

Low-Wage Workers and Nonprofits

6.1.09

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Let's look at two uncomfortable facts:

1. Many, many jobs in the nonprofit sector are low-wage jobs: child care workers, intake workers, database clerks, nonprofit housing custodians, door-to-door canvassers, elder care workers, support staff in the arts, home health care aides . . . in short, a very large proportion of jobs in human services, in advocacy, in education, in the arts, and in health care.



2. While raising salaries would be, by far, the best way to support these important staff, doing so isn't possible for most nonprofits: certainly not in the short term, and often impossible for the long term given business models and funding constraints.

And, perhaps most uncomfortable of all for nonprofit leaders, the discussion about salaries and job retention has focused on the people at the top of organizations: the executive staff and program leaders. Think about how many articles you've seen on executive director retention and compensation (and we don't dispute for a minute the crucial importance of the executive director), and then think about how many articles you've seen on retention and compensation for low-wage nonprofit workers. (In fact, as many executive directors will attest, one of the most challenging parts of their jobs is recruiting and retaining high-quality staff in direct services and other low-wage, crucial-to-the-mission jobs.)

As the economic downturn deepens, the people in low-wage positions are often more vulnerable than their nonprofit supervisors. Low-wage workers too often comprise the very families and economically disadvantaged heads-of-households that nonprofits are seen to be caring *for*, rather than employing. Their spouses may have lost their jobs; their parents are less likely to have health insurance, they have less money saved, and so forth. "So many of our staff have spouses who've lost their health coverage due to being laid off or losing hours to where they don't get health insurance," commented the executive director of a Latino family resource center who asked not to be named. "The number of people on our health insurance has nearly doubled because of the recession."

There are a variety of definitions for what constitutes a "low-wage occupation," such as an occupation in which one-third or more of full time workers earn less than the poverty

threshold for a single person. Not mincing words, Marcy Whitebrook of the nonprofit [Center for the Study of Child Care Employment](#) refers to child care worker pay as "poverty-level wages." Despite the different definitions, we'll use a composite measure of about \$10/hour or lower.

Although the challenge of providing adequate compensation to low-wage employees may seem overwhelming, especially during a financial crisis, the fact is that nonprofits, consultants and funders can consider a number of helpful options without torpedoing the budget. The [National Human Services Assembly](#) -- an association of national nonprofits and thousands of member organizations -- decided to "turn the lens around for nonprofits to look at themselves" in the [Caring Workplaces Initiative](#). We applaud these efforts, and we've incorporated some of their ideas with those from other sources:

Steps to take relatively quickly at little or no cost

* Temporary or episodic flex time: Many low-wage workers have to start and stop at specific times; the Alzheimer's Center has to be open when the day care participants show up. But many nonprofit professionals take for granted that *they* can leave the office for a couple of hours to go to the dentist, a parent-teacher conference, or to take an elderly parent to the doctor. Have supervisors talk with their non-exempt staff to figure out ways to allow them to have some of the same flexibility.

* Help staff by giving them paycheck options: for example, weekly payroll provided in cash envelopes and/or via direct deposit into their checking accounts. Many nonprofit low-wage workers are forced to use payroll check-cashing services and payday loans that exploit their need for fast cash on paydays. "It didn't even occur to me that some of our employees were using those paycheck cashing services," said one nonprofit finance director who asked not to be named. "But our bank screwed up once and bounced our payroll, and I found out because those services came after us for their money. It's a lot more trouble to do cash payments for people who request it, but we're going to do it."

* Help staff make fuller use of benefits your organization already provides. Many staff may be unaware of [Employee Assistance Program](#) (EAP) benefits such as mental health counseling, referrals to substance abuse treatment programs, and so forth.

* Help employees access government and community resources. Some staff may be unaware of how they (or their relatives) can apply for food stamps, for respite care (for caregivers to the elderly,



children with disabilities, for example), for free after-school programs, community health and dental clinics, immigration legal help, and so forth. A neglected resource for low-wage staff is the Earned Income Tax Credit; a useful resource is [Helping Eligible Employees and Clients Access EITC Toolkit for Nonprofit Agencies](#).

