



Reaching the Limit

A summary review of Alberta-based research focused on wage and salary levels, employee retention and workplace issues in the human services sector

STAFF RECRUITMENT AND RETENTION IS THE MOST URGENT CHALLENGE FACING NONPROFIT ORGANIZATIONS TODAY.

A supply of qualified labour is vital to the overall economic health of Alberta. Currently the supply of labour is an issue of urgent concern for all levels of government and every business sector.

It is even more critical to the hundreds of nonprofit organizations in Alberta that deliver services on behalf of all levels of government to children, families, seniors and people in need. Prolonged underfunding has resulted in a situation where organizations do not have the financial resources to be able to attract and retain adequate numbers of qualified employees.

Studies conducted by organizations within the human service sector describe a crisis of staffing in nonprofits that has grown steadily over the last six years to the point where organizational capacity and service delivery are now being compromised.

Stories abound of excessive turnover rates, unfilled staff positions, insufficient wages and difficulty attracting and retaining adequate numbers of qualified staff to maintain the quality and quantity of service provision.

These studies and stories provide valuable insights into a number of questions including: What is the extent of the workforce crisis for sector organizations in Alberta? Are some parts of the sector better or worse off than others? How do wages and turnover rates in the sector

compare to others? What impact is the staffing crisis having on service delivery?

As one step in addressing these questions, CCVO reviewed Alberta-based research studies focused on human resource issues and the growing staffing crisis in the human service nonprofit sector. Through this process insights were gained beyond those available in any individual research.

This review synthesized the collective findings of Alberta-based research conducted in recent years and provides a comprehensive, verifiable and central source of human service nonprofit sector information specific to human resource issues.

The goals of the review were to identify common themes and findings; to identify areas of future research; to establish a solid information base for use as a foundation for developing consistent and comprehensive messaging of voluntary sector workforce issues; and to provide a picture of the extent and impact of the crisis that spans several key subsectors.

The studies and reports included in this review span a six year period from 2002 to 2008 and involve a cross-section of nonprofit subsectors including disability services, immigrant services, services for children and families, the homeless subsector, and women's shelters. The studies were undertaken by associations and umbrella organizations that represent the interests of these subsectors. Collectively, these groups represent over 450 nonprofit organizations.

Highlights of the CCVO Review

- Hundreds of nonprofit organizations in Alberta deliver critical services on behalf of government
- Prolonged underfunding has resulted in a situation where organizations are unable to attract and retain adequate numbers of qualified employees
- Increasing staff turnover and vacancies are key factors in declining service quality and deteriorating organizational effectiveness for many organizations
- The current state of affairs is no longer tenable if organizations are to be able to attract and retain the staff needed to deliver services

CALGARY CHAMBER OF VOLUNTARY ORGANIZATIONS

Kahanoff Centre, #940, 1202 Centre Street S.E. Calgary, Alberta T2G 5A5

Phone: (403) 261-6655 | Fax (403) 261-6602

Email: admin@calgarycvo.org | Website: www.calgarycvo.org



The Evolution of the Workforce Crisis

The evolution from a concerning situation that was stressful but surmountable has developed over the years to a critical situation where parts of the human services nonprofit sector are becoming unable to meet their contractual obligations. Organizational failure is becoming an imminent reality.

Looking back at the human resource issues identified by surveys and reports conducted between 2002 and 2007, the evolution of the current crisis becomes evident.

Earlier studies show a rising concern about funding limitations and the resulting staffing issues though the language does not imply that such concerns have reached crisis levels.

These studies emphasize compensation, staff turnover, staff satisfaction and organizational effectiveness as primary issues.

Later studies, while continuing to offer data on these themes, introduce the concepts of job vacancy rates and deterioration of service quality. In essence, organizations are not simply turning over staff; they are losing workers and are not able to replace them.

While this may be attributed to methodological differences in the types of information gathered, it may also be viewed as an indicator of the escalating impact of the labour shortage.

In the most recent studies, direct and indirect references to diminishing program quality and organization effectiveness become more prevalent and urgent.





KEY FINDINGS

The studies included in this review have generated a significant amount of information on the nonprofit sector workforce issues that have developed over the past five years. Though these works differ in scope, methodology and intent, they contain a number of key findings that may inform organizational practices and funding advocacy efforts of both the sponsoring organizations and the sector as a whole.

Throughout the studies reviewed, four recurring and common themes emerged:

- Increasing staff turnover and vacancies
- Salary levels that fail to compete with the public sector
- Inadequate funding levels and inefficient funding practices
- Declining organizational effectiveness and service delivery.

