

# WHY FOCUS ON FRONTLINE WORKFORCE PROFESSIONALS?

**Note:** *Since early March 2020, the COVID-19 crisis has presented numerous unprecedented challenges for the workforce system, and for all New Yorkers. This brief addresses long-standing systemic issues facing the professionals providing workforce development services in New York City. These challenges have been exacerbated by COVID-19 and resulting shifts in how services are provided.*

The 2020 Survey of NYC Frontline Workforce Professionals aims to gain a deeper understanding of the workers directly serving clients across New York City's workforce development system. Over the coming months, we will explore the ways in which the day-to-day work experience and longer career trajectories of frontline workforce professionals are influenced by the structure and challenges of the broader system.

## Funding of Workforce Programming

*A discussion about why it is important to focus on frontline workers cannot be had without taking into consideration the context for how workforce development programs are funded and where that money goes.*

Workforce programming in New York City is generally provided by a mix of nonprofit community-based organizations, educational institutions, and for-profit corporations, supported by both public and private funding sources, as well as social enterprise and other revenue generating strategies. These organizations employ workforce development professionals, including social workers, case managers, educators and trainers, job developers, and other frontline staff to work directly with jobseekers, who are often facing challenges beyond securing employment. The

This brief addresses the rationale and provides context behind The Hub's focus on frontline workforce professionals – namely the importance these individuals play in the workforce system, and the ways challenges facing these frontline workers impact the system's performance.

contract models supporting these programs include but are not limited to line item reimbursement; performance-based contracts reliant on the accomplishment of prescribed milestones or outcomes; and, to some extent, flexible or general operating support.

The City of New York administers major workforce contracts through several of its agencies, primarily the Department of Youth and Community Development (DYCD), the Human Resources Administration (HRA), and the Department of Small Business Services (SBS). Focusing here on contracts issued by public agencies—such as DYCD's Advance & Earn program with contracts totaling \$9.1 million annually issued to six providers—the terms set often include recommended or required staffing structures, performance metrics, and terms of payment.

## The Size of the Frontline Workforce

Frontline workforce professionals play an array of critical roles, devoted to connecting individuals to employment, and helping them achieve economic mobility. A precise estimate of the size of the frontline workforce does not exist. However, multiple sources of data on workforce programs, funding sources, and the volume of jobseekers engaged point to some indicators:

- In FY2016, workforce programs operated directly or funded by the City of New York served nearly **500,000 New Yorkers**, and accounted for more than **\$600 million** in the City's budget.<sup>2</sup>
- Philanthropic support for workforce development programming totaled at least **\$77 million in 2018**.<sup>3</sup>
- The overall human services sector in New York City accounted for more than **180,000 workers** as of 2016, and frontline workforce professionals account for a growing segment of this population.<sup>4</sup>
- In late 2018, The Hub compiled a comprehensive list of organizations potentially providing workforce development services based on factors such as funding sources, membership in workforce affinity organizations, and participation in WPTI's training and capacity building services. That scan yielded an estimate of more than **500 organizations**.

While we will not venture a guess, it is abundantly clear that the number of individuals occupying frontline roles in workforce development programs is sizable, likely encompassing several thousand human service professionals.

The last few years have yielded multiple reports, exposés, and advocacy platforms concerning the structure of contracts like these, and their implications on service delivery. Highlights include:

- **Low Indirect Cost Reimbursement Rates**—The City of New York generally includes a provision for 10 percent reimbursement of indirect costs. However, multiple studies show that indirect costs are much higher, often closer to 25 percent of total costs for direct service providers.<sup>5</sup>
- **Underfunded Contracts That Fail to Cover Full Program Costs**—Government contracts have failed to keep up with increasing program costs and increased cost of living. A 2015 survey from the Restore Opportunity Now Coalition found that *more than half of respondents across New York State said that State contracts "never" or "rarely" cover the full cost of the required services*. This contributes to high rates of insolvency among nonprofit organizations (estimated at 18 percent of human services organizations statewide) and high rates of staff turnover.<sup>6</sup> This insolvency crisis has only been exacerbated by the COVID-19 pandemic, which promises to fuel a financial crisis across the human services sector.
- **Delays in Contract Payments**—In 2018, New York City human services contracts were registered, on average, 221 days after their start date. Only 11 percent were registered on time, and 20 percent were unregistered more than one year after their start date. *These delays imposed a cash flow burden of more than \$744 million on the impacted nonprofit organizations*.<sup>7,8</sup>
- **Contracts with Prescriptive Staffing Requirements**—Many city RFPs include explicit staffing structures, prescribing the nature of and qualifications for positions. This can limit flexibility, for example constraining providers from staffing a program to most effectively meet the contractual outcome goals or attract high-quality talent for these positions. Strict staffing structures also make it challenging to offer promotions or pay increases.

## Why Do these Factors Impact Frontline Workers?

Underfunded and delayed City contracts, low indirect rates, and stringent program goals imposed by public contracts and private grants, can create significant pressure and frustration for frontline workers. For example, multi-year contracts with narrowly-defined staffing structures can limit organizations' abilities to offer pay raises and/or promotions for staff. Lack of competitive pay has been a challenge not only in New York City's workforce system, but across the human services sector more generally.

