Tompkins County
Minimum Wage/Living Wage Study
Summary Report

A report detailing the results of a survey of not-for-profits and for-profit caregiving organizations in Tompkins County to determine organizational barriers to both the NYS minimum wage increase and a potential county-based "Living Wage as Minimum Wage".

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For:
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Acknowledgements

Horn Research would like to express our deep gratitude to all of the individuals who took time to share their experiences and opinions with us.

EXECUTIVE SUMMARY

In January, 2017, the Tompkins County Workers' Center (TCWC) contracted with Horn Research to examine the impact of the New York State (NYS) minimum wage increase and to explore the potential effects of a mandated living wage on the non-profit and caregiving organizations in Tompkins County. The study focused on six key areas of interest:

- Current wage trends in the non-profit and caregiving sectors
- Challenges associated with increasing the NYS minimum wage
- Benefits associated with increasing the NYS minimum wage
- Strategies employed to address the increasing NYS minimum wage
- Challenges of a Tompkins County "Living Wage as Minimum Wage"
- Benefits of a Tompkins County "Living Wage as Minimum Wage"

Methodology

The sample for the study included the population of non-profit organizations with paid staff in Tompkins County and for-profit organizations engaged in direct caregiving activities such as child care centers, home health agencies, and senior living centers. The study included a short online survey to provide an overall view of the potential impacts of the upcoming minimum wage increase and a possible county-wide "Living Wage as Minimum Wage." A total of 62 organizations completed the survey for an overall response rate of 54%. In addition, qualitative interviews with the executive directors at selected organizations were conducted to help define the key challenges organizations face in managing the upcoming minimum wage increase and would face in the event of a county-wide "Living Wage as Minimum Wage." Interviews explored the strategies organizations have already implemented or are in the process of developing, the unique characteristics of each organization's funding streams, the organization's compensation philosophy and strategy, and the expected impact any mandated wage increase would have on the organization's finances. A total of 16 interviews were conducted with organizations of varying staff size, type of service provided, funding streams, and operational budgets.

Metrics

A key area of interest for this project is to understand how many employees of local non-profits receive wages that may be less than adequate to cover their living expenses. A commonly used metric to define these "low-income" workers are those with wages below 200% of the federal poverty line which for is an annual income of $24,160 per year. This averages to approximately $12.00 per hour for full-time work. Because NYS has already defined a minimum wage of $12.50 per hour by 2021, this figure was selected as a benchmark in this study to understand how many local non-profit employees would currently be considered "low-income" and also to determine how many employers will need to increase their wages over the next 5 years to meet the NYS standard.

In 1994, Alternatives Federal Credit Union (AFCU) completed its first *Living Wage Study*[1] to estimate what income would be required to support a person above the poverty level in Tompkins County. The biannual study examines all aspects of life including housing, transportation, food, healthcare, recreation, and communication. AFCU continues to update these figures which are used as the benchmark for the Workers' Center's Living Wage Certification. AFCU's living wage figure has generally

[1] http://www.alternatives.org/livable_1998.html

been $3 to $4 higher than the NYS minimum wage. The most recent living wage estimate is $14.34 and is expected to increase to $17.00 per hour by 2021. To correspond with the 2021 NYS minimum wage, the expected 2021 Living Wage rate of $17.00 per hour was used as an additional benchmark to understand how many employers would need to increase their wages to meet a potential mandated living wage requirement.

Current Wage Trends

Survey results show the majority of respondents (63%) do not have any employees with hourly wages below the 2021 NYS minimum wage rate of $12.50 per hour. However, nearly 13% of organizations have 50% or more of their employees with wages below this rate. Part-time employees were much more likely to have wages below $12.50 with organizations reporting an average of 21% of part-time employees with wages under the impending NYS minimum wage. Employers with larger staff sizes were much more likely to have a higher percent of part-time employees with low-income salaries.

Overall, respondents indicated that a large portion of employees (49%) have wages below $17.00 per hour. Full-time employees are more likely to have wages above the 2021 living wage rate. Organizations reported, on average, that approximately 37% of full-time employees and 57% of part-time employees have wages below $17.00 per hour. Large employers in the sample were much more likely to have a higher percent (61%) of full-time employees with wages below $17.00 per hour. All organization sizes had very high percentages of part-time employees below $17.00 per hour.

Challenges with a Minimum Wage Increase

Overall, the majority of respondents suggested that their personnel budgets would not increase significantly if the minimum wage were to increase to the 2021 NYS minimum wage. Most respondents also indicated that they would not anticipate reducing their workforce, benefits, or services if such an increase were implemented. However, several respondents noted that they had already experienced several challenges in managing the recent increases to the NYS minimum wage including a decreased labor pool, wage compression, and stagnant funding.

Benefits of a Minimum Wage Increase

Overall, the majority of respondents did not think that it was likely that their organization would experience any positive outcomes related to an immediate increase to the 2021 minimum wage rate. Respondents also did not believe there would be fewer people in need of services because clients would have higher incomes due to the higher minimum wage.

Strategies to Address a Minimum Wage Increase

Respondents were asked to share which strategies they had already implemented or expected to implement in order to meet the 2021 minimum wage of $12.50 per hour. About two thirds of respondents said they did not have any employees with wages below $12.50 per hour and therefore have not needed to engage in any of these efforts. For those who did report implementing new strategies, the most frequently mentioned were increasing fundraising efforts, increasing fees for service, advocating for higher reimbursement rates, and eliminating cost of living or merit raises for all other employees. A handful of agencies said they have or will consider closing their agency.

Challenges with a "Living Wage as Minimum Wage"

As compared to the impact of implementing the 2021 NYS minimum wage now, substantially more organizations indicated that their personnel budgets would increase if they were to raise all employees' wages to the 2021 living wage immediately. Several organizations also predicted that wage compression would have a much larger impact on their personnel budget. Many more agencies suggested they would experience several negative impacts of an immediate mandated increase to the 2021 living wage rate including reducing their workforce, benefits, and services and considering closing their agencies. Respondents noted several challenges they would face in trying to manage a mandated living wage including a tighter labor market, managing other increased costs, stagnant and inflexible funding, wage compression and how to develop equitable compensation strategies with staff serving multiple counties.

Benefits of a "Living Wage as Minimum Wage"

The majority of respondents anticipated that they would experience benefits related to staffing including lower turnover and greater ease in recruitment. Most respondents also said that they believed their staff would be more satisfied. Nearly three quarters of employers said it was not at all likely there would be fewer people in need of services because their clients would have higher incomes.

Key External Factors Necessary for a "Living Wage as Minimum Wage"

Both survey participants and qualitative interviewees were asked to share what ways Tompkins County and New York State could make wage increases more manageable for their organizations. By far, the most common refrain from participants was the need for funding to be tied to mandated wage thresholds. Respondents noted a need for contracts that take into account not only the impact of any mandated wage increase for the lowest paid workers, but also funding to address the resulting wage compression. Respondents that were fully reliant on client fees suggested that they would need new funding streams. Some respondents suggested that a tiered structure for the minimum wage that takes into account worker skill level would be important. Several participants suggested that having a more predictable increase in wage increases would be helpful.

View of the "Living Wage as Minimum Wage" Concept

Overall, most survey respondents believed that a living wage was an important value for the community to aspire toward, but there was significant disagreement on whether it was possible to implement and maintain services and whether it would achieve its intended effects. Many respondents were vigorously in favor of a mandated living wage, however, some respondents said they didn't think mandated wage increases were the key to solving the economic issues of living in Tompkins County. Some respondents thought a mandated living wage would result in fewer jobs in the county. Several respondents noted that they were philosophically in favor of a living wage and would be more than happy to raise their employees' wages if they had sufficient funding. Other respondents felt discouraged by the assumption that they could provide a living wage if they chose to, but that they were holding back. Some respondents felt that a mandated living wage would result in a significant loss of service to those most in need of help.

Conclusion

Overall, most non-profits responding to the survey provide wages well above the 2021 minimum wage of $12.50 per hour and would have very little difficulty increasing entry level wages to meet that mandate. Eighty-two percent of responding organizations indicated that the increase in their personnel budgets would be within a normal cost of living adjustment over the next four years. In contrast, 55% of responding organizations reported potentially unsustainable increases to their personnel budget in the event of mandated living wage of $17.00 per hour when taking wage compression into consideration.

While many respondents see the value in providing a living wage to their employees, there are several key challenges related to a mandated county-based living wage.

- Organizations that provide services across several counties will be disproportionately impacted by a living wage instituted in Tompkins County. It will be difficult to develop and maintain an equitable salary structure across counties that could be sustained through current funding.
- Agencies that engage in direct service care would likely have the most difficulty meeting any significant mandated wage increase. These key service areas have long struggled to provide higher wages to employees. Respondents noted low reimbursement rates from government funders for health and disability related direct care services and a lack of subsidy funding for child care and elder care services as key factors in their inability to increase their staff's wages. A mandated living wage increase without additional funding for these agencies could potentially result in a significant loss of direct service care in the county.
- Non-profits may experience a tighter labor pool if other traditionally lower wage industries are mandated to pay a living wage. Many non-profit positions are more emotionally challenging as compared to other jobs and employees may not be motivated to work in the non-profit sector if they can make the same wages in less stressful work environments.
- Respondents made clear that in order to manage a mandated living wage in Tompkins County, non-profits and caregiving organizations would need sustainable funding that incorporates consideration for the mandated wage, wage compression and cost of living increases.