Staff Recruitment & Retention

A fundamental concern for nonprofit service providers is the restricted ability to compete in labour markets in the recruitment and retention of staff.

Every research project included in this review identified staff turnover as a critical issue. Over the course of these studies, from 2002 -2008, turnover rates have increased considerably.

The most recent studies describe annualized staff turnover rates of over 40% in community-based agencies providing services to adults with developmental disabilities. By comparison the turnover rate in government owned and operated institutions serving the same population in the same period was 12%.

Competition from the public sector is viewed as a major factor in high staff turnover rates. Evidence exists to support the claims that workers are leaving the nonprofit sector for work in the public sector which offers higher pay and benefits for comparable, if not identical, work. While competition with the for-profit sector is viewed as a fact of life for nonprofits, competition for staff with government agencies is not viewed as acceptable and is a more pressing concern.

The costs of constantly recruiting, training and orienting staff have become a major factor for organizations. The result is a diversion of supervisory and management personnel and a decline in the quality of programs.

"High turnover rates also contributed to poor program continuity, minimized the likelihood of building strong staff teams, and required large amounts of time be spent on training rather than program delivery." (ACWS)

Many sectors in Alberta are struggling with high turnover rates but for organizations delivering contracted human

The Human Service subsector includes nonprofit organizations in the community providing: children, youth, family and women's services; support for seniors and people living with disabilities; shelter and housing; immigrant settlement and refugee assistance, and aid to people on low incomes, but excludes major institutional organizations (such as hospitals, universities, and colleges).

Statistics Canada, 2004, The International Classification of Nonprofit Organizations, <http://www.statcan.ca/english/freepub/13-015-XIE/2004000/icnpo.htm#group4>



Studies reference a primary factor that has precipitated the crisis in agencies that deliver contract services: the Alberta government's decision to shift a significant proportion of the responsibility for service delivery to the nonprofit sector without providing adequate resources to provide the services.

services the consequences are more severe. Government contracted organizations are simply unable to retain sufficient numbers of experienced workers to meet the increasingly complex needs of their clients. These services include providing 24 hour support for persons with severe disabilities, operating shelters and caring for high risk youth. Programs such as these cannot operate effectively without an adequate complement of experienced, professional employees.

Compensation Levels

Every study cited an inability to offer competitive salaries and benefits as a primary factor for staff recruitment and retention difficulties.

In the human service nonprofit sector there is a view that salary levels have not kept pace with those in the public and for-profit sectors and that employees are leaving the sector for better paying positions elsewhere. Studies included in this review showed that salary and benefits levels of many key positions are significantly lower than comparable positions in the public sector, though most studies showed variations in compensation according to job position.

It is difficult to compare overall differences in wages between government and nonprofit organizations. However, if looked at by individual position, the differences among subgroups become more evident. For example, the Alberta Council of Women's Shelters study noted that women's

shelter employees made on average 20% less than those in comparable government or not-for-profit organizations. The Alberta Association of Services for Children and Families survey of members found that a 16-25% increase would be required to make salaries competitive with the public sector. In the disabilities sector studies indicate that the workforce is paid 50% less than workers in the public sector. Findings call for a funding increase of \$182 million to allow organizations to pay wages that are equal to comparable government positions.

Compensation levels have not kept pace with the increased costs of living in Alberta. The ACWS study revealed that wage levels have shown a relative decline in levels of compensation for staff. An analysis of consumer price index increases since 1985 showed that wages at a number of women's shelters have rarely kept pace with provincial cost of living increases.

The lack of adequate cost of living adjustments not only increases the salary gap between nonprofit organizations and other sectors, it also results in significant lifestyle stresses for staff.

Low wages have forced many workers in the children's sector to take on second jobs in order to make ends meet.

The report by the Calgary Homeless Foundation found that workers in that sector have utilized the services of food banks as salary levels are insufficient to cover basic living expenses.



Funding Levels

The pervasive theme clearly expressed in all studies is that funding levels are too low to allow organizations to offer wages that will attract and retain adequate numbers of high quality staff.

While the human resource crisis is a complex and dynamic problem, all the studies directly and indirectly reference a primary factor that has precipitated the crisis in agencies that deliver contract services: the Alberta government's decision to shift a significant proportion of the responsibility for service delivery to the nonprofit sector without providing adequate resources to provide the services.

Years of underfunding - coupled with increases in the demand for services, costs of living and labour market competition - have resulted in a funding gap that leaves government contracted human service organizations without the financial resources to fully and effectively deliver services.

