

# PCCYFS

INCREASING  
THE MINIMUM  
WAGE

# **PCCYFS Position on Increasing Pennsylvania's Minimum Wage**

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*Every time a caseworker leaves, the cost to a child welfare agency is 30-200 percent of that employee's annual salary.*



# PCCYFS Position Statement on Increasing Pennsylvania's Minimum Wage

## ABOUT US

The Pennsylvania Council of Children, Youth & Family Services (PCCYFS) is a statewide membership association representing nearly 100 private human service agencies to serve Pennsylvania's children and youth. Our providers employ more than 10,000 individuals and have served hundreds of thousands of children, youth and families across Pennsylvania. Through contracts with the state and local counties, private agencies provide more than 80 percent of all direct services to children in Pennsylvania. These services include foster care, kinship care, adoption, residential treatment, behavioral health services, education, counseling, independent living/transitional living services, and others.

## BACKGROUND

In Pennsylvania, the minimum wage has been \$7.25 an hour since 2009. In July of 2018, Governor Tom Wolf signed an executive order raising the minimum wage for Commonwealth employees to \$12 an hour with plans to increase the hourly wage to \$15 by 2024; state employees currently make \$13 an hour. Governor Wolf has put forth a proposal to increase the statewide minimum wage to \$12 an hour on July 1 with ongoing yearly increases until the rate reaches \$15 an hour in 2027. Most recently, Senator Christine Tartaglione, Democratic chairwoman of the Senate Labor and Industry Committee, introduced [legislation](#), in alignment with the Governor's proposal.

## SUMMARY

PCCYFS calls on state policymakers and the Governor to implement increases in the minimum wage only with a corresponding increase in human services funding for workforce wages, some of which must be specifically designated for the private agencies that provide more than 80 percent of all direct services to children in Pennsylvania.

- Despite being highly skilled and educated, human service professionals in Pennsylvania are not adequately compensated for the value their positions bring to Pennsylvania's families and children. This limitation is due to the pervasively low rates paid to providers for the work they do, a challenge that would only be further intensified by an unfunded minimum wage increase.
- Because of the realities that salary compression brings, any increase to provider rates should be based on the totality of the fiscal impact to an organization.
- Well-meaning, social service or non-profit exemptions are not helpful. If other sectors or employers are able to raise prices to offer a minimum wage position, lower paying human service jobs will become more difficult to fill with qualified candidates.
- Given funding scarcities, providers of foster care, adoption, residential treatment centers, and other placement services are finding it increasingly cost prohibitive, if not impossible, to obtain professional liability insurance.

## POSITION

The human services sector is dedicated to ensuring that every Pennsylvanian has ample opportunities to reach their fullest potential. PCCYFS supports higher wages for human service employees but affirms that achieving this requires the state to provide fair and appropriate reimbursement for the actual cost of caring for Pennsylvania's children and families. Insufficient public funding for human services providers to meet minimum wage requirements is a threat to the well-being of our communities. A Pennsylvania specific study by the state's Independent Fiscal Office, found that an increase to \$12 could lead to the loss of 34,000 jobs throughout the commonwealth.<sup>1</sup> Without a designated increase in funding for human services providers, this sector will be among those to take a significant hit.

**Any mandated minimum wage increases should only be implemented in conjunction with a corresponding increase in funding available for human service providers. Requiring one without the other would likely result in the unintended consequences of further reductions in services at a time when these services are most needed and/or the elimination of jobs in an industry that is already struggling to recruit and retain a high-quality workforce.**

Pennsylvania's human service providers do not have the ability to adjust their own costs and reimbursement rates. In order to provide services, providers are paid a pre-determined rate controlled by the Pennsylvania Department of Human Services (DHS), individual counties with which providers contract, and behavioral health managed care organizations. PCCYFS members operate in

children's services, a subset of human services that gets far less attention than adult services. Many PCCYFS members already pay their employees at a rate above the current minimum wage out of recognition that the work of supporting Pennsylvania's communities is challenging. However, providers are already operating on the margins; the current rates will not support increased wage levels for providers without agencies considering a cut in services. As further evidence of the present financial strain on human service organizations, programs have been closing across the state, not because of a lack of need, but because of a lack of funding.