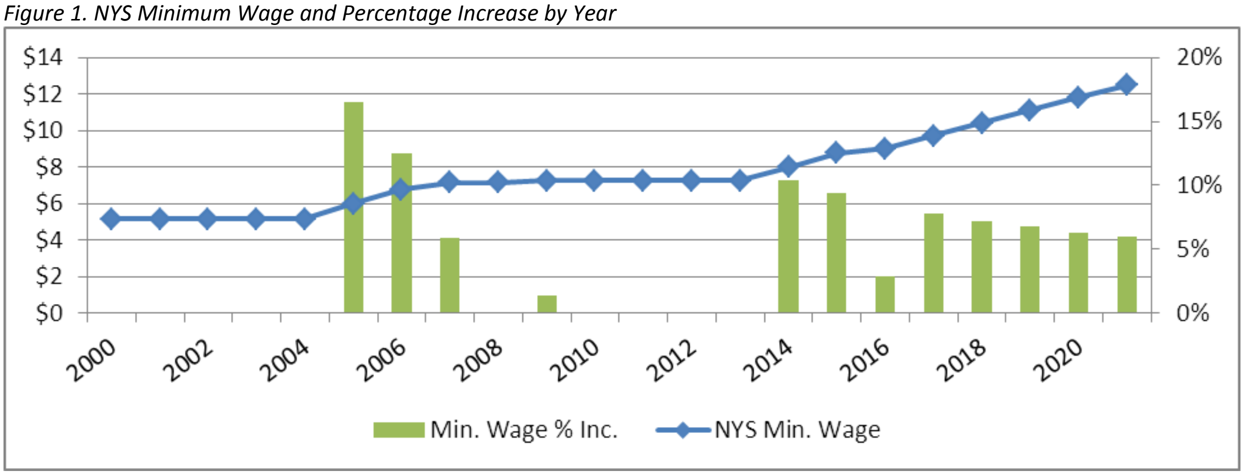
INTRODUCTION

In January, 2017, the Tompkins County Workers' Center (TCWC) contracted with Horn Research to examine the impact of the New York State (NYS) minimum wage increase and to explore the potential effects of a mandated living wage on the non-profit and caregiving organizations in Tompkins County.

NYS Minimum Wage

After several years of a stagnant minimum wage, NYS approved a 3-year annual increase in the minimum wage which brought the 2014 wage of $7.25 per hour to $8.75 per hour in 2016. In 2016, the Governor signed legislation which enacted a wage plan to increase the minimum wage in upstate New York by $.70 per hour per year until it reaches $12.50 in 2021.

Figure 1. NYS Minimum Wage and Percentage Increase by Year



A key area of interest for this project is to understand how many employees of local non-profits receive wages that may be less than adequate to cover their living expenses. A commonly used metric to define these "low-income" workers are those with wages below 200% of the federal poverty line which for is an annual income of $24,160 per year. This averages to approximately $12.00 per hour for full-time work. Because NYS has already defined a minimum wage of $12.50 per hour by 2021, this figure was selected as a benchmark in this study to understand how many local non-profit employees would currently be considered "low-income" and also to determine how many employers will need to increase their wages over the next 5 years to meet the NYS standard.

Tompkins County Living Wage

In 1994, Alternatives Federal Credit Union (AFCU) completed its first *Living Wage Study*[2] to estimate what income would be required to support a person above the poverty level in Tompkins County. The biannual study examines all aspects of life including housing, transportation, food, healthcare, recreation, and communication. The resulting living wage estimate has been used by the TCWC to establish a "Living Wage Certification" for local employers. AFCU continues to update these figures which are used as the benchmark for the Workers' Center's Living Wage Certification. AFCU's living wage figure has generally been $3 to $4 higher than the NYS minimum wage.

[2] http://www.alternatives.org/livable_1998.html

Other local organizations have developed their own living wage figure based on their employee benefits structure. In addition, MIT and the Economic Policy Institute have developed calculators to determine the living wage for specific localities. The MIT calculator estimates Tompkins County's living wage as $12.38 per hour in its most recent update (2016) which is lower than the AFCU estimate of $14.34. To correspond with the 2021 NYS minimum wage, the expected 2021 Living Wage rate of $17.00 per hour was used as an additional benchmark to understand how many employers would need to increase their wages to meet a potential mandated living wage requirement.

Figure 2. NYS Minimum Wage and AFCU Living Wage Estimate by Year

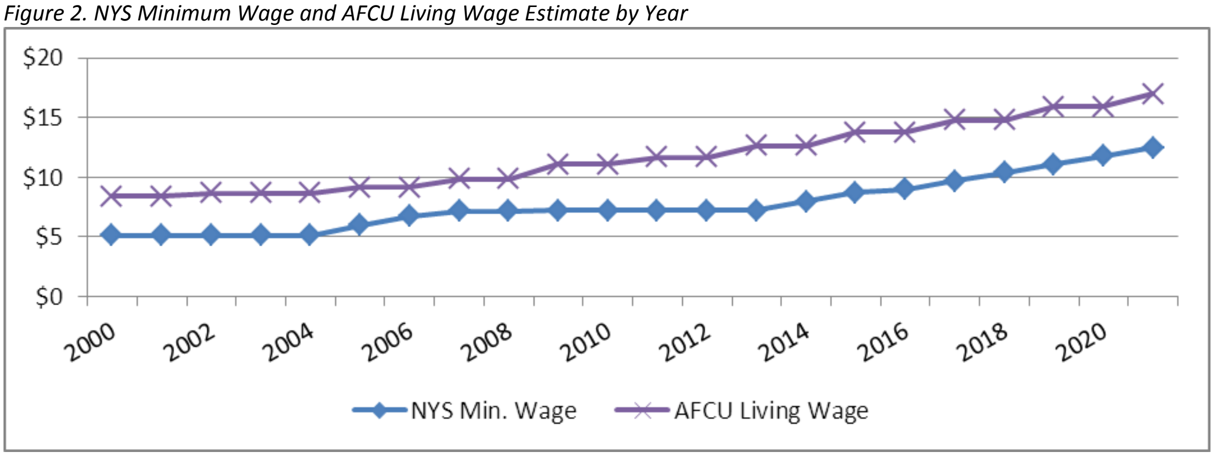
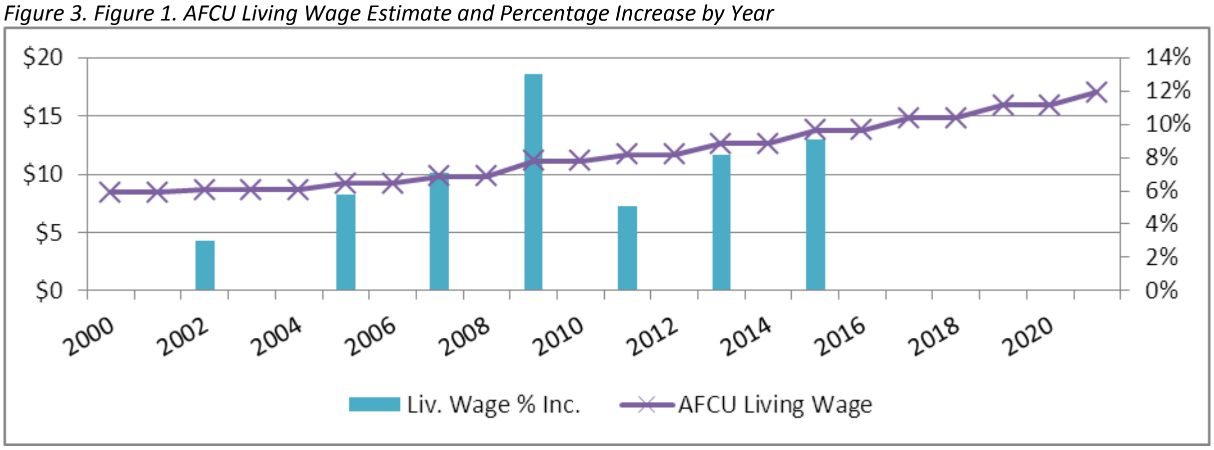


Figure 3. Figure 1. AFCU Living Wage Estimate and Percentage Increase by Year



Methodology

Evaluation Framework

Based on conversations with TCWC's staff and previous studies exploring the experiences of municipalities that have increased their minimum wages beyond the federal threshold, Horn Research developed six key points of inquiry to frame the evaluation process:

- Current wage trends in the non-profit and caregiving sectors
- Challenges associated with increasing the NYS minimum wage
- Benefits associated with increasing the NYS minimum wage
- Strategies employed to address the increasing NYS minimum wage
- Challenges of a Tompkins County "Living Wage as Minimum Wage"
- Benefits of a Tompkins County "Living Wage as Minimum Wage"

To complete the study, Horn Research developed a mixed methodological approach using the key points of inquiry as the common framework. The approach included a combination of quantitative and qualitative techniques to provide a thorough and multi-dimensional evaluation result.

Sample

A criterion-based sample was developed to include the population of non-profit organizations with paid staff in Tompkins County and for-profit organizations engaged in direct caregiving activities such as child care centers, home health agencies, and senior living centers. A total of 115 organizations were identified as providing service in Tompkins County and meeting these criteria. As per guidance from TCWC, the sample did *not* include the largest non-profit organizations in the county (e.g. Cayuga Medical Center, Ithaca College, the Ithaca City School District and Cornell University.)

Surveys

The study included a short online survey targeted to the administrative leaders of Tompkins County non-profit agencies and for-profit agencies providing caregiving services (child, elder, home health) to provide an overall view of the potential impacts of the upcoming minimum wage increase and a possible county-wide living wage as minimum wage. The survey included both close-ended and open-ended questions to provide respondents the opportunity to add qualitative information to their responses.

Emails were sent to executive director of each organization on February 7, 2017 explaining the project and asking for their participation. A reminder email was sent to non-respondents on February 21, 2017 and a final request was sent on March 2, 2017. The survey was closed on March 10, 2017.

A total of 62 organizations completed the survey for an overall response rate of 54%. The sector with the highest participation rate was in health and human services at 72%. The lowest participation was found in the arts and recreation sector with only 27.8% of organizations responding to the survey.