Funders: As part of a discussion with a prospective grantee, ask about salary levels in non-exempt positions, and talk about increasing your funding by an amount that would go directly to increasing salaries at those levels.

Intermediate steps

- * Offer a [cafeteria plan](#) instead of specific benefits. Some of your staff with military service backgrounds may receive free health care through the Veterans Administration. Others may obtain healthcare through their spouses or Medicare. These and others would be able to use the health insurance benefit funds for child care costs, life insurance, or other costs.
- * Have a discussion about low-wage staff on the management team. Often people who work for management team members make significantly more than people in comparable-skill positions who work in direct services, simply because management team members are more aware of the salary needs and skills of the people with whom they work directly. Look at the non-exempt positions across your organization and see whether they are in line across departments, and across direct services/administration.
- * Follow the example of [Goodwill Industries in Baltimore](#) and conduct an anonymous employee financial assessment survey. Based on what they learned, they brought in debt counselors, people to assist with opening bank accounts, help applying for food stamps, and other free resources.
- * If you can't provide raises for all staff, make sure you provide them for the crucial-to-the-mission low wage staff who are difficult to replace. It may be possible in this downturn, for instance, to announce wage freezes for exempt staff but small wage increases for direct service, non-exempt staff: it sends an important message and both makes business sense and raises morale.
- * If you are a board member, ask for a presentation on the number and types of positions that are non-exempt and/or direct service and what wages are earned in those positions. Work with staff to provide some comparables so that you can see whether you are paying less than other nonprofits for these positions, the same, or more. The issue is probably not related to competitiveness; the issue is more likely to be the deeper societal problem that these positions typically command neither respect nor good pay. Think about taking a small step to address these issues . . . for example, see

whether you can consider something like making a four year commitment to raise non-administrative, non-exempt salaries by 7% over the four year period.

Consultants: when working on strategic planning or business models with nonprofit organization clients, raise the issue of low-wage workers and what strategies can be built into the plan to raise wages at those levels.

More far-reaching steps

* If you are a contractor with the county, work with other nonprofit county contractors and your elected officials to get increases in contracts for low-wage workers. Such increases are seldom made for one organization, but pressure from multiple contractors (including their board members) can be effective.



* If you have a number of people in a particular low-wage position - say custodians in an affordable housing organization - take an informal poll of similar organizations nearby and see what they pay and what benefits they provide. If you call them and promise to share the results but keep the organization names confidential, most organizations will be glad to participate. Make a commitment to meet the median level of pay or benefits or strive to reach a pay level of 30% above the median.

* Raise the issue within the associations and networks to which you or your organization belongs. Suggest a survey, an official stance, an opening of discussions with contractors and funders. Everywhere you go, look for opportunities for joint calls to action.

The business case for supporting low-wage employees

Both mission impact and financial impact are positively affected by supporting low-wage staff. Absenteeism and turnover are expensive to community nonprofits, and both can be reduced by following some of the suggestions outlined in this article.

As *Caring Workplaces* member Jim Gibbons of Goodwill Industries International says, "Individuals are more likely to be able to go to work, continue working, and advance their careers and earnings if their home lives are stable and their children are safe and thriving." People in human services have *always* known this; in this economic climate of widespread visible suffering it may be easier for us to grasp the importance of applying the principle of supporting families to our own staffs.

And Natalie Thompson of the National Human Services Assembly comments that while nonprofits are used to thinking about strengthening families of clients, they may not be

aware that some of their own employees may be in the same economically vulnerable situations.

As for the larger picture, Carol Day of the [National Black Child Development Institute](#) spoke with *Blue Avocado* about child care workers, but she could be talking about all nonprofit low-wage staff: "Low wages take a toll on the nonprofit and the worker and the child. We need to recognize the full costs of high-quality child care, and that means better wages for the people who have responsibility for the growth and development of children at a critical stage in their lives." Amen.

-- Jan Masaoka