## Workforce Recruitment and Retention Challenges

The human services workforce is critical to improving the well-being of Pennsylvanians. As a result, they are highly skilled and well-educated. Yet they are vastly underpaid for the value they bring. In addition to having advanced degrees, many maintain ongoing professional licenses that include continuous professional development. Many individuals pursue human services because of their compassion and commitment but even more so, human service clinicians are knowledgeable, accomplished, and resilient. During the start of the COVID pandemic, as essential workers, human service workers risked their own health for the well-being of young people in care facilities, and children and families in need of stability. Many agencies managed to piece together "hazard pay" to better support their employees knowing the sacrifice these critical professionals were making for the benefit of our communities.

The majority of agencies struggle with workforce turnover or finding a pool of qualified applicants driven in large part by insufficient funding to fairly compensate employees for the unique work of supporting families impacted by trauma, abuse, and neglect. An informal survey of Philadelphia

<sup>1</sup> Pennsylvania Independent Fiscal Office. (2019). Analysis of Revenue Proposals: FY2019-2020 Executive Budget. Retrieved from <http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/Revenue-Proposal-Analysis-2019-03.pdf>

area providers found that in the past 2 years, agencies experienced a turnover rate of 33 percent; the average length of stay for employees ranged from 2-6 years, depending on an employee's education level. In a system that is already financially limited, Casey Family Programs estimates that every time a caseworker leaves, the cost to a child welfare agency is 30-200 percent of that employee's annual salary.<sup>2</sup> The consequences of an inexperienced or insufficiently trained workforce, in the field of child welfare, have been linked to delays in timeliness of investigations, reduced frequency of family visits, and a reduction in children achieving timely permanency, among other adverse impacts. And although PCCYFS members believe that higher wages for employees are an important piece of this solution, programs are already operating at significant losses and simply cannot compete with other, better paying, less stressful employment opportunities.

- As evidenced by the table on the pages 7 and 8, which outlines average PCCYFS member salary reports from 2018-2019, many human service workers are significantly underpaid considering their education/skill level, years of experience, and job responsibilities.
- Clinicians with advanced degrees at director-levels are earning approximately \$50,000 a year - roughly \$25 an hour. One agency reported that a staff member who was driving a youth to work learned during the car ride that the youth's hourly wage was higher than wage of the staff member driving her.

Bachelor's level caseworkers who are responsible for carrying a caseload of usually over a dozen families with multiple children each are paid about \$33,000 a year - roughly \$17 an hour.

To be clear, this is not because human service providers do not want to increase wages. It is because the current funding environment prevents them from doing so.

*“Low minimum wage in Pennsylvania has had an effect on non-profit human service agencies for many years. Many of the Bethany Children's Home team members work hard in what are considered entry level positions for low remuneration in the way of pay and benefits. They spend countless hours serving others and are making a difference and impacting the lives of children, youth and their families every single day. Team members suffer from vicarious trauma and burn-out due to the increased level of stress in the work they do with those we serve. The low pay and increased stress that comes from human service work makes it difficult to recruit, not to mention the competition of other similar providers, for-profit sector and now unemployment; which leads to additional stress for team members who need to work additional hours in order to provide necessary services and additional needed income.*

*The impact team members of human service agencies make every day, to those in need, has been under-appreciated and de-valued for many years with a lack of fiscal focus to Direct Support Professionals that are tirelessly needed 24/7, 365 days a year. This need has not changed during a global pandemic, in fact it has increased.”*

**Beth Endy, Director of Human Resources & Dr. Joseph Birli, CEO of Bethany Children's Home**

<sup>2</sup>Casey Family Programs. (2017). How does turnover affect outcomes and what can be done to address retention? (Casey Family Programs Healthy Organizations Information Packet). Retrieved from [https://caseyfamilypro-wpengine.netdna-ssl.com/media/HO\\_Turnover-](https://caseyfamilypro.wpengine.netdna-ssl.com/media/HO_Turnover-)

Table 1  
 Requirements and Average Salaries of PCCYFS Member Agencies,  
 2018-2019



**POSITION**

Social Services Staff,  
 Caseworker, Social Worker,  
 Case Manager, etc

**EDUCATION LEVEL**

Master’s Degree or higher

**DESCRIPTION**

Professional staff who carry a caseload and provide services directly to children and/or families. Core job functions include case assessment, case planning, and service implementation.