Table 1. Response Rate by Sector

Sector	Total Population	Completed Surveys	Percent Completed
Arts/Recreation	18	5	27.8%
Child Care/Education	24	13	54.2%
Health and Human Services	36	26	72.2%
Housing (including Senior Housing)	11	5	45.5%
Other	26	13	50%
Total	*115*	*62*	*53.9%*

Respondents represented a range of sizes with respect to the number of employees within the organization. The distribution of organizations by number of employees is similar to the distribution from the most recent Salary & Benefits Survey (2015)[3] conducted by the Human Services Coalition of Tompkins County which provides an analysis of the wages and benefits provided by not-profit organizations in Tompkins County.

Table 2. Response Rate by Number of Employees

	TCWC Wage Study		Salary & Benefits Survey	
	N	%	N	%
Small (0-19 employees)	31	50.0%	38	61.3%
Medium (20-99 employees)	22	35.5%	18	29.0%
Large (100+ employees)	9	14.5%	6	9.7%

Qualitative Interviews

Qualitative interviews with the executive directors at selected organizations were conducted to help define the key challenges organizations face in managing the upcoming minimum wage increase and would face in the event of a county-wide living wage as minimum wage. Interviews explored the strategies organizations have already developed or are in the process of developing, the unique characteristics of each organization's funding streams, the organization's compensation philosophy and strategy, and the expected impact any mandated wage increase would have on the organization's finances. A total of 16 interviews were conducted with organizations of varying staff size, type of service provided, funding streams, and operational budgets. The interviews were transcribed in real time and lasted for approximately 30 minutes.

[3] http://hsctc.org/index.php?page=salary-benefits-survey

Personnel Budget

The personnel budgets of responding organizations varied widely from a low of $3,500 per year to a high of $20,000,000 per year. The mean personnel budget of responding organizations was approximately $1,700,000 and the median budget was just over $500,000.

Figure 4. Distribution of Respondents by Personnel Budget Size

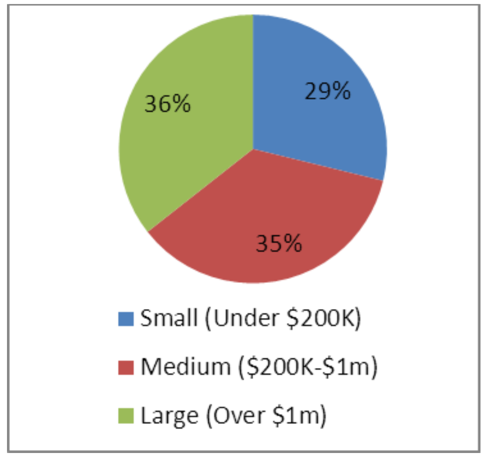


Table 3. Current Annual Personnel Budget – Wages only

All Responding Organizations			
Mean	***Median***	***Min***	***Max***
$1,722,790	$517,000	$3,500	$20,000,000

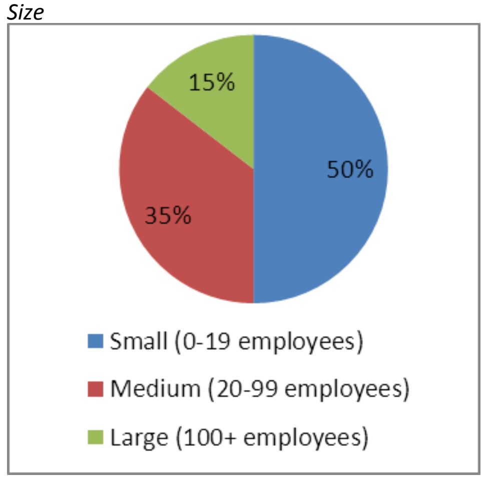
Staff Size

Responding agencies represented a range of sizes with respect to the number of employees on staff. Half of responding organizations reported having fewer than 19 employees. A third of organizations have 20-99 employees and about 15% employ more than 100 workers. Several responding organizations rely heavily on part-time staff. Nearly 13% are exclusively staffed with part-time workers. Another 30% of organizations have more than half of their workforce working less than full-time.

Table 4. Distribution of Respondents by Percent of Part-time Staff

Percent of Staff that is Part-Time	**N**	**%**
None	5	8.1%
1-25%	13	21.0%
26-50%	18	29.0%
51-75%	13	21.0%
76-99%	5	8.1%
100%	8	12.9%

Figure 5. Distribution of Respondents by Staff Size



Some survey respondents noted that they had unique staffing situations that were relevant to their compensation and staffing levels. One respondent said his organization has a large number of youth employees. Another noted that they use seasonal employees and college students who serve as interns. Both indicated that these groups are more likely to be using the job as training experience rather than as income to pay for their living expenses.

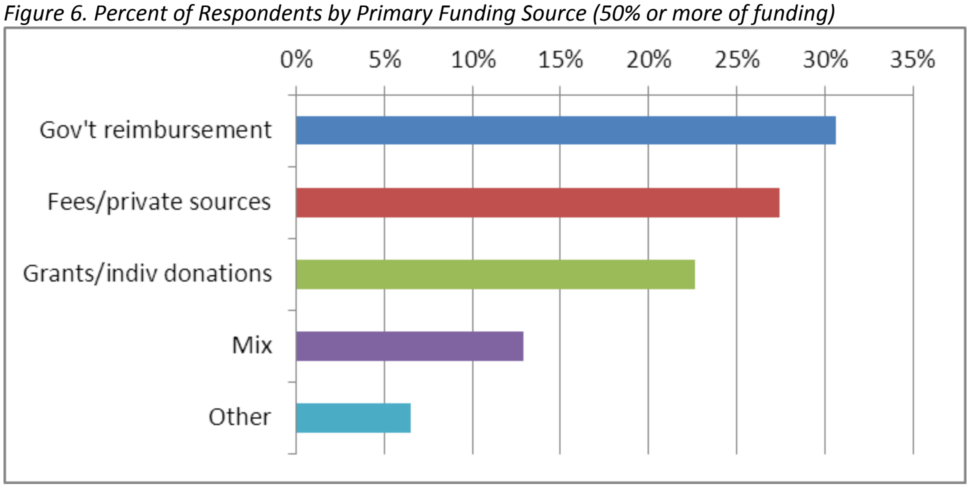
Revenue Source
Survey participants were asked what percent of their revenue came from various sources. On average, responding organizations receive most of their funding through reimbursements for services from both government sources (26%) and from private sources (30%). Grants (22%) and private contributions (12%) make up another third of responding organizations' funding.

Table 5. Percent of Budget by Source of Revenue

	All Responding Organizations			
	Mean	***Median***	***Min***	***Max***
Fees for services or goods from government sources (e.g. Medicaid, Medicare reimbursements, or other state contracts)	26.1%	0%	0%	99%
Private contributions (e.g. individual donations or major gifts)	11.6%	5%	0%	100%
Fees for services or goods from private sources (e.g. client fees, dues)	29.9%	10%	0%	100%
Grants from foundations or governments	22.3%	6%	0%	100%
Other	8.4%	0%	0%	100%

When examining which funding sources individual organizations rely most heavily on, about a third of respondents said they receive more than 50% of their funding through reimbursement from government sources. A quarter of respondents rely primarily on fees for service from private sources such as client fees and about 23% on soft money sources such as grants or private contributions. About 13% of organizations do not rely heavily on one main source of income, but rather have a more evenly distributed mix of revenue sources.

Figure 6. Percent of Respondents by Primary Funding Source (50% or more of funding)



Compensation Strategy

Participants in qualitative interviews were asked to describe how their organizations focus their compensation strategy. About a quarter of respondents said their organization emphasizes providing a living wage for their employees. One participant shared, *"The board felt quite strongly they should increase the wage as much as possible to attract and retain better employees. That's been a priority of the board for the last 2 to 3 years."* Another quarter said they try to stay competitive with employee wages. One participant in the senior housing sector said, *"We try to be very competitive with the market. We also give increases. They increase incrementally and that's really important."* The other half of the respondents indicated that their organization did not have a particular strategy or that they were in the midst of developing one. Most said they try to pay their employees as much as they can within their budget constraints. One respondent said, *"I'm not so sure that we have a philosophy. We try to pay people as much as we can at the level that they're at for the grants that they're in. We have so many different funding streams and some are thin and some have a decent amount of money."* Several respondents noted that their organizations try to focus on providing a good benefit package to their employees because they couldn't pay higher wages, but worried that it wasn't enough to ensure employee retention. One participant said, *"We offer a good benefit package and good health benefits. We have other perks that our board has been very committed to. I don't know how long we can sustain that. Even if I get a strong candidate, I worry that they won't stay."* Another respondent agreed saying, *"We provide one of the best benefits programs around and it doesn't seem to make much of a difference. The issue for line personnel is their wages. They love the retirement program. We contribute 6% of wages which is very good, but they're scratching their heads and saying I need to worry about tomorrow, not 20 or 30 years down the road."*

Percent of Low-Income Employees

A key area of inquiry the TCWC wished to undertake was to understand how many non-profit and caregiving employers currently have workers with "low-income" wages. Survey results show the majority of respondents (63%) do not have any employees with hourly wages below $12.50 per hour. Nearly 13% of organizations, however, have 50% or more of their employees with wages below this rate.

Table 6. Distribution of Respondents by Percent of Employees with Wages below $12.50/hour

	N	%
0%	39	62.9%
1-25%	8	12.8%
26-50%	7	11.2%
51-75%	6	9.6%
76-100%	2	3.2%

Part-time employees were much more likely to have wages below $12.50 with organizations reporting an average of 21% of part-time employees with wages under the impending NYS minimum wage.

Table 7. Percent of Employees with Wages below $12.50/hour by Status

	Mean	Median	Min	Max
Full-time employees	9.1%	0%	0%	100%
Part-time employees	20.5%	0%	0%	100%
All employees	14.6%	0.0%	0%	100%

Sector Analysis

When exploring the data by the type of service organizations provide, there is very little variation in the percent of full-time employees with wages below $12.50. There is much greater variation in the percentage of part-time employees with low-income salaries. Most notably, the housing/ senior housing sector reported over half of part-time employees with wages below $12.50. However, analysis did not reveal statistically significant differences in means between sectors.