The extent of this funding gap varies between sub-sectors as do the impacts on organizations and the services they deliver. For example, the study undertaken by the immigrant subsector calls for all funders of these programs to increase funding to close the salary gap of 19% between the immigrant serving sector and the general nonprofit sector

The studies also call for funding increases beyond those needed for salaries. Sustainable, long-term funding was a recommendation consistently expressed. The focus of funders on supporting specific projects is often short term and restrictive. The result is a complex system of funding that allows organizations little room to adapt to changing conditions.

Funding Practices

Funding practices such as lack of core funding, lack of infrastructure funding, and yearly rather than multi-year renewals, contribute to the problems.

"A consistent lack of core funding deprives programs and the people who staff them of the supports necessary to effectively deliver services and creates working conditions that do not support staff sustainability" (CHF)

A consequence of focusing on short-term or project funding is that human resource issues are exacerbated. For staff this approach to funding leads to a lack of job security and strain on administrators due to the constant pursuit of funding. Further organizational impacts include an inability to engage in long range program development, and ultimately organizational instability.

Service Delivery and Organizational Capacity

Staff turnover and staff vacancy rates have increased over the years to the point where organizational effectiveness and service delivery quality are compromised for many organizations. Recruitment and retention issues are now at a level where some agencies find it difficult, if not impossible, to deliver high quality services.

In the AASCF 2007 follow-up study, 70% of organizations were concerned that standards of care are being compromised as organizations are unable to hire sufficient numbers of qualified staff to meet the increasing demand for services.

In some instances, programs have been reduced or eliminated due to funding constraints. Wage and benefits levels result in agencies hiring less qualified staff. High turnover rates

IN BRIEF

Reaching the Limit - Workplace issues in the human services sector



contribute to poor program continuity, minimize the likelihood that strong staff teams are built, and require large amounts of time be spent on training rather than on program delivery.

To date, the most severe impacts of deterioration in program delivery and organizational effectiveness are being cushioned by reassigning staff. Organizations cope through increasing overtime shifts and deferring tasks that are perceived to be less immediately demanding in an effort to absorb staff losses. It is unlikely that these coping mechanisms will be sustainable as staff burnout is an ever-present reality.

This willingness to go the extra mile to ensure that the needs of clients are met is a defining characteristic of the sector and, though admirable, has quite likely hidden the full implications of the crisis.

By internally shouldering the burdens of staff shortages, agencies have thus far prevented the crisis from reaching the public agenda. The obvious question that arises from such actions is “how far can agencies bend without breaking?”

Indications from the most recent studies are that the ability and willingness of organizations to continue to bend have reached the limit.

Of equal concern are the long term impacts of this forced neglect of basic organizational management and leadership functions.

“Ongoing devotion of resources to recruitment and hiring divert attention from additional pressing responsibilities, including administration, supervision, planning and fund development” (CHF)

As senior staff who are normally charged with the responsibility for developing healthy and sustainable organizations are drawn away to attend to frontline duties, the capacity of organizations diminishes.

Improving the skills and abilities of employees is one solution that may help mitigate some of these effects. A need exists for funding for skills upgrading and professional development for employees at all levels to sustain and improve service quality and provide career paths to help employee retention.

Conclusions

The studies included in this review, when viewed together, provide a clear picture of the state of the human services nonprofit subsector and also raise questions about the future.

Stories of staff vacancies, turnover and salary rates are now part of the day to day vocabulary of the nonprofit sector. The majority of agencies who provide government contracted services can readily detail their struggles with finding and keeping quality staff in the face of rising demand for their services and increasing complexity of client needs.

There are hundreds of agencies in Alberta's human services sector that deliver services on behalf of various levels of government. These organizations employ a significant majority of the 105,000 employees of the nonprofit sector in Alberta.

Roach R., 2006. The Nonprofit and Voluntary Sector in Alberta: Regional Highlights from the National Survey of Nonprofit and Voluntary Organizations, Cornerstones of Community

IN BRIEF

Reaching the Limit - Workplace issues in the human services sector



This review of salary research has generated a number of conclusions.

- There is an absence of up to date and accessible data on the nonprofit sector workforce from either provincial or federal government sources. A need exists for ongoing, consistent, reliable workforce data for the nonprofit sector. Comprehensive and consistent workforce information is critical to the development of strategies that address the sector's labour issues and provide a foundation for organizations, funders and policy makers to plan for and address workforce issues in the sector.
- The demand for services is increasing while, at the same time, the complexity of both client needs and the environment that organizations operate within are becoming increasingly complicated.
- Funding levels are not keeping pace with the increased costs of delivering services in Alberta. Salary levels are significantly lower than comparable positions in the

public sector and are insufficient to attract and retain qualified staff.

