Human Services Council

TESTIMONY
New York State Legislature
Joint Hearing on Human Services
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Submitted by
David Ng
Government and External Relations Manager
Human Services Council of New York

Good afternoon to the members of the Senate and Assembly committees. My name is David Ng and I am the Government and External Relations Manager of the Human Services Council of New York (HSC), a membership organization representing 160 nonprofit human services providers in New York City. HSC strengthens New York's nonprofit human services sector, ensuring all New Yorkers, across diverse neighborhoods, cultures, and generations reach their full potential. Through our co-leadership of the Strong Nonprofits for a Better New York Campaign, we are calling on the State to support nonprofit capital improvements and fund fair wages for our workforce.

About Strong Nonprofits for a Better New York

Strong Nonprofits for a Better New York is a statewide coalition of more than 350 nonprofit human services organizations calling for increased State investment in the sector's workforce and infrastructure. Working under contract with the State, these organizations deliver essential supports that uplift individuals and promote safe, healthy, fair communities in which New Yorkers of all backgrounds and abilities can thrive. They provide supports such as early childhood education and youth development programs, health and mental health services, employment and training services, and programs for seniors, immigrants, people with disabilities, and individuals involved in the justice system. Strong Nonprofits works to ensure that the Governor and Legislature strengthenwill hold the Governor and the State Legislature accountable for strengthening the nonprofit human services sector's ability to improve the lives of New Yorkers.

The Human Services Workforce: A State of Emergency

As explained above, the State relies heavily on nonprofit organizations to promote well-being in our communities. Unfortunately, recent funding cuts and outdated contracting policies and processes are undermining the nonprofit human services sector's ability to meet current demand and plan for future needs. Human services workers under State contracts have not seen an increase in their pay in ten years, and contracts have not been adjusted to account for increases in the cost of doing business. Without competitive compensation, human services organizations cannot:

- Attract, hire, or retain top talent as workers seek less stressful, better paying positions elsewhere;
- Ensure continuity of relationships for their clients; or
- Engage in long-term strategic planning.

When an organization is unable to do these things, the quality and sustainability of its programs suffer—and so do its clients.

A statutory cost-of-living adjustment (COLA) exists for many human services agencies, but the Governor and the Legislature have deferred this COLA for ten years, touting deferment as a "savings." They have withheld over half a billion dollars from human services employees in COLAs, leaving many workers dependent on public assistance to make ends meet. This is hardly a savings, but even if it were, it was achieved on the backs of those who serve their communities. This is morally and fiscally unacceptable. Turnover in some human services subsectors is as high as 40%, while 33% of nonprofit providers indicate that finding qualified staff within tight budget constraints is a challenge. What's more, 34% of providers note that retention of direct services staff is especially poor, which directly disrupts the quality of services they are able to provide to clients and communities. It is time for the State to fulfill its responsibilities to all New Yorkers and fund the human services COLA across all human services contracting agencies and programs, to ensure living wages for this fundamental workforce.

Furthermore, while the State's $15 minimum wage is a testament to the State as an economic leader for the country, it did nothing to ensure that the organizations doing the most challenging and urgently needed work *on its behalf* were able to comply with the increase without hardship. Human services providers proudly supported the State minimum wage increase as a means to a strong workforce and economic growth, but an unfunded wage has dire economic impact on organizations across the State. While the State provided $15 million to adjust government human services contracts to account for the wage increase in last year's budget, it was only a first step. Without funding the minimum wage in subsequent years, nonprofits are forced to subsidize the government, stretching their already limited funds to an untenable degree. By telling human services organizations to pay their employees more but not adding funding to their contracts, the State further destabilized an already fragile sector—all while claiming a highly publicized optical victory.

Implications for Equity

The composition of the nonprofit human services workforce makes fair salaries an equity issue over which the State has significant control. Women account for more than 80 percent of the human services workforce, with women of color comprising 41 percent of the total.[1] These workers are well-educated—41 percent have a four-year college degree, and 25 percent have an associates' degree or have completed some college coursework.[2] Most work full-time or close to full-time schedules.[3] By consistently shortchanging these workers, the State is perpetuating the very inequality that it seeks to mitigate.

Nonprofit Infrastructure: The Foundation of Healthy Communities

[1] Restore Opportunity Now. *Undervalued and Underpaid: How New York State Shortchanges Nonprofit Human Services Providers and their Workers*. New York: 2017. http://fiscalpolicy.org/wp-content/uploads/2017/03/Workforce-Report-.pdf. "In human services jobs other than child care, however, twice that share (41 percent) are women of color, and among child care workers, a slightly higher share (44 percent) are black, Latina or Asian women."
[2] Id.
[3] Id.

In addition to workforce investment, the nonprofit human services sector needs comprehensive infrastructure investment to ensure efficient delivery of high-quality services. Human services organizations address social determinants of health, and a significant body of research shows that these factors have a greater impact on health outcomes than other factors—including medical treatment. Thus, a healthy human services sector is a critical ingredient of a healthy society.

As explained in HSC's 2016 report *New York Nonprofits in the Aftermath of FEGS: A Call to Action*,[4] the human services sector has faced numerous fiscal, regulatory, and contracting challenges, and its infrastructure had been neglected for many years before the creation of the NICIP in 2015. To date, the State has invested $120 million in this groundbreaking program, and we thank the Governor and the Legislature for this commitment. At the same time, we note that demand for NICIP funds far exceeds supply. While 635 organizations responded to the NICIP request for applications seeking $300 million only 237 organizations received awards. Last year, State and Municipal Facilities (SAM) funding became available for nonprofits for the first time ever, instead of the NICIP funding. We appreciate being included in this funding opportunity but as awards have not been made yet, the benefit to the sector is still unknown. Nonprofits need broad-based, accessible infrastructure funding, and they need it now. Infrastructure investment, and a formalized process of obtaining it, would begin to address the overwhelming structural and technological needs of a sector that delivers nearly $6.8 billion in essential services annually. There needs to be a dedicated stream of infrastructure funding to nonprofit organizations realize efficiencies and even increase the quality and reach of their services.

Call to Action

Strong Nonprofits for a Better New York calls on the Governor and the Legislature to invest in the human services sector by including in the Fiscal Year 2020 budget:

- $140 million for a COLA for all nonprofit human services workers covered by State contracts;
- $25 million to fund the minimum wage for human services contracts; and
- $100 million to continue to address nonprofit infrastructure needs through the NICIP.

It is the responsibility of the government to fund the mandates that it imposes on the nonprofit human services sector. The sector is experiencing a fiscal crisis, but with long-term, strategic investment it can become stronger and more resilient, helping more New Yorkers to thrive.

[4] *New York Nonprofits in the Aftermath of FEGS: A Call to Action*. Human Services Council of New York, 2016, humanservicescouncil.org/commission-examine-nonprofit-human-services-organization-closures/.