Table 8. Percent of Employees with Wages below $12.50/hour by Sector

Sector	**Mean Percent**		
	Full-time	***Part-time***	***All***
Arts/Recreation	0%	26.0%	21.5%
Child care/Education	7.2%	24.1%	15.5%
Health and Human Services	9.5%	19.6%	12.9%
Housing/Senior Housing	13.6%	54.3%	20.6%
Other	12.8%	6.8%	12.0%

Organization Size Analysis

The size of survey respondents' organizations was related to the percent of part-time employees who have wages below $12.50[4]. Employers with larger staff sizes were much more likely to have a higher percent of part-time employees with low-income salaries. Large employers reported that over half and medium size employers that nearly one third of their part-time employees had wages below the impending 2021 NYS minimum wage. These trends were similar, but not statistically significant, when comparing the percent of employees with wages below $12.50 and the size of organizations' personnel budgets.

Table 9.Percent of Employees with Wages below $12.50/hour by Staff Size

Staff Size	**Mean Percent**		
	Full-time	***Part-time***	***All***
Small	4.4%	3.9%	6.1%
Medium	9.1%	31.8%	21.2%
Large	21.5%	52.3%	27.8%

Table 10. Percent of Employees with Wages below $12.50/hour by Personnel Budget Size

Personnel Budget Size	**Mean Percent**		
	Full-time	***Part-time***	***All***
Small (Under $200K)	0%	6.3%	5.0%
Medium ($200K-$1m)	8.2%	14.6%	15.1%
Large (Over $1m)	13.7%	34.6%	19.9%

Analysis by Revenue Source

Data show that organizations that rely primarily on grants and individual donations reported having very few, if any, employees with wages below $12.50 per hour. However, analysis shows no statistically significant effect between the percent of employees with low-income wages and the organization's primary funding source.

Table 11.Percent of Employees with Wages below $12.50/hour by Primary Funding Source

	Mean Percent		
	Full-time	***Part-time***	***All***
Reimbursement from government sources	12.4%	26.5%	17.8%
Grants/individual donations	0.0%	0.6%	.1%
Client fees	10.2%	35.0%	18.5%
Other source	1.1%	27.0%	20.7%
Mix of sources	13.9%	13.8%	21.0%

[4] A one-way ANOVA was conducted to compare the effect of organization size on the percent of employees who receive wages below $12.50 per hour. Results show a significant effect for part-time employees for both staff size, $F(2, 54) = 10.405$, $p = .000$) and the size of personnel budget $F(2,53)=3.796$, $p=.029$.

Percent of Living Wage Employees

Nearly a third of the organizations responding to the survey are currently certified as “Living Wage Employers” through TCWC. In addition, six organizations indicated that all of their employees made more than $17.00 per hour, but are not currently certified as “Living Wage Employers.” All of the certified “Living Wage Employers” currently have employees with wages under $17.00 per hour.

Table 12. Distribution of Respondents by Living Wage Certification and Having Employees with Wages below $17.00/hour

	Employees with wages under $17		**No employees with wages under $17**	
	N	***%***	***N***	***%***
Not Living Wage certified	37	59.7%	6	9.7%
Living Wage certified	19	30.6%	0	0.0%

Service sector appears to be very relevant to the adoption of the “Living Wage Certification.” None of the housing/senior housing sector respondents and only 14% of the child care/education sector respondents are certified “Living Wage Employers.”

Table 13. Distribution of Respondents by Living Wage Certification and Sector

	Certified Living Wage Employer	
	N	***%***
Arts/Recreation	1	20%
Child care/Education	2	14.3%
Health and Human Services	11	42.3%
Housing/Senior Housing	0	0%
Other	5	41.7%

Percent of Employees with Wages below the 2021 Living Wage

Another key area of inquiry the TCWC wished to undertake was to understand how far Tompkins County non-profit and caregiving employers are from the benchmark of the 2021 living wage. Overall, respondents indicated that a large portion of employees (49%) have wages below $17.00 per hour. Full-time employees are more likely to have wages above the 2021 living wage rate. Organizations reported, on average, that approximately 37% of full-time employees and 57% of part-time employees have wages below $17.00 per hour.

Table 14. Distribution of Respondents by Percent of Employees with Wages below $17.00/hour

	N	**%**
0%	6	9.7%
1-25%	11	17.6%
26-50%	14	22.4%
51-75%	16	25.6%
76-100%	15	24.0%

Table 15. Percent of Employees with Wages below $17.00/hour by Status

	Mean	**Median**	**Min**	**Max**
Full-time employees	36.8%	35.2%	0%	100%
Part-time employees	57.3%	62.5%	0%	100%
All employees	48.7%	51.3%	0%	100%

Sector Analysis
The percent of employees with wages under $17.00 per hour is fairly consistent across sectors with the exception of the other category. Of particular note is the housing/senior housing sector where over three-quarters of part-time employees have wages below $17.00 per hour.

Table 16. Percent of Employees with Wages below $17.00/hour by Sector

	Percent of employees with wages under $17.00		
	Full-Time	***Part-Time***	***All Employees***
Arts/Recreation	26.1%	62.5%	53.9%
Child care/Education	34.2%	61.2%	56.7%
Health and Human Services	41.3%	56.8%	47.5%
Housing/Senior Housing	41.2%	77.9%	52.8%
Other	30.9%	45.7%	38.4%

Organization Size Analysis
Organization size was related to the percent of full-time employees making less than $17.00 per hour.[5] Large employers in the sample were much more likely to have a higher percent (61%) of full-time employees with wages below $17.00 per hour. All organization sizes had very high percentages of part-time employees below $17.00 per hour. Large employers reported that three-quarters and small and medium size employers over one-half of their part-time employees had wages below the anticipated 2021 Tompkins County living wage.

Table 17. Percent of Employees with Wages below $17.00/hour by Staff Size

Staff Size	**Mean Percent**		
	Full-Time	***Part-Time***	***All Employees***
Small (1-19 employees)	25.5%	55.2%	44.7%
Medium (20-99 employees)	38.7%	53.1%	47.0%
Large (100 or more employees)	61.1%	75.4%	67.0%

These trends were similar when comparing the percent of employees with wages below $17.00 and the size of organizations' personnel budgets, but analysis did not reveal statistically significant differences in means between organizations based on personnel budget size.

Table 18. Percent of Employees with Wages below $17.00/hour by Personnel Budget Size

Personnel Budget Size	**Mean Percent**		
	Full-Time	***Part-Time***	***All Employees***
Small (Under $200K)	16.7%	50.3%	43.8%
Medium ($200K-$1m)	38.2%	67.4%	53.5%
Large (Over $1m)	37.9%	50.7%	42.3%

[5] A one-way ANOVA was conducted to compare the effect of organization size on the percent of employees who receive wages below $17.00 per hour. Results show a significant effect for full-time employees for both staff size, $F(2, 51) = 5.368, p = .008$ and the size of personnel budget $F(2,53)=3.796, p=.029$.

Funding Source Analysis

While it appears that organizations that rely on client fees have a higher percentage of employees with wages below $17.00 per hour, analysis reveals no statistically significant differences between the primary revenue sources organizations rely on and the mean percent of employees who have wages below $17.00 per hour.

Table 19. Percent of Employees with Wages below $17.00/hour by Primary Funding Source

Primary Funding Source	**Mean Percent**		
	Full-Time	***Part-Time***	***All Employees***
Reimbursement from government sources	38.2%	46.5%	43.1%
Grants/individual donations	25.9%	48.1%	31.3%
Client fees	48.3%	73.9%	64.4%
Other source	18.2%	77.1%	59.7%
Mix of sources	35.1%	62.5%	53.8%

CHALLENGES WITH A MINIMUM WAGE INCREASE

To understand the scope of challenges organizations are facing with the minimum wage increase, respondents were asked to estimate how much their personnel budget would increase if the minimum wage were to increase to the 2021 NYS minimum wage, the likelihood their organization would institute various cost-cutting activities, and the challenges they had already faced in meeting the recent NYS minimum wage increases. Overall, the majority of respondents suggested that their personnel budgets would not increase significantly. Most respondents also indicated that they would not anticipate needing to reduce their workforce, benefits, or services. However, several respondents noted that they had already experienced several challenges in managing the recent increases to the NYS minimum wage including a decreased labor pool, wage compression, and stagnant funding.

Increase to Personnel Budget
One of the primary challenges any organization faces with mandated wage increases is an increase to their personnel budget. In order to understand the scale of the impact of the upcoming NYS minimum wage increase, survey respondents were asked to estimate how much their personnel budget would increase if the 2021 NYS minimum wage were implemented now. Respondents were asked to estimate the increase for both raising those employees to $12.50 and also including raising other employees' salaries to address wage compression.

As previously noted, about two thirds of respondents indicated that they did not currently have any employees with wages below $12.50 per hour and so would not experience any impact on their personnel budget. Of the organizations with employees below $12.50 per hour, about a quarter of respondents said their personnel budget would only increase by 1-10% if they were to raise all employees to that wage now. This rate is well within any cost of living increase they would likely to provide by 2021. A little more than 6% said their budgets would increase by 11 to 30%. Two organizations said their budgets would increase by more than 60%.

