



**HOMELESS SERVICES UNITED**

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**Testimony of Eric Lee, Director of Policy and Planning, Homeless Services United, Inc.  
Before the NYC Council on Civil Service and Labor  
June 20<sup>th</sup>, 2019**

**Introduction**

My name is Eric Lee, and I am the Director of Policy and Planning of Homeless Services United (HSU). HSU is a coalition of approximately 50 non-profit agencies serving homeless and at-risk adults and families in New York City. HSU provides advocacy, information, and training to member agencies to expand their capacity to deliver high-quality services. HSU advocates for expansion of affordable housing and prevention services and for immediate access to safe, decent, emergency and transitional housing, outreach and drop-in services for homeless New Yorkers.

Homeless Service United's member agencies operate hundreds of programs including shelters, drop-in centers, food pantries, HomeBase, and outreach and prevention services. Each day, HSU member programs work with thousands of homeless families and individuals, preventing shelter entry whenever possible and working to end homelessness through counseling, social services, health care, legal services, and public benefits assistance, among many other supports.

We thank Chairperson Miller, this committee, and distinguished members of the City Council for your commitment to strengthening the workforce, and the entire Council for your continuing leadership on the creation and protection of affordable housing and related services for all New Yorkers. HSU is grateful for your responsiveness to advocates' concerns about how the initially proposed bill would have impacted supportive housing projects funded through the Supportive Housing Loan Program (SHLP).

**HSU applauds the Council's intent to increase the wages of New Yorkers, but as it's currently proposed, Intro 1321-A will broaden prevailing wage law to also apply to non-profit operated homeless shelters and service programs, affordable housing for extremely low-income New Yorkers and housing for senior citizens, as well as senior centers, daycare facilities and other programs critical to low income New Yorkers.**

**These inclusions will have disastrous effects on the viability of these programs, and HSU encourages the Committee to exclude non-profit operated human service programs as well as residential programs that are committed by regulatory agreement to rent to households earning 80% AMI on average.**

This legislation is particularly concerning to our members, given the current fiscal challenges non-profit homeless service providers operate under, from chronically late DHS payments for City contracts, to shelters which are still awaiting DHS model budget implementation. Non-profit HSU members have taken out loans to the tune of millions of dollars to cover operating and payroll expenses they've shouldered on their own due to prolonged contract delays, and other members who simply couldn't continue to subsidize the City while awaiting fiscal relief chose to close programs or give back contracts. While the DHS model budget implementation process was intended to improve things, it was never an exercise in salary parity or wage increases for workers. During negotiations, providers were denied salary increases for Case Managers and were not allowed to increase fringe over 26% (where the rate for unions is around 47%), with the focus almost entirely on increasing security and maintenance.

Essentially what the Council proposes with Intro 1321-A is to require nonprofits to cannibalize social services dollars to further invest in recently increased building services fees at the expense of quality social services that were never fully-funded in the first place. The irony is that the most successful part of the model budget (increasing the quality of maintenance and security in shelters) may now be in jeopardy should this law go into effect because it would substantially increase costs without adding new dollars to fully implement the scope of work required to get shelters up to par. **If passed as is, this bill would make it impossible for nonprofits to develop and operate purpose-built shelter, the preferred model of service delivery for homeless New Yorkers.** That would only prolong DHS' reliance on hotels, clusters and other bad models and/or further cannibalize social service dollars in an effort to somehow cope with this unfunded mandate.

**By our estimates, implementing prevailing wage for new shelter projects would cost an additional \$567,887 per 100 units of shelter<sup>1</sup>, and \$173 million if implemented across the entire DHS shelter portfolio, not including the cost of street solutions programs such as drop-ins and safe havens.**

Furthermore, finding money for the implementation of this bill for DHS shelters will require eliminating or lowering wages of social service staff, who are 70-80% female, in order to increase the salaries of predominantly male security and maintenance positions. DHS shelters budgets have an overall do not exceed amount, so even as new initiatives and bills require additional services in shelter, the shelter's overall budget cannot increase. **Shelter staff lines like on-site medical and psychiatric services, childcare workers, and employment and aftercare specialists *have already been cut* to meet new security requirements and agency savings goals. Mandating a prevailing wage would cut the only thing that is left - staff lines like caseworkers, social workers, and housing specialists to the bone.**

Staff and service cuts alone are bad enough but, **our analysis shows that the impact of such cuts would disproportionately impact women while their male counterparts would receive substantial raises.**

According to the DHS model budget and Bureau of Labor Statistics (BLS), porters (janitors and cleaners for BLS) in New York City are 66% male with an average annual salary of \$35,850 that would see an increase to \$53,954. Security guards are 77% male with an average salary of \$35,300, which be increased to \$40,664. Meanwhile, predominantly female staff lines in the same program would not benefit from prevailing wage, such as Social Work staff that are 70% - 80% female, including Case Managers who earn on average \$35,000 to \$45,000, and Clinical Care Coordinator LMSW's who earn \$55,000.<sup>2</sup>

**In addition to gender wage disparity, programs budgets would be further disrupted by having to maintain two different fringe rates across their portfolios for new versus existing programs creating substantial administrative burdens. Furthermore, prevailing wage would disrupt wage ladders of our non-profit workforce, increasing the wages of supervisees above those their supervisors, as facilities directors and operations managers are outside the scope of this legislation, and on average earn less than the prevailing wage of their staff. Likewise, existing buildings will struggle to maintain experienced**

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<sup>1</sup> Calculations based off average wages for Porters and Security staff lines in DHS budgets, and include DHS and union fringe rates. Calculations also anticipate increased wage costs to maintain wage ladders and wage parity. See attached handout for details.

<sup>2</sup> Based on data provided by the Bureau of Labor Statistics (BLS) at <https://www.bls.gov/oes/#data>



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building services and maintenance staff, as many will attempt to move to new projects where they could earn more.

***A number of our members also develop affordable housing, the lack of which is the primary cause of homelessness, and this prevailing wage legislation would significantly reduce the ability to preserve existing affordable housing and lessen development of new affordable housing for extremely low income households and senior citizens.*** Preservation projects which keep existing affordable housing with expiring regulatory agreements from going market-rate, and new projects built using the Extremely Low & Low-Income Affordability (ELLA) Program and Senior Affordable Rental Apartments (SARA) Program will all be effected. These projects have extremely tight maintenance and operating budgets, and this bill would significantly reduce the City's capacity to preserve existing and create new units of deeply affordable housing, jeopardizing the goals of the Housing New York 2.0 plan and the City's Turning the Tide on Homelessness plan<sup>3</sup>.

We understand the Council had the best of intentions but we believe that this bill is not the way to go to accomplish its goals. The best path forward to increase wages, strengthen services and create jobs would be comprehensive procurement and rate reform that included the necessary funding to enhance wages and opportunities for all staff lines.

In closing, HSU would like to thank Chairperson Miller, this Committee, and the members of the Council for your continued leadership and dedication to supporting New York's workforce, and while we caution the committee to hold non-profits harmless for this bill, we would welcome the opportunity to work with you on developing sector wide human services procurement and rate reform.

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<sup>3</sup> HSU is joined by our colleagues at LiveOn New York and the Human Services Council in our concern for these programs. Our joint memo is attached to this testimony for your consideration.