- The cumulative effect of these factors has resulted in a situation where the organizational effectiveness and the ability to deliver quality services are decreasing in many organizations.

At a foundational level, there is a need for a renewed partnership between governments and the deliverers of contracted service to those in need in Alberta – a partnership in which governments either reassume the delivery of human services or provide adequate funding to the organizations who have been contracted to take on this responsibility. Failure to do so could very well result in the escalation of the workforce crisis facing the nonprofit sector.

In a sector that has reached the limits of its ability to respond to the growing needs of society, the societal impacts of both a reduction in services and the deteriorating capacity of organizations to meet current and future need is a critical situation.

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This review was conducted on behalf of the Calgary Human Resource Initiative (CHRI) which is a collective undertaking of local nonprofit organizations, funders and human resource coalitions. This United Way sponsored initiative brings attention and long term sustainable action to human resource issues in Calgary. A fundamental goal of this initiative is to commit to educate the sector, various levels of government and the public at large on the extent and root causes of workforce issues in the nonprofit sector.

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THE CCVO REVIEW FOCUSED ON FIVE KEY STUDIES IN THE HUMAN SERVICES SECTOR:

For more information on any of these organizations, please visit their website.

Alberta Council of Disability Services (ACDS)

Community Supports for Adults with Disabilities: The Challenges and Policy Options Policy Briefing. (2007-2008)

Focus: The mandate of Alberta Council of Disability Services (ACDS) is to provide support to 130 rehabilitation service providers of community-based services for people with disabilities through education and accreditation, advocacy and information. The research study examined comparative compensation rates within the Alberta Disabilities sector.

Highlights: The community disability services workforce is paid 50% less than comparable jobs across multiple sectors. It is estimated that an investment of \$182 million is required to raise salaries for workers to a competitive level with public sector workers in comparable positions

Alberta Council of Disability Services – www.acds.ca

Immigrant Sector Council of Calgary (ISCC) & Alberta Association of Immigrant Serving Agencies (AAISA)

Immigrant Sector Compensation Review. (2007)

Focus: The Immigrant Sector Council of Calgary (ISCC) & Alberta Association of Immigrant Serving Agencies (AAISA) are collaborative forums for sharing concerns, challenges and opportunities of the immigrant sector involving more than 32 organizations provincially. The research identified the discrepancies between salaries in the immigrant services sector and the broader nonprofit community.

Highlights: An average salary gap of from 13% to 19% exists between the immigrant serving sector and the general nonprofit sector. The report urges funders to develop short and longer term strategies to address the inequities.

Immigrant Sector Council of Calgary – www.isccalgary.ca & Alberta Association of Immigrant Serving Agencies – www.aaisa.ca

Alberta Association of Services for Children and Families (AASCF)

Recruitment and Retention Survey & Follow up Survey. (2006 - 2007)

Focus: The Alberta Association of Services for Children and Families (AASCF) represents 120 organizations working provincially to strengthen member agencies and promote attitudes, practices and conditions that contribute to quality services for vulnerable children and families. These research studies focused on recruitment and retention issues within AASCF member agencies.

Highlights: Turnover and vacancy rates within member organizations are increasing. A majority of agencies are concerned that standards of care are being compromised and are concerned about their ability to honor their contracts.

Alberta Association of Services for Children and Families – www.aascf.com

The Calgary Homeless Foundation (CHF)

Sustaining Passion and Commitment: An Examination of Staff Sustainability in Calgary's Homeless Assistance Sector. (2006)

Focus: The Calgary Homeless Foundation (CHF) partners with 140 agencies to ensure that all Calgarians will have access to housing where they feel safe and secure. This study examined staff sustainability in the homeless assistance sector in Calgary.

Highlights: Agencies in the homeless service sector are experiencing strains on human resources at both the entry level and the senior level. Salary levels between and among agencies are highly variable and wage levels are lower than those offered for comparable positions in the public sector.

Calgary Homeless Foundation – www.calgaryhomeless.com

Alberta Council of Women's Shelters (ACWS)

Compensation Review & Evaluation. (2006)

Focus: The Alberta Council of Women's Shelters (ACWS) supports and strengthens 41 shelter agencies serving as a collective voice, fostering networking, sharing information, influencing public policy, increasing awareness and fostering professional development. This study undertook a review and evaluation of the wage structure for workers within women's shelters.

Highlights: Funding uncertainties and limitations are the most prevalent issue facing women's shelters in Alberta. Low wages and benefits were a significant issue facing organizations, limiting the ability of shelters to recruit and retain qualified staff.

Alberta Council of Women's Shelters – www.acws.ca