Table 20. Distribution of Respondents by Percent of Personnel Budget Increase

	Raising All Employees to $12.50 per hour		**Raising All Employees to $12.50 per hour AND Raising Other Employees to Address Wage Compression**	
	N	***%***	***N***	***%***
Not at all	41	66.1%	40	64.5%
Increase by 1-10%	15	24.2%	11	17.7%
Increase by 11-20%	3	4.8%	6	9.7%
Increase by 21-30%	1	1.6%	2	3.2%
Increase by 31-40%	0	0%	0	0%
Increase by 41-50%	0	0%	0	0%
Increase by 51-60%	0	0%	1	1.6%
Increase by 61-70%	2	3.2%	0	0%
Increase by 71-80%	0	0%	0	0%
Increase by 81-90%	0	0%	2	3.2%
Increase by 91-100%	0	0%	0	0%
Increase by more than 100%	0	0%	0	0%

When asked how such an increase would affect their budget if they also raised other employees' wages to address wage compression, the majority indicated that there would be limited or no impact on their budget. Nearly 13% saying their budgets would increase by 11% to 30%. One organization said their personnel budget would increase by more than 50% and two organizations said theirs would increase by more than 80%.

Future Organizational Challenges

Respondents were also asked how likely they thought a series of possible impacts would be on their organization if they were to increase the salaries of all their employees to $12.50 per hour now. The majority of respondents indicated that they would not experience any negative impacts. However, a small but persistent minority suggested they would experience several challenges. For example, over 20% of respondents said it was either somewhat or extremely likely that their agency's financial viability would be threatened. Twelve percent said it was somewhat likely or extremely likely that they would reduce their workforce. Twelve percent of respondents said it was somewhat likely and five percent said it was extremely likely they would reduce benefits offered to employees. Thirteen percent said their agency would reduce their services. Qualitative information from respondents indicated that reducing their workforce would not be a viable option for addressing a mandated increase to $12.50 because the work of their agency is based on direct care. These agencies noted that reducing their workforce would reduce their funding to the point of non-viability.

In terms of funding, nearly 20% of respondents said they did not know whether their agency would be less competitive for grants or contracts if a mandated $12.50 per hour wage increase were implemented now. About a quarter of respondents said it would be extremely likely that they would advocate for higher reimbursement rates if the wage increase were implemented now.

Table 21. Distribution of Respondents by Likelihood of Organizational Challenges

	Not at all likely	*Somewhat likely*	*Extremely likely*	*Don't know*
My agency's financial viability will be threatened	77.0%	19.7%	3.3%	0%
My agency will reduce workforce	86.9%	11.5%	1.6%	0%
My agency will reduce benefits offered to employees	77.6%	12.1%	5.2%	5.2%
My agency will reduce our services	84.5%	10.3%	3.4%	1.7%
My agency will not be able to perform the outcomes required by our current contracts/grants	82.8%	10.3%	1.7%	5.2%
My agency will would be less competitive for contracts/grants	69.6%	8.9%	1.8%	19.6%
Advocate for higher reimbursement rates from Medicaid, Medicare, insurance companies, etc.	62.1%	13.8%	24.1%	0%

Past and Current Challenges with NYS Minimum Wage

Respondents in qualitative interviews were asked to describe the challenges they had experienced associated with the recent NYS minimum wage increases. Some agencies noted they had already changed their services and reduced benefits for employees in order to meet the current NYS minimum wage of $9.70 per hour. One respondent said, *"We cut benefits and cut hours. The benefit package was cut across the board. The hour cuts were about half across the board, the other half were directed to programs where we had reimbursement cuts."* Another agency said they plan to cut services that are low-reimbursement activities. She said, *"Some services are being cut because the state is cutting the reimbursement rate. To a large degree, the families are going to take the brunt of that."* A child care provider said, *"We've already begun changing the way we implement merit increases and have discussed possibly reducing more benefits if needed."*

Some respondents expressed concern that the increased minimum wage was already decreasing their labor pool. Respondents suggested that the increased minimum wage encourages people to take jobs that may pay the same amount, but have fewer requirements. A respondent said, *"When women have a baby, they can't afford to work in a pre-school and pay for child care. So they leave thinking they might come back, and don't come back. We have more turnover than we'd like in that arena. I think that people move on and do something else."* She explained that staffing is further complicated by the fact that child care workers and pre-school teachers need experience and education in order to get a full-time position. A senior housing provider said, *"People are going to gravitate to easiest jobs. They're not going to work 11p-7a. This is a difficult profession dealing with older adults with infirmity and frailty and it's very difficult emotionally. It's very difficult work and increasing the minimum wage doesn't necessarily make this more attractive to individuals in the community."*

Other respondents suggested that they have experienced other financial issues that added to the challenge of the increasing minimum wage. One respondent said the new overtime rules were creating an additional financial burden to their agency. She said, *"The new overtime rules have been killing us."* Others said they had experienced stagnant or reduced funding. One child care provider said, *"We have grantors who approve grants to make up the difference between our costs and what DSS pays (for child care subsidies.) Without that tuition assistance, those families can't afford the full cost of care. But (those grants) stay at the same level of funding. They don't increase, but our costs increase which ends up being a deficit."* A health and human services provider said, *"Our rates are stagnated. We are not getting any increases. Last year we got a .2% increase. Just trying to keep people on pace with general cost of living is hard."* Another respondent suggested that the large increase had created challenges. He said, *"It's such an odd jump to go from $9 to $12, $13, $14. Like there was nothing in between. Wages were stagnated for a long time and now all of a sudden we're like 'let's add 4 or 5 dollars to that number.' I think there are challenges for businesses in the community to come up to that wage."* One respondent said her organization had cash flow issues due to inconsistency in receiving both client fees and governmental reimbursement payments. She said these cash flow problems had been further challenged by unanticipated structural needs and were making it more difficult for her agency to manage the current NYS wage increase. She said, *"We have also had significant capital projects that have needed to be done and that has had a huge impact on our cash flow. We're a nonprofit. It's not like there's a big fund we can draw from."* Another participant said the uncertain nature of their funding made planning for mandated wage increases difficult. She said, "*Grants are dwindling. Fundraising is a challenge. A portion of our operating budget relies on both private donors and fundraising."*

Some participants also said they had already experienced issues with wage compression due to the rising NYS minimum wage. One provider said, *"Some funding came from the state to help us get some staff up to the projected minimum wage. That was great, but the issue became that people who were here longer and had more experience were then making the same rate. We didn't get any additional funding to manage the compression. They are making efforts to get positions up to the minimum wage, but they're not at all interested in dealing with wage compression. It's a huge problem."* Another provider agreed saying, *"We already have wage compression with our supervisors. But the question is if we want to give the direct care employees an across the board $1 increase, what are we going to do with everybody else? Our typical strategy is on an annual basis we provide incremental increases based on merit and inflation. What are we're going to do with someone at entry level at $10.50 if we were to give $1.00, then they're all of a sudden at same place with people who have been here 2-3 years."*

Benefits of a Minimum Wage Increase

Survey respondents were also asked how likely a series of positive outcomes would be to occur if the minimum wage were immediately raised to $12.50 per hour. Overall, the majority of respondents did not think that any of the positive outcomes were likely to happen for their organization. Some respondents thought that they would have an easier time with staffing. About a quarter said they thought it was somewhat or extremely likely that they would experience lower turnover and better employee retention. A greater number of respondents (38%) said they thought it was somewhat or extremely likely that they would have an easier time recruiting employees. The same percentage (38%) said they thought it was somewhat or extremely likely that the staff in their agency would be more satisfied. Fewer respondents were confident that they would have a higher quality applicant pool or that their staff would be more productive.

None of the respondents said they thought it would be extremely likely that there would be fewer people in need of services because clients would have higher incomes. One participant commented, *"The positive is that people will be better paid, more comfortable, and more money will be available in the community to be spent. The positive on this is that you're not just paying people more. They don't put it under their mattresses, it comes back around."*

Table 22. Distribution of Respondents by Likelihood of Organizational Benefits

	Not at all likely	*Somewhat likely*	*Extremely likely*	*Don't know*
My agency will experience lower employee turnover rates and better employee retention.	62.1%	20.7%	6.9%	10.3%
My agency will have an easier time recruiting employees.	53.4%	29.3%	8.6%	8.6%
My agency will have higher quality applicants for open positions.	66.7%	15.8%	7.0%	10.5%
The staff in my agency will be more satisfied.	48.3%	24.1%	13.8%	13.8%
The staff in my agency will be more productive.	69.0%	15.5%	1.7%	13.8%
There will be fewer people in need of our services because our clients will have higher incomes.	76.3%	10.2%	0.0%	13.6%

STRATEGIES TO ADDRESS A MINIMUM WAGE INCREASE

Respondents were asked to share which strategies they had already implemented or expected to implement in order to meet the 2021 minimum wage of $12.50 per hour. As previously noted, about two thirds of respondents said they did not have any employees with wages below $12.50 per hour and therefore have not needed to engage in any of these efforts. For those who did report implementing new strategies, the most frequently mentioned were increasing fundraising efforts, increasing fees for service, advocating for higher reimbursement rates, and eliminating cost of living or merit raises for all other employees. A handful of agencies said they have or will consider closing their agency.

Table 23. Distribution of Respondents by Implementation of Strategies to Address Minimum Wage Increase

	Already implemented	*Expect to Implement*
Advocate for higher reimbursement rates from Medicaid, Medicare, insurance companies, etc.	14.5%	8.1%
Increase fundraising efforts	29.0%	25.8%
Eliminate positions	6.5%	8.1%
Rework job descriptions to combine jobs	8.1%	12.9%
Shift service away from low reimbursement activities	6.5%	8.1%
Shift services toward higher reimbursement activities	6.5%	8.1%
Reduce the number of hours employees work	9.7%	11.3%
Combine multiple part-time positions to achieve lower full-time equivalent positions	8.1%	4.8%
Eliminate cost of living or merit raises for all other employees	8.1%	14.5%
Adjust compensation for highest-paid employees	3.2%	9.7%
Eliminate or reduce benefits packages	8.1%	14.5%
Increase fees for services	19.4%	16.1%
Incorporate new fees for service	8.1%	9.7%
Eliminate programs	3.2%	11.3%
Consider closing agency	3.2%	4.8%

Respondents were asked to estimate how much their personnel budget would increase if Tompkins County instituted an immediate increase to the 2021 living wage wage, the likelihood their organization would institute various cost-cutting activities, and the perceived challenges to instituting a mandated living wage as minimum wage. As compared to the impact of implementing the 2021 NYS minimum wage now, substantially more organizations indicated that their personnel budgets would increase if they were to raise all employees' wages to the 2021 living wage immediately, but the majority still indicated that this increase would have only a minimal impact on their budget. However, organizations predicted that wage compression would have a much larger impact on their personnel budget. Many more agencies suggested they would experience several negative impacts of an immediate mandated increase to the 2021 living wage rate including reducing their workforce, benefits, and services and considering closing their agencies. Respondents noted several challenges they would face in trying to manage a mandated living wage including a tighter labor market, managing other increased costs, stagnant and inflexible funding, wage compression and how to develop equitable compensation strategies with staff serving multiple counties.