WPTI's 2012 *Deep in the Trenches* study found that, on average, frontline workforce professionals reported a median salary of between \$40,000 and \$49,000—inclusive of individuals with a bachelor's degree (76 percent) and graduate coursework or a graduate degree (34 percent).<sup>9</sup> The Restore Opportunity Now Coalition found that the average salary of a human services worker in New York City was only \$29,600, only 40 percent of the average wage for all workers in the city, and far below the family survival budget needs established by the United Way.<sup>10</sup>

Responses from frontline workers are echoed by the organizations where they work. In 2018, the Nonprofit Finance Fund conducted a nationwide survey of nonprofit leaders, examining the challenges and opportunities facing nonprofit human services organizations. Limiting the findings to New York City-based workforce development organizations, 75 percent indicated that "offering competitive pay" to staff was a challenge, and 55 percent reported that "investing in professional development" was a challenge. More than half reported that raising funds that cover full costs was one of their greatest financial challenges, and 81 percent indicated that government contracts were "often" underfunded.<sup>11</sup>

Furthermore, tightly funded contracts, coupled with insufficient indirect funding, lead to a lack of support for staff professional development, further stifling opportunities for career advancement; 37 percent of respondents indicated either that training for frontline staff was a low priority of their organization, or they didn't know how much of a priority it was.<sup>12</sup> This lack of advancement opportunity, as evidenced in *Deep in the Trenches*, is a challenge for workforce professionals.

**Two-thirds** of respondents indicated they would like to advance within their organizations



**Only 33 percent** of those **two-thirds** indicated they had a clear idea of what was required to do so.

Source: *Deep in the Trenches: Understanding the Dynamics of New York City's Frontline Workforce Development Staff*, 2012.



**75 percent** indicated that "offering competitive pay" to staff was a challenge, and **55 percent** reported that "investing in professional development" was a challenge.

These challenges have contributed to staff retention and turnover issues across the workforce system. In *Deep in the Trenches*, 65 percent of respondents reported either “moderate” or “a lot” of turnover at their organizations, with more than half citing “stress,” and “lack of sufficient compensation” as driving factors, and nearly half indicating a “lack of opportunities for advancement.”<sup>14</sup> These issues can be tied to structural problems within the workforce system, related to contracting – notably the resources provided, the metrics and outcome goals imposed, and the stringent staffing structures that leave little room for workers to advance while remaining on a particular contract. Ultimately, when organizations experience high rates of turnover, they not only lose talented workers, but also the systemic and institutional knowledge, and the employer relationships, that these frontline workers possess, weakening workforce development efforts system-wide.

## Conclusion

Frontline workforce professionals sit at the core of a system that is critical to ensuring economic opportunity to all New Yorkers. If we want to ensure a successful system, we must ensure that the system better serves the individuals chiefly responsible for keeping it running and executing its mission. The perspectives of these workers—gathered through a field-wide survey, focus groups, and interviews—will be shared in a series of report to be released later this year. In the interim, the next two briefs in the *Voice from the Frontline* series will explore the issue of job quality, and how it impacts professionals in the workforce development field.

**The 2020 Survey of NYC Frontline Workforce Professionals** explores the motivations of workforce professionals, their working environments and long-term career goals, and challenges they face. Findings from the survey and resulting recommendations will inform field-wide leadership of better strategies for worker engagement and satisfaction, and improved program performance.

**The Workforce Field Building Hub** brings together key leaders from across the interdisciplinary and diverse New York City and national workforce community to identify common issues and solutions to build and strengthen the field of workforce development. For more information, visit <http://thehub.workforceprofessionals.org>.

**Workforce Professionals Training Institute (WPTI)** increases the effectiveness of people, programs, and organizations that are committed to generating pathways out of poverty through employment. Our three-tiered approach – professional training, organizational consulting, and systems building – strengthens capacity at all levels of the workforce development system. For more information, visit <http://workforceprofessionals.org>.

The **2020 Survey of NYC Frontline Workforce Professionals** and brief series are made possible through support from the Altman Foundation; Ira W. De Camp Foundation; The New York Community Trust; and the New York City Workforce Funders.

### Footnotes

1 See *Who is the “Frontline” Workforce of the Workforce Development Field?*, the first brief (February 2020) in the Voices from the Frontline initiative.

2 *Career Pathways: Progress Update*, The City of New York, December 2015.

3 *New York City Workforce Funders, Annual Survey of Giving for Workforce Development in New York City* by Workforce Funders Members (2004-2018).

4 *Undervalued and Underpaid: How New York State Shortchanges Nonprofit Human Services Providers and Their Workers*, Restore Opportunity Now Coalition, March 2017.

5 “Pay-What-It-Takes” *Philanthropy*, Stanford Social Innovation Review, Summer 2016.

6 *Undervalued and Underpaid: How New York State Shortchanges Nonprofit Human Services Providers and Their Workers*, Restore Opportunity Now Coalition, March 2017.

7 *New York City Contract Delays: Volume 2*, Sea Change Capital, April 2019.

8 While procurement reform took effect in mid-2019, ostensibly addressing the challenges of delayed contract registrations, the COVID-19 crisis has the potential to create delays once again, in addition to other financial pressures facing nonprofit organizations.

9 *Deep in the Trenches: Understanding the Dynamics of New York City’s Frontline Workforce Development Staff*, Workforce Professionals Training Institute and Fiscal Policy Institute, November 2012.

10 *Undervalued and Underpaid: How New York State Shortchanges Nonprofit Human Services Providers and Their Workers*, Restore Opportunity Now Coalition, March 2017.

11 *State of the Nonprofit Sector Survey*, Nonprofit Finance Fund, 2018.

12 *Deep in the Trenches: Understanding the Dynamics of New York City’s Frontline Workforce Development Staff*, Workforce Professionals Training Institute and Fiscal Policy Institute, November 2012.

13 Id.

14 Id.