**AVERAGE SALARY**

\$42,640 (approximately  
 \$21.42 an hour)

**POSITION**

Social Services Staff,  
 Caseworker, Social Worker,  
 Case Manager, etc

**EDUCATION LEVEL**

Bachelor’s Degree or Lower

**DESCRIPTION**

Professional staff who carry a caseload and provide services directly to children and/or families. Core job functions include case assessment, case planning, and service implementation.

**AVERAGE SALARY**

\$33,960 (approximately  
 \$17.42 an hour)

**POSITION**

Therapeutic Support Staff

**EDUCATION LEVEL**

Bachelors

**DESCRIPTION**

Acts to support the implementation of the behavioral health treatment plan in support of the identified child and family goals. Provides medically necessary mental health supports as guided by the individualized behavioral health treatment plan for the child or adolescent, the primary clinician as designated by the interagency team, and supervisor. Provides individual direct services as needed in a classroom or in-home setting

**AVERAGE SALARY**

\$38,720 (approximately \$19.36  
 an hour)

Table 1, continued



**POSITION**

Behavioral Specialist

**EDUCATION LEVEL**

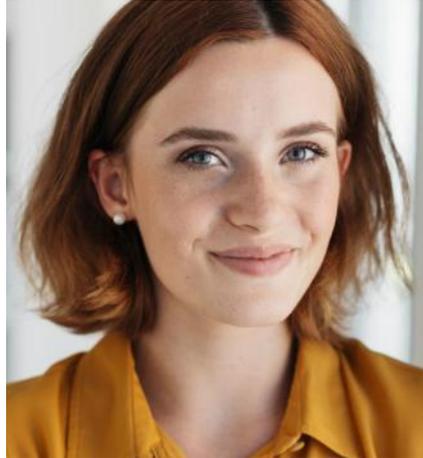
Master's Degree or higher

**DESCRIPTION**

Provides specific expertise in behavioral management protocols needed by the mobile therapist and therapeutic support staff. Serves as a consultant to, and as requested by, the mobile therapist within the treatment team.

**AVERAGE SALARY**

\$38,710 (approximately \$19.35 an hour)



**POSITION**

Mental Health Therapist/  
Clinical Health Therapist

**EDUCATION LEVEL**

Usually requires an advanced degree or clinical practice.

**DESCRIPTION**

A person trained in a generally recognized clinical discipline, including but not limited to psychiatry, social work, psychology, and rehabilitation or activity therapies, who has a graduate degree and clinical experience. Provides traditional direct therapy to clients with diagnosed categorical mental health or behavioral health problems in an office or residential setting.

**AVERAGE SALARY**

\$47,410 (approximately \$23.20 an hour)



**POSITION**

Mental Health Treatment  
Supervisor, Clinical Director

**EDUCATION LEVEL**

Advanced degree

**DESCRIPTION**

Responsible for the clinical oversight and supervision of staff who provide direct therapy, in an office or residential setting, to clients diagnosed with mental health or behavioral health problems.

**AVERAGE SALARY**

\$50,350 (approximately \$25.18 an hour)

## Salary Compression

When minimum wage increases occur, lower wage or less experienced employees will receive a pay increase, leaving employers with the difficult decision to leave those with more experience at their current levels or provide every employee in the organization with a commensurate increase in wages. When considering this salary compression issue, it is also important to be aware that workers at human service agencies also include support service workers in areas of food service, janitorial, groundskeeping, administrative support and other non-clinical staff. As a result, these support positions will need to be brought to minimum wage levels and agencies will need to also raise the salary levels of human service professionals, as evidenced in Table 1.