Increase to Personnel Budget

When asked to estimate the impact of an immediate increase of the minimum wage to $17.00 per hour, 12% of respondents said their budget would not increase at all and almost half said their personnel budget would increase by only 1-10%. However, 21% said their budget would increase by 11-20% and nearly 16% said their budgets would increase by 21-50%. Three agencies said their budgets would increase by more than 80%. Respondents indicated that addressing wage compression would assert a significantly greater burden on their organizations' personnel budgets. Nearly a third of organizations said their budgets would increase by 21-50%.

Table 24. Distribution of Respondents by Percent of Personnel Budget Increase

	Personnel Budget Increase for Raising All Employees to $17.00 per hour		**Personnel Budget Increase for Raising All Employees to $17.00 per hour AND Raising Other Employees to Address Wage Compression**	
	N	**%**	**N**	**%**
Not at all	7	11.5%	7	11.3%
Increase by 1-10%	28	45.9%	21	33.9%
Increase by 11-20%	13	21.3%	13	21.0%
Increase by 21-30%	4	6.6%	6	9.7%
Increase by 31-40%	5	8.2%	6	9.7%
Increase by 41-50%	1	1.6%	6	9.7%
Increase by 51-60%	0	0%	0	0%
Increase by 61-70%	0	0%	0	0%
Increase by 71-80%	0	0%	0	0%
Increase by 81-90%	1	1.6%	0	0%
Increase by 91-100%	0	0%	0	0%
Increase by 101-200%	1	1.6%	2	3.2%
Increase by more than 200%	1	1.6%	1	1.6%

Qualitative information from participants confirmed the challenges of wage compression with a living wage as minimum wage. One interview participant said, *"Most of this conversation has been around increasing the entry point. But adding a dollar at the bottom, you have to filter that up into the scale and so far we haven't really come to grips with that. There was always a couple of dollars of between entry and next level. There was always a gap between them. Now when the next increase happens, we're going to have to come face to face with that compression. That compression issue, you can't just increase at the bottom unless there's some structural change."* A living wage employer agreed saying, *"Wage compression is one of the big challenges. When your base is quite high and is constantly going up, people working here for 2 or 3 years are making the same rate as a new hire. Most employers have a base and stay with that for a while. With the living wage, the base is always moving at least every other year. So how far can an employee who stays here get away from a base that's constantly moving? It's good because they're benefitting from higher wages, but compression between new and existing staff and between supervisory and entry level continues to create some feelings among staff."* Another living wage employer said they also have difficulty managing their wage compression. She said, *"We have really been trying to increase wages and we found that we were farthest off market for middle management. We have done some wage adjustments to bring our lowest and middle management staff up."* Another respondent expressed concern about equity in relation to wage compression. She said, *"Wage compression will create equity issues, decrease morale and productivity. For the lowest wage earners in our agency, this will be great for them to see their pay increase $2-$3 per hour over a few years, but this is unfair to those who make over $17.00 per hour because we can't afford to increase everyone else by that amount. There will be several people who will feel less valued. You will also have people in positions that require no more than a high school education making nearly as much money as those with a bachelors' degree and/or certifications."*

Organizational Challenges with Living Wage as Minimum Wage

Many more agencies suggested they would experience several negative impacts of an immediate mandated increase to the 2021 living wage rate. One third of organizations said it was extremely likely that their agency's financial viability would be threatened. A senior housing participant said, *"I'm not kidding when I'm saying we'd close our business."*

Nearly half of organizations said it would be somewhat or extremely likely that they would reduce their work force and reduce benefits offered to employees. One survey respondent said, *"This would probably result in restructuring the personnel budget for workers at or near the $17.00 per hour level. Since we cannot recoup any extra revenue, we would likely pay people more but cut hours to stay within our budget."* Some participants shared that trimming their workforce and benefits would not make the wage increase better for their organization. One participant shared, *"It is already difficult for me to compete. What's it going be like if I cut benefits more or I increase workloads more? The term death spiral comes to mind."*

There was a sharp divide between the percent of organizations that said they would reduce their services. Nearly 62% said it was not at all likely that they would, but nearly a quarter said it was extremely likely. One health and human services agency shared, *"Basically we would become a different type of agency. We would only be able to serve the affluent people of the county. It would push the (home health) industry to uncertified people who work under table and aren't regulated in anyway."*

Half of respondents said they would advocate for higher reimbursement rates, but interview participants suggested that their funders would not be motivated to accommodate such an increase.

One health and human services provider said, *"The state funders are not going to be moved if one county passes living wage rule. Also, I think I felt more certain about answering funding questions four months ago than I do now. Everything feels so uncertain in a different way. The federal government is not going to help and that puts it on the state and local funders and I just don't know. That definitely worries me."*

Nearly a third of survey respondents said they did not know the whether their agency would be less competitive for contracts or grants.

Table 25. Distribution of Respondents by Likelihood of Organizational Challenges

	Not at all likely	*Somewhat likely*	*Extremely likely*	*Don't know*
My agency's financial viability will be threatened	43.5%	22.6%	33.9%	
My agency will reduce workforce	51.6%	19.4%	27.4%	1.6%
My agency will reduce benefits offered to employees	48.3%	25.0%	20.0%	6.7%
My agency will reduce our services	61.7%	10.0%	23.3%	5.0%
My agency will not be able to perform the outcomes required by our current contracts/grants	51.7%	16.7%	20.0%	11.7%
Advocate for higher reimbursement rates from Medicaid, Medicare, insurance companies, etc.	30.0%	18.3%	50.0%	1.7%
My agency will would be less competitive for contracts/grants	41.4%	17.2%	10.3%	31.0%

Interview participants and survey respondents also offered several other challenges related to mandating a living wage as a minimum wage in Tompkins County. A number of participants remarked on the difficulties their organization would face because they work across several counties. They described the outsized impact it would have on their budgets and the potential problems in developing an equitable compensation policy. A health and human services provider said, *"For providers who manage several programs across a vast number of counties, raising the Tompkins County minimum wage forces organization such as ours to increase wage across their organization with no offsetting revenue to support it. It would be detrimental to our business to consider this."* Another participant said, *"We have historically paid the same no matter where our employees live or work. We might have to shift that if there's a lot of pressure. There's not a comparable living wage movement in the other counties like the living wage movement in Tompkins. The cost pressures are very different in those counties. We have employees that work in Tompkins, but live in Tioga. So how do manage that? Where do you tie their wages? That's another competing issue."* Another said, *"We can't pay our Tompkins employees at a different rate. It would be too hard to make a go of it."*

Funding concerns topped respondents' trepidation about a mandated living wage. Some participants noted that their funding was relatively inflexible. One interviewee said, *"Our largest funders are incredibly restrictive about how we use our funds. We can use the funding only on direct service. We can only bill management at 12% so it is hard to raise salaries for middle management. That has to come from soft money. (A mandated living wage) will just increase pressure on that. There's not a huge gap between middle management and our lowest paid employees already. There is compression we are already trying to untangle."* Another participant agreed that some of their funding is inflexible. She said, *"We have people whose work is funded by specific grants. They are paid less, but their work is less stressful. Those grants don't have a lot of flexibility to increase wages."* Several agencies that rely on client fees for funding said that increasing the wages to $17.00 per hour would increase their costs beyond what their clients could pay. One interviewee said, *"We're serving people who can't even pay us now."* A home health agency said, *"There is an amount that people cannot afford to stay at home. If we tried to pass the costs on, we would lose 60-70% of our clients."*

Some respondents noted that their funding is based on an average of costs across the region and that their agency would face disproportionate funding challenges as a result. One health and human services provider explained, *"In the program where most of our staff is, we report our costs to the state and we get 75% of our costs and then 25% of everybody else's cost which is the average cost over the region. So if another provider in the region can keep their rates low, then we get penalized for that."* A child care provider reported a similar experience with child care subsidies. She said, "*The county isn't raising reimbursement rates. They look at a market rate by doing a survey once a year. Basically the entire state has to fill out what their day care rates are. They take 80% of the average and that's how they're determining their reimbursement. The problem is that most centers do a weekly or monthly rate. The system breaks it down by the week, but if the child isn't in care at some minimum hour, it tips back to being hourly. We're billing a full day rate, but might be reimbursed for only a part day. You never know if you're going to be reimbursed for what you've offered. If a child has only come for 3 hours, the spot is there for the full day and we have the expense regardless."*

Other respondents reported that their funding had remained stagnant in recent years. One health and human services participant said, *"About 40% of our budget is state funding. We get a fixed amount. It doesn't go up or down based on how many we serve. For the fee-for-service/reimbursement funding, we can bill at a certain rate. There's more flexibility in the system to adjust for costs that go up. I could go to state and say you raised the minimum wage, I want a commensurate raise in rate. But if we get our big chunk of our money in flat deficit funding, it's hard to measure the impact to the state. They're only paying for a part of the employee. If the state moves to a fee-for-service model it would hopefully give us the opportunity to increase our funding."* Another said, *"Our funding is typically on five year cycles. We get the same amount for 5 years so we have to set up the budget in the beginning. If there are changes in costs, you have to eliminate what's not essential so you can still pay people the same. We have grants that extend for years after as well and we get the same amount we got in year one."* Another respondent noted that other stagnant funding sources result in their clients not being able to increase what they pay. He said, *"Our clients pay out of pocket and the government hasn't adjusted the amount people receive from SSI in 7 or 8 years."* Another interviewee noted that stagnant Medicare reimbursement rates had required them to increase their daily fee which she suspects will result in fewer low income people being served.

