

NYC Budget Cost Estimate for Closing The Human Services Pay Equity Gap

Budget Brief by James A. Parrott

March 2026

Center for New York City Affairs

The New School

James A. Parrott is Senior Advisor and Senior Fellow
Center for New York City Affairs at The New School

NYC Budget Cost Estimate for Closing the Human Services Pay Equity Gap

Center for New York City Affairs (CNYCA) research has documented a substantial pay gap experienced by the city's nonprofit human services workforce providing critical public services under City contracts. Our January 2025 report, "[Moving Beyond COLAs to Salary Parity for New York City's Nonprofit Human Services Workers.](#)" documented that the highly educated human services workforce, predominantly comprising women of color, earn 25-30 percent less than their similarly educated counterparts in City government human services agencies.

This glaring inequity persists despite positive developments such as the 2019 agreement regarding starting pay salary parity for pre-K teachers or the March 2024 commitment by the administration of Mayor Eric Adams to provide three years of cost-of-living increases to 80,000 (estimated 64,500 full-time equivalent) human services workers employed under City contracts.

As the administration of Mayor Zohran Mamdani settles in, with its commitment to worker justice and racial equity in budgeting, has the time come when the City will finally rectify this long-standing pay inequity?

This budget brief details an estimate of the City budget cost to provide salary parity for the nonprofit human services workforce. The cost (estimated at \$965 million to \$1.35 billion, which could be phased in over three years) is not insignificant, but neither is it unmanageable. What is untenable is to allow this inequity to persist. This workforce manages foster care and provides protective services for children, mental health and substance abuse services, and services for domestic violence survivors, low-income seniors, youth, and homeless families. These are all areas where New Yorkers collectively seek to assist those in need. The City rightfully does not seek false economies when it comes to public education, public safety, clean streets, or clean water, and the City should not seek to cut corners on vital human services. It is unfair to at skilled and dedicated workforce, as well as to those reliant on these services.

Before detailing the parity cost estimate, a few more highlights from the CNYCA January 2025 report help flesh out the policy context:

- The pay inequities in question result directly from City contracting processes that consistently underfund nonprofit service providers. Unlike market-driven industries, pay for nonprofit human services workers is determined entirely by City budget and procurement policies that have historically prioritized low cost over fair compensation.
- Achieving salary parity for human services workers is not a matter of raising the wage floor for the lowest-paid workers. Rather, the most profound compensation inequities are among highly professional and experienced workers, those with a bachelor's or master's degree. Pay for administrative and other support staff should also rise, but resolving human services pay inequities is mainly a matter of making pay for the professional

workforce comparable to that received by similarly educated and trained public sector workers performing jobs with a similar degree of professional responsibility.

- The January 2025 report recommended establishing salary parity by aligning pay for human services workers with City agency job titles and pay levels to ensure parity with public sector employees performing comparable work. City government workers are covered by long-standing collective bargaining agreements that compensate workers based on level of education, responsibility, and experience on the job.
- Once salary parity on a job title basis is achieved, City human services contracts should include automatic adjustments based on city-wide collective bargaining increases and build in future fringe benefit increases to reach comparability with City employees.

Recent City Council legislation proposes to implement a human services pay parity requirement. [Intro. No. 452](#) mandates that City human services contracts include sufficient funding to enable nonprofit employers to compensate their workers on a par with City employees “with comparable education and responsibilities.”

Human Services Pay Parity Budget Cost Estimate

The principal finding from our analysis is that the pay of nonprofit human services workers lags 25-30 percent behind that of comparable City human service agency employees. Based on that, we estimate that achieving pay parity would cost between \$965 million and \$1.35 billion. (See Figure 1.) Roughly three-quarters of the cost would go to level up the pay for nonprofit human services professionals, primarily social workers, counselors, and related direct service professionals who represent 51 percent of the 64,500-person full-time equivalent human services contract workforce. Smaller pay increases would be provided to the other two broad occupational groups: support staff, including office and administrative support; food services and building service workers; and managerial and business staff, including finance, and IT occupations.

Figure 1 indicates the size of each of these three broad occupational groups, the projected percent wage increases for each, and total cost estimates under high- and low-cost scenarios. (The appendix to this budget brief explains the cost estimation methodology in more detail.)

These estimates include a proportionate increase in fringe benefit costs. The low-range estimate represents a 19 percent increase over the current City-funded compensation costs; the high-range estimate translates into a 26.7 percent increase. To facilitate budget management, the increases could be phased in over three years.

Figure 1
Human Services Pay Parity Budget Cost

	<u>Three Core HS Occupational Groups</u>			<u>Total Nonprofit HS sector</u>
	<u>Professionals</u>	<u>Support Staff</u>	<u>Managerial & Business</u>	
NYS OES avg. annual salary (May 2024)	\$58,150	\$50,493	\$99,903	
Increased by 3 annual 3% COLAs (9.273%)	\$63,542	\$55,175	\$109,167	
Core HS workforce shares	51%	26%	23%	100%
# of FTE NYC nonprofit HS workers	32,895	16,770	14,835	64,500
	\$ amounts in millions			
Total wages (\$ millions) -- July 2026	\$2,090	\$925	\$1,619	\$4,635
City funded 80% share	\$1,672	\$740	\$1,296	\$3,708
HS total compensation with 36% fringe	\$2,274	\$1,007	\$1,762	\$5,043
Scenario 1 (low-range parity adjustments)				
HS nonprofit wage differential vs. public sector	-25%	-10%	-5%	
Cost of pay parity adjustment (\$ millions)	\$758	\$112	\$93	\$963
Scenario 2 (high-range parity adjustments)				
HS nonprofit wage differential vs. public sector	-30%	-15%	-10%	
Cost of pay parity adjustment (\$ millions)	\$975	\$178	\$196	\$1,348

See Appendix for data sources and method.

Conclusion

CNYCA’s January 2025 report, “Moving Beyond COLAs to Salary Parity for New York City’s Nonprofit Human Services Workers,” provides a blueprint for the City to establish salary parity for its contracted human services workforce by aligning pay for these workers with City agency job titles and pay levels, to ensure parity with public sector employees performing comparable work. This brief estimates that the cost of achieving salary parity is in the range of \$965 million to \$1.35 billion in added costs for the City budget. That cost could be phased in over three years as service contracts are renewed.

In 2022, New York City voters amended the City Charter, the City’s foundational governing document, to acknowledge and rectify entrenched racial and gender disparities, creating an Office as well as a Commission on Racial Equity. Together, these efforts mandate that City budgeting and procurement practices prioritize equity. As