An increase in the minimum wage impacts an organization's finances at all levels. For example, in Illinois, a study of the human services sector estimated that an increase in their minimum wage from \$8.25 to \$15 an hour by 2025 would result in an economic impact of \$1.3 billion in total increase by 2025 and \$4.6 billion when wage compression is taken into consideration.<sup>3</sup> Given the significant disparity when salary compression is taken into consideration, any shift in the required minimum wage must include a holistic evaluation of funding needs to cover the true cost of services.

## Non-Profit/Human Services Exemptions

While we understand the well-meaning suggestion that non-profits or human services should be exempt from these new wage requirements, such an exemption would only make such organizations less competitive in the job market leading to more recruitment challenges. In 2018, Philadelphia Mayor Jim Kenney signed the 21st Century Minimum Wage law, which raised the minimum wage

governing employees of contractors and subcontractors, as well as city workers, from the rate of \$12.20 an hour to \$13.25 an hour as of July 1, 2019; \$13.75 an hour as of July 1, 2020; \$14.25 an hour as of July 1, 2021; and \$15.00 an hour as of July 1, 2022. Philadelphia DHS did not include a parallel increase in their service rates to their contracted providers. Despite their desire to pay employees the wages they deserve, many human service providers and non-profit organizations attend a hearing every year with Philadelphia City Council's Living Wage and Benefits Review Committee to request an exemption. These

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If providers can't keep up with minimum wage increases through proper and adequate reimbursement from its governmental funders, the system will exacerbate the already dire staffing situation and will most assuredly, negatively impact children and adults who rely on those critical services. COVID has proven to us all that the services provided by this workforce are essential and should be prioritized as such.

We simply cannot continue to lose workers to places like large retailers because the job is easier and the pay is more; conversely, workers shouldn't have to choose between a career rooted in passion or livable wages to provide for their own families. It's just not fair...to anyone.”

**Tabor Children's Services**

requests for exemptions take a significant toll on the morale of an organization's current workforce, further exacerbating difficulties with employee retention.

## Insurance Liability

In addition to the challenges of stagnant funding and a shrinking workforce, the need for services has increased exponentially. Children's acuity levels are increasing yet resources to support these needs have decreased; providers are taking on more risk than ever before. While the vast majority of organizations working with children and families are committed to providing excellent care in safe and supportive environments, the insurance market has put the entire safety net of the child-serving system at risk of collapse. Providers of foster care, adoption, residential treatment centers, and other placement services are finding it increasingly cost

prohibitive, if not impossible, to obtain professional liability insurance, regardless of claims history. Unprecedentedly high premiums are being paired with limited or no retroactive "tail" coverage. Given pre-existing funding limitations, providers are being forced to decide whether they will continue to operate virtually uninsured against any claims or allegations past or present or whether they will cease providing essential placement services.

## Conclusion

PCCYFS members look forward to the opportunity to better compensate their diligent and compassionate workers for the fatiguing work of supporting Pennsylvania's children and families. Investing in the human services workforce by appropriating funds to support agencies' ability to pay a livable wage means investing in the well-being of our communities; it is the cost of offering Pennsylvania's families the quality care they deserve. A full and meaningful investment is critical to achieving the Governor's goal of ensuring that no Pennsylvanian is left behind.

*“The initial impact of the proposed minimum wage change on Bethany Children's Home, without any additional wage adjustments to our pay and compensation plan, would be approximately \$24,000. In order for the proposed increase to have a positive impact on organizations, we also need corresponding rate increases from the state and county agencies to be able to continue to serve those in need, in the best possible way, in the Commonwealth of Pennsylvania.”*

**Beth Endy, Director of Human Resources & Dr. Joseph Birli, CEO of Bethany Children's Home**



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PCCYFS is a leading statewide membership organization serving as a united voice for our valued partners through education, data, resources and advocacy towards achieving a brighter future for children, youth and families.