Some organizations said they were already struggling with other increased costs. One health and human services provider said, *"With the ACA, we had to start to pay for somebody for the payroll system to do the employer share of the reporting. Everywhere there are more and more regulations and laws and so we have to pay extra for those services. We don't have as much reimbursement rate, but we have requirements and mandates that we have to pay. It doesn't allow us to have more for our employees."* Another provider said, *"When Medicaid was fee for service, we would send out a bill and get paid. But now with Medicaid managed care we are dealing with insurance companies and arguing about the number of services we can provide and none of that is done for free. My staff has an annoying habit of wanting to be paid. And I can't bill the time for a staff person to spend time with an insurance company."* Another living wage provider commented on the budget challenges of the new overtime rules saying, *"We have to be able to budget for the hours that people work. It will benefit staff because they'll be paid for the hours they're working, but it adds a real complexity to our budget."*

Some respondents expressed concern about how a mandated living wage might affect their ability to recruit employees. One health and human services provider said, *"I also really worry that if you can make a living wage doing much less stressful work than we have, then we're going to have to increase our pay even further in order to recruit and keep staff. We know we're always competing with the colleges and it's already difficult. It would be harder to compete with retail. It would also worsen the internal compression problem. There needs to be a connection to our funding and our wage laws and we're not seeing that acknowledgment."* A living wage employer said that he anticipated losing his recruiting advantage with a mandated living wage. He said, *"It would level the playing field so all employers would have to pay that and it will make the job market a little tighter as well. The wage advantage we have would probably go away."* Another living wage employer said, *"Last year we had a hard time recruiting. We had a hard time filling middle management positions. We also heard that from other organizations. We widened our search to national search. We had two different positions and we had a total of three very highly qualified out of area candidates that declined after they researched housing costs. We just couldn't pay enough to bridge that."* A child care provider noted, *"If we were to say we could pay a living wage it might be attractive to a larger audience of applicants, but if they don't meet the minimum requirements, we can't hire them as teachers. They have to start as aides. So not only are we paying more, we are trying to increase our training budgets and invest two years of education in an aide and hope that they stay. And if they leave, which has happened a couple of times, that's significantly more income related expense. We're paying for an education that they're taking elsewhere."* This was echoed by another respondent who said that employers who spend money training their employees will find it unaffordable to create a career ladder for employees with little or no job experience and the result will be fewer entry-level jobs.

BENEFITS OF A "LIVING WAGE AS MINIMUM WAGE"

Respondents were asked whether a series of positive impacts might occur for their organization as a result of an immediate mandated living wage of $17.00 per hour. The majority of respondents said that they would experience benefits related to staffing. Forty-five percent of respondents said that it was somewhat or extremely likely that they would have lower turnover and over half said they would have an easier time recruiting employees. One living wage provider said, *"Our turnover has decreased. I feel we have done a really good job hiring and recruiting. The past three years we have had good retention, but that's not a long time."* A child care provider said, *"I think it would possibly help to recruit and retain high quality teachers."* About 42% of employers thought that they would have higher quality applicants. A health and human service provider said that becoming a living wage provider helped them recruit in comparison to other non-living wage providers. She said, *"It was a positive in attracting our home health aides. It was very good for them when the other agencies were not living wage."* Another said, *"It inspires loyalty. People don't jump around if they get what they need."*

Two thirds of organizations said it would be somewhat or extremely likely that their staff would be more satisfied. Though one provider noted, *"There's some benefit to the employees, but I haven't heard anything like 'that's so wonderful', so I'm not really sure. People just expect us to be (a living wage employer) now. I don't know how that would go over if we weren't."* She continued, *"I don't think wages are an issue in and of itself to keep people here. We haven't had a lot of turnover. A couple of people who did leave took job at higher wages. But I'm a big believer if we give other benefits, and an atmosphere that is good and comfortable, it means a lot more besides wages."* Only about a third of respondents said that their staff would be more productive. One interviewee said that he thought an increased wage mandate would help them. He said, *"It forces us to have conversations about our business model."*

Nearly three quarters of employers said it was not at all likely there would be fewer people in need of services because their clients would have higher incomes.

Table 26. Distribution of Respondents by Likelihood of Organizational Benefits

	Not at all likely	*Somewhat likely*	*Extremely likely*	*Don't know*
My agency will experience lower employee turnover rates and better employee retention.	36.7%	25.0%	20.0%	18.3%
My agency will have an easier time recruiting employees.	35.6%	39.0%	13.6%	11.9%
My agency will have higher quality applicants for open positions.	43.3%	30.0%	11.7%	15.0%
The staff in my agency will be more satisfied.	25.0%	31.7%	31.7%	11.7%
The staff in my agency will be more productive.	53.3%	26.7%	5.0%	15.0%
There will be fewer people in need of our services because our clients will have higher incomes.	71.7%	11.7%	0%	16.7%

Key External Factors Necessary for a "Living Wage as Minimum Wage"

Both survey participants and qualitative interviewees were asked to share what ways Tompkins County and New York State could make wage increases more manageable for their organizations. By far, the most common refrain from participants was the need for funding to be tied to mandated wage thresholds. Respondents noted a need for contracts that take into account not only the impact of any wage increase for the lowest paid workers, but also funding to address the wage compression that results. One participant said, *"We would have to bring in additional funds. We can't continue to keep increasing the wages, but not bring in additional funds. We have a lot of current funders that in their contract ask if we are living wage certified. But the expectation has to be then if you want organizations to continue being a living wage employer, you have to increase that contract. I don't know if that message has hit home with a lot of funders. There have been some funders who understand the needs and have given us increases, but others who haven't."* Another said, *"If I work out a number that also deals with wage compression, if you give me that money every year, I promise I'll (pay a living wage) as soon as I get the money. So little of this is in my control. I just want the powers that be to know that if somebody could get me the resources to do it, I would do it right away."* Respondents also said that increased funding for overhead and administrative costs would be necessary.

Respondents that were fully reliant on client fees suggested that they would need new funding streams. A child care provider said, *"It would be wonderful to find ways to compensate staff so that the burden increasing of wages raises doesn't fall on families."* Another child care provider said they would need, *"subsidies for childcare that are directed toward the organizations rather than individual families so that we don't have to raise fees so drastically using higher income families to offset the deficit left by lower income families."* A respondent from a senior housing organization said, *"When you're talking about an organization like ours, a substantial NYS increase in SSI rates would be necessary. We sell a product, a housing piece and a service piece, and this is what it costs and so this is what we need people to pay."*

Some respondents suggested that a tiered structure for the minimum wage that takes into account worker skill level would be important. A respondent from a senior housing organization said, *"Create a pay scale for minimum wage based on age, employment status, skill level or training required in various positions."* Another suggested that there should be a separate minimum wage for youth workers. He said, *"A large number of our employees are youth employees, and increasing their wages to a living wage will almost certainly mean that fewer youth are employed."* Another respondent said, *"A lot of our programs depend on seasonal employees, many of whom are college students treating the position as an internship and gaining valuable skills. The pay wage is less important than to our year-round part time employees. I would much prefer to apply the increase in wages to year-round employees who have been with us for years, but the increase in minimum wage will present a major compression issue."*

Several respondents expressed concern about the current political environment and how it will affect existing funding sources. Some respondents said they were worried about losing funding overall and felt skeptical that increased funding would be available. One survey respondent remarked, *"Our salary upgrade plans are on hold pending federal funding decisions."*

A few respondents suggested that a systems approach to addressing the living wage issue would be the ideal tactic. One respondent said, *"I would love for communities to be able to look at their resources, look at the funders, the county, United Way, other grants and really do an assessment of what organizations need what and an assessment of who should fund whom. For example, United Way funds* *us, which is wonderful, and the county funds us. We wouldn't be here without it. But, for the most part, funding remains flat and it doesn't exactly fund what we need. So maybe if instead of funding ten organizations at the same level, maybe if United Way chose five organizations based on need and those five get more of what's needed. And the other five organizations, if it's not as significant of a need, they get funding from another funding source. Equity doesn't mean that everybody gets the same thing. Equity means they get what they need. I just think if a community has good resources and good intellect and good heart, with a systems approach we might do a better job. A systems assessment and a look at practices would be a real benefit to our community."* Another respondent agreed saying, *"What we should have been doing all along is putting in better COLA's with the minimum wage and now we're finding this wrenching $9 to $15 per hour in a short period of time. We need a systems approach that is patient. We don't necessarily see that in the dialogue very often. If you look at it from a "rights" perspective, rights shouldn't be iterative. People should be able to afford a car and all that. It becomes a moral and ethical conversation rather than how does the economic system catch up. From where I sit we have to have both conversations and I only see one. And that makes it a little more difficult to implement. What you don't want is us to fight over little crumbs we get. You also have to live in the world as it is while you are trying to create the world that you want."*

Several participants suggested that having a more predictable increase in wageswould be helpful. One respondent said he would like, *"a progressive plan so we can plan ahead raises for all the jobs."* This was echoed in survey results. When asked whether the process of phasing in of the minimum wage over time easier or more difficult than a one-time increase would be, the majority of respondents (52%) said that phasing in was easier. Over 40% of respondents said it wasn't easier or more difficult primarily because they did not have staff wages below the living wage. Two respondents that said it was both easier and more difficult indicated that this was primarily due to the lack of commensurate funding increases. One respondent explained, *"It's easier because we are planning and budgeting in advance to help eliminate any unexpected deficits but it is difficult because of the significant wage compression without increasing our program fees to the point of being unaffordable."* Another said, *"65% of our business model is rate based which means that we can't just increase our rates because that is decided at the state level. Contracted programs results in our having to work with counties to provide increases in a time when they are having trouble with their own budgets."*

Table 27. Distribution of Respondents by Perceived Difficulty of Phasing In Wage Increases

	N	**%**
Phasing in much more difficult	0	0
Phasing in somewhat more difficult	2	3.7%
Phasing in somewhat easier	15	27.8%
Phasing in much easier	13	24.1%
Phasing in is neither more difficult nor easier	22	40.7%
Both more difficult and easier for different reasons	2	3.7%

VIEW OF THE "LIVING WAGE AS MINIMUM WAGE" CONCEPT

Overall, most survey respondents believed that a living wage was an important value for the community to aspire toward, but there was significant disagreement on whether it was possible to implement and maintain services and whether it would achieve its intended effects.

