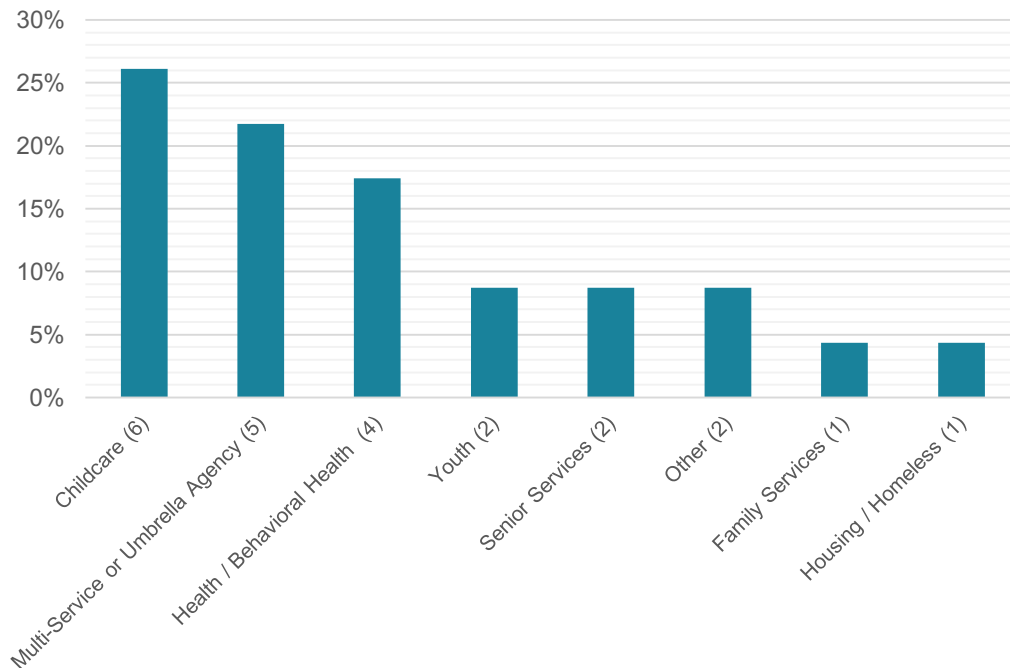
Representative by Size

Agency Budget Size
(Santa Cruz County Budget Only)



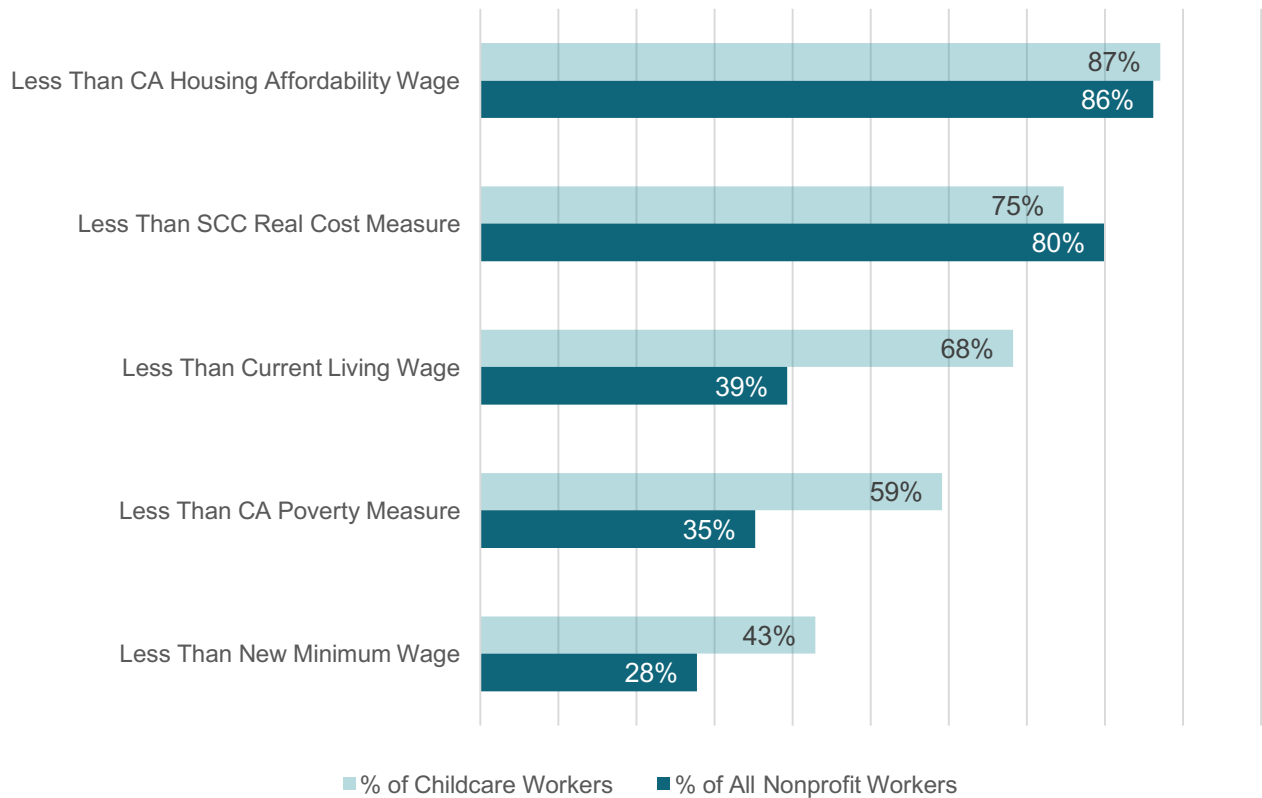
Inclusive of all Types of Services

Agency Surveys by Primary Service Description



Key Findings

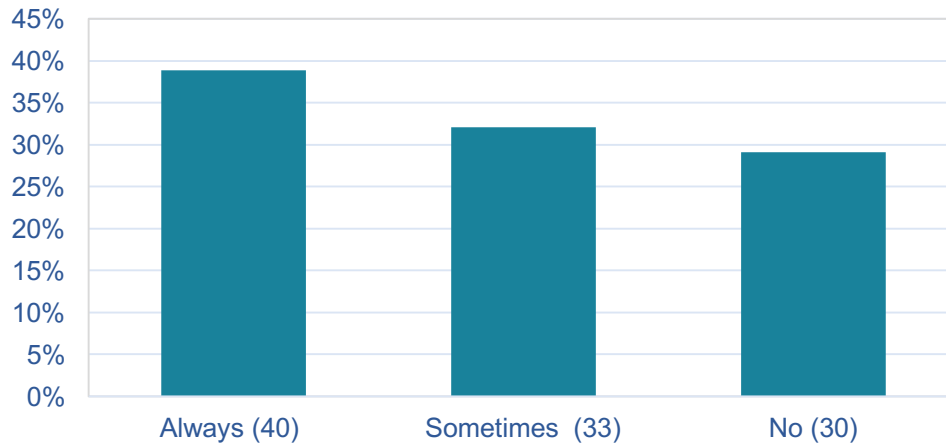
1. Poverty level wages are pervasive.
2. Agencies of varying size and service type have workers living in poverty and struggling to get by.
3. Childcare workers struggle even more.



4. Agencies are trying to keep up
 - 60% offer annual increases
 - 86% offer some employee benefits
 - 23 nonprofits reported spending \$5.2 million on benefits last year
 - Only half the childcare agencies can afford to give annual raises, with the smaller stand-alone centers most likely to be unable to do so

Staff Impact

Out of 103 employees, 71% reported they hold more than one job to support themselves and their families ALWAYS or SOMETIMES.



In their own words...

"It becomes difficult to be a service provider in the human services sector when you can become the recipient / client / participant from one paycheck to the next. Working in the nonprofit sector is without a doubt a labor of love".

"My job is to promote the services our organization provides, to try to raise awareness, funding etc. I take photos of our food banks in action, and then I go home with very little food to eat myself. It feels sadly ironic that the charity organization that I work for can't pay me enough to feed myself."

My wife and I both work multiple jobs and are unable to make enough money to keep ourselves out of debt and repay my college student loans. We are stuck in a cycle of debt though we both work on a full time basis. We earn too much money to qualify for any financial assistance, but we are still unable to afford the cost of living."

"I am forced to work multiple jobs in order to afford housing in Santa Cruz. I am unable to save money for retirement. I am unable to afford the medical care I need because I don't have the financial resources to do so. I am in a large amount of debt and I am forced to declare bankruptcy because I am unable to pay my bills."

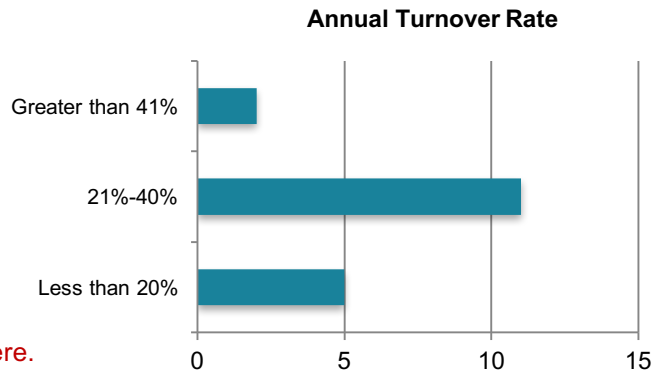
I have my full time job in a director's position plus a part time job. I have to have a room mate who pays rent in order to meet my financial obligations, which requires me to share a bedroom with my daughter. I do all of my own car repairs when I am able, but my car is not reliable and because my daughter has a chronic medical condition my credit is ruined. I pay \$400 a month out of pocket in co-pays and prescriptions

"In the past I've had to work two jobs due to my low wage. I was working two shifts for two different organizations. My stress level became very high which lead to an anxiety attack, I developed health issues which I'm currently working on, my energy level was very low which impacted my performance at work and the services I provided to my clients."

I truly enjoy my job and earning approximately \$18 is sometimes not enough to cover rent, food, vehicle insurance, basic necessities and other required payments. As a single parent of two young children I find it challenging to share one bedroom and one bed with my children because we cannot afford a two bedroom home. I am grateful to have a roof over our heads and that together with other family we can pay the rent.

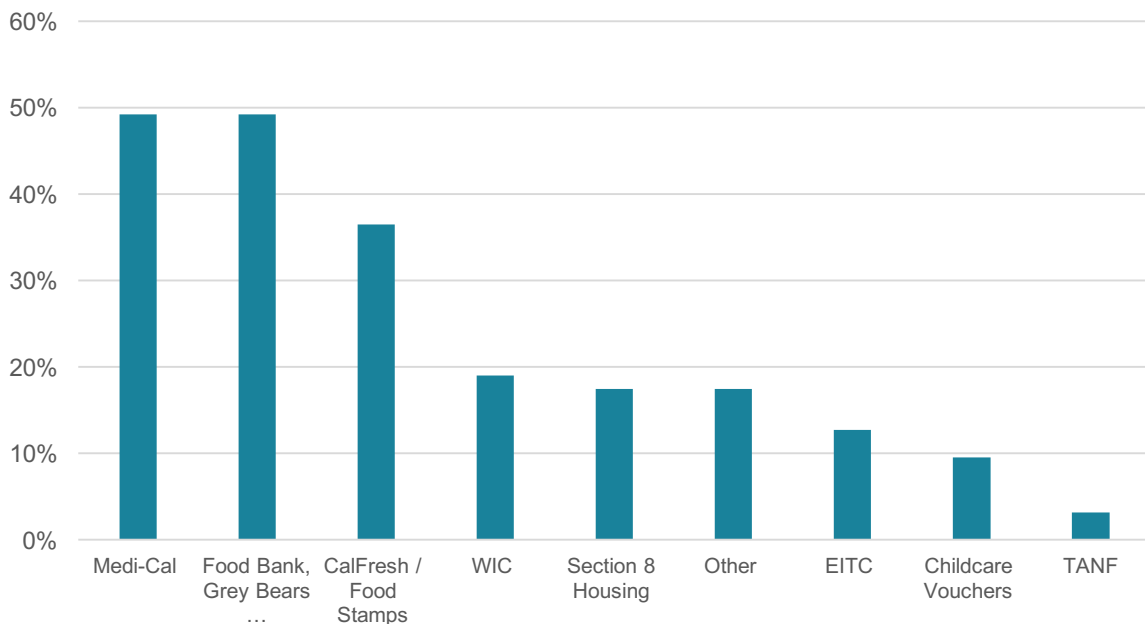
Agency Impact

- 93% of nonprofits report they struggle to find qualified employees.
- 100% of childcare centers struggle to find qualified employees.
- 83% of agencies reported that they lose skilled employees to better paying jobs.
- 74% of agencies reported they lose employees to relocation when they can no longer afford to live here.
- 74% of agencies reported their programs are impacted by vacancies while they search for and hire suitable candidates.
- Agency impacts amplify each other. High turnover rates and challenges in recruiting qualified employees further compound the impact on agencies and services.
- Both employees and employers cited the combination of low wages and high cost of living as the reason for the turnover.
- We used a consistent methodology to calculate annual turnover rates for the past three years. Both the median and the average are 25% per year.



Community Impact

Sixty-three out of 103 employees, or 61% of employees, required public assistance to survive in the last 12 months.



Growing Crisis in the Nonprofit Sector

In addition to the challenges nonprofits face in maintaining current funding while trying to meet the increasing need for services, we now also face the reality that our staff are struggling financially as much as the clients we serve. Budgets and services have been stretched and maximized to accommodate decreasing grant funds and funder requirements; but not without a cost.

The preliminary research indicates that the low wages are impacting employees across the board. Even skilled, educated staff with college degrees who are doing work that is essential to our community are struggling as much as the clients they serve. About a quarter of the employees accounted for in the survey data are represented by a Union and there was with no measurable difference in wage levels. Across agencies, location, skill levels and service types too many nonprofit workers are struggling with poverty wages. This is a sector wide crisis brewing that is happening on our watch.

- Is it acceptable for full time, professional staff working for a nonprofit to be forced to live in poverty?
- How can agencies attain and sustain excellent results with these conditions?

The New Minimum Wage: A Tipping Point with a Looming Deadline

While we believe that good practice and social justice demand we attend to the larger issue of poverty wages in the nonprofit sector, the new minimum wage in California will require a rolling increase in the hourly wage to \$15 over the next five years. The implications of this new minimum wage are alarming.

The estimated cost to bring all workers in the 23 nonprofits surveyed to the new minimum wage is \$3 million. The projected cost to bring all workers in ALL Community Program nonprofits up to the new minimum wage is \$5 million. It is important to note that these figures do not include compaction and therefore reflect conservative estimates. Compaction refers to costs associated with any additional adjustments needed to retain fairness for all existing employees; this being of particular concern for long-standing employees with seniority.

These numbers are big, they are real and they are a shared responsibility between nonprofit employers, our funders and our community. The reality is that 28% of all nonprofit workers and 43% of all childcare workers are making less than \$15 an hour today.

HCA believes that when we work together, we can accomplish great things. How can we work together to craft a comprehensive wage equity policy agenda that will support those committed to community service and the continuity of services? How will we use the time we have to raise the funds needed to meet the costs of implementing the new minimum wage requirement without massive service cuts and closures?

We invite you to join us as we move forward in exploring answers to these very difficult but critical and timely questions.

Call to Action

Funders and Elected Officials

- Work with HCA to better understand the scope of these issues and to collectively address this challenge.
- Act now by providing additional funding to help with worker wages for existing contracts.
- Please assign to appropriate staff or committees.

Nonprofit Agencies

- Share this report with your networks and Board of Directors.
- If you are not already, become an HCA member and participate shaping the conversation and the subsequent policy agenda.
- Encourage community members to subscribe to HCA eNewsletter to receive monthly updates on the Wage Equity Campaign. Email hca@humancarealliance.org to subscribe to HCA eNewsletter.

Santa Cruz County Community at Large

- Subscribe to HCA eNewsletter to receive monthly updates on the Wage Equity Campaign. Email hca@humancarealliance.org to subscribe to HCA eNewsletter.

The HCA Wage Equity Report is Sponsored by:

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