Many respondents were vigorously in favor of a mandated living wage. One respondent said, *"I support the living wage and believe that it is necessary to solve the underlying systemic problems to ensure decent jobs and fair pay for every member of our community."* Another respondent remarked, *"Philosophically, I feel really strongly that people should be paid a living wage for their work and that's something that they're entitled to. I think it's harder for not for profits, they're not as able to change their business model or to pay the top people a little less. And so that's an issue with conversations with funders and I think people are doing that with the not for profit sector. I don't think people factor in the cost of turnover when they say I can't afford it. When we have turnover here it's really expensive. It takes a long time to find them. They're the revenue producers and it takes a long time to find them and to train them. I haven't quantified it, but it's a lot."* Another said, *"We fully support efforts to making a living wage accessible to all employees. A healthy economy is founded upon people's ability to support themselves and their families on full-time work."*

One respondent said, *"The "Living Wage as Minimum Wage" requirement will be extremely beneficial to our community, reducing poverty significantly. We are long, long overdue for this shift of costs from government benefits to private sector employers. Any impact on nonprofit and governmental employers is simply an accounting shift (from paying for services & benefits for people in need because of unlivably low wages to simply paying reasonable wages in the first place) and should not be seen as a reason to delay a Living Wage for all workers."* But several respondents suggested that this view is inconsistent with the fact that many of their clients are not receiving services because they have low wages, but rather because they are elderly or are otherwise unable to work.

Some respondents said they didn't think mandated wage increases were the key to solving the economic issues of living in Tompkins County. One respondent said, *"I'm still of the belief that it won't do what you want it to do. It's not what we should be concentrating on. People have difficulties getting to jobs because of transportation, child care, things like that. And our health care stinks, the cost is very high. Giving them an increase in salary is not going to help them to not be homeless, have food on table. There are other things you have to do than just giving an increase. How can we help people who live outside of Ithaca get to work? And how to reduce housing costs in in Ithaca because people can't afford the rent."* Another said, *"I'm not in total agreement that increasing the minimum wage brings people out of poverty. I don't know if that in and of itself is going to do the trick. People need a lot more help with other things too. What I see with my own workers is a need for better child care subsidies. Increasing wages isn't going to do that. That would help them out of poverty a little better. When somebody makes a little more money and their child care costs go up, what's the sense in even working? It defeats the purpose."* Another said, *"I just think the best way we can get people out of poverty is through job creation and promoting private sector job creation and competition for labor. I think that's the best way to increase wages."* Another respondent shared, *"I am not totally in agreement that increasing wages helps a person become self-sufficient. I see with increases wages becomes an increase in other things that brings a person right back to where they started."*

Some respondents said they thought a mandated living wage would result in fewer jobs in the county. One participant said, *"There are many companies that hire unskilled entry level employees and then invest significantly in their training. Wage mandates will make this less likely to happen so unskilled residents will have fewer opportunities to start on a positive career path. The companies are more likely to shift operations to a community without wage mandates."* Another said, *"I think such a large increase will hurt everyone, clients and agency staff, resulting in jobs lost and expectations that the county help with paying for increased salary costs."*

Several respondents noted that they were philosophically in favor of a living wage and would be more than happy to raise their employees' wages if they had sufficient funding. One respondent said, *"I philosophically agree with the living wage as an individual and as an employer, unfortunately, there are consequences for those who offer higher wages, for example, in child care where our increased salaries directly cause an increase in our tuition rates."* Another noted, *"Most nonprofit organizations want to provide higher wages, but have limited means to do so. For agencies that are heavily dependent on government money, the only solution to me seems to be more government money."* An organization that relies on fees for service shared, *"Our organization supports the living wage but is in the difficult position that we must pass the increased payroll costs onto families using our services to remain viable."* Another respondent said, *"I get a little scared, not for the employees, I always want to give them way more, they deserve more, but for the agency, I'm going to be a little bit scared."*

Another respondent said, *"I fully support the living wage. I think it's needed. I think it's a first attempt at helping disband the cycles of poverty, but along with that is disbanding the cycles of power. It means when you start look at that and work toward eliminating poverty then other people have to give things up. I have known families who get the increases then lose other benefits they receive. Insurance is huge. Some of our staff who received increases were no longer eligible for certain insurance packets because it put them into the next bracket. That's what I mean about power and systems. There needs to be a re-look at how the systems are done. If the increase happens, but there is no assessment of the programs that keep people employed or receiving benefits, my question is what will that impact be? It can't be looked at in isolation."*

Several respondents questioned the methodology for how the living wage is and would be determined. One participant shared, *"I haven't looked at it in a while, but I think it's a neat exercise. I think AFCU never thought it would be used that way and it's now used as the "proven gold standard" when it's not necessarily. I don't think AFCU necessarily claims it is. I think it makes a lot of assumptions that don't take into account where people live, how they live, what they spend money on."* Another respondent said, *"I would like to make sure that Tompkins County living wage is still accurate and understand why it remains so high."* Some respondents remarked on the discrepancies in housing costs between regions in the county and suggested that complicated the living wage concept. One respondent said that the focus should be on reducing the high housing costs rather than trying to adjust county wages to address the problem. She said, *"Why is it so high? When you jump to Cortland it doesn't seem to be that way."*

Other respondents felt discouraged by the assumption that they could provide a living wage if they chose to, but that they were holding back. One respondent said, *"I would love to, I think it should be done, but it's like building the second floor of building without building the ground floor. Where's the infrastructure? You're going put this on the back of human service organizations, because we don't do enough for so little already. Part of me is very resentful that sometimes from certain quarters of this conversation. They look at me like I'm holding back all this money. Well, let me tell you, that's baloney. It feels likes what's behind the conversation is 'you just don't want to do it' and it's not true. I'd be building* *up organizational institutional knowledge and allegiance. It would make my job so much easier. I could bring in different types of talent and possibility."*

Others respondents felt that a mandated living wage would result in a significant loss of service to those most in need of help. One child care provider said, *"We are a childcare provider in the county. As you know childcare and housing are both already deemed affordable or too expensive. Without a large external source of revenue the increased staffing expense has to be passed onto parents paying for childcare. The $17 increase without adjusting for compression is over a 19% increase in our salary line. That is unsustainable. Benefits will have to be drastically reduced. We will also have to be more selective and not accept as many or any families that are receiving a childcare subsidy from DSS. We may opt to end or reduce our food program. And we would not offer any program enhancements with children."* Others agreed that a mandated living wage would result in the closure of organizations unable to withstand the financial pressure or unable to serve those without the resources to pay. A respondent from a home health agency said they would have to close their business if the county mandated a living wage. She said this would have negative impacts for the community. She said, *"The most important thing to know is that the clients in our area that we serve, a lot of them are paying for those services from social security, pension and maybe some savings. We have to work very hard to get everything done in 3 hours in the morning to keep them safe. These people would lose the opportunity to stay home. There's a good portion of clients that can't come up with $10K a month to go into assisted living and are pushed into a Medicaid facility. They have waiting lists, so in the meantime they stay home alone and have accidents. The emergency rooms will be flooded and it will be a mess."* A respondent from a senior housing organization said she would have to close too. She said, *"I don't know how other industries can do it to be able to pay that kind of money, but when you're using a human to service another human, not just anybody can do it. If you raise costs in that way, people would have to rely on uncertified caregivers. And if you have all these frail, vulnerable elderly people who have to trust these people and it's such a sensitive intimate situation, that would be horrible."*

Conclusion

Overall, most non-profits responding to the survey provide wages well above the 2021 minimum wage of $12.50 per hour and would have very little difficulty increasing entry level wages to meet that mandate. Eighty-two percent of responding organizations indicated that the increase in their personnel budgets would be within a normal cost of living adjustment over the next four years. In contrast, 55% of responding organizations reported potentially unsustainable increases to their personnel budget in the event of mandated living wage of $17.00 per hour when taking wage compression into consideration.

While many respondents see the value in providing a living wage to their employees, there are several key challenges related to a mandated county-based living wage.

- Organizations that provide services across several counties will be disproportionately impacted by a living wage instituted in Tompkins County. It will be difficult to develop and maintain an equitable salary structure across counties that could be sustained through current funding.
- Agencies that engage in direct service care would likely have the most difficulty meeting any significant mandated wage increase. These key service areas have long struggled to provide higher wages to employees. Respondents noted low reimbursement rates from government funders for health and disability related direct care services and a lack of subsidy funding for child care and elder care services as key factors in their inability to increase their staff's wages. A mandated living wage increase without additional funding for these agencies could potentially result in a significant loss of direct service care in the county.
- Non-profits may experience a tighter labor pool if other traditionally lower wage industries are mandated to pay a living wage. Many non-profit positions are more emotionally challenging as compared to other jobs and employees may not be motivated to work in the non-profit sector if they can make the same wages in less stressful work environments.
- Respondents made clear that in order to manage a mandated living wage in Tompkins County, non-profits and caregiving organizations would need sustainable funding that incorporates consideration for the mandated wage, wage compression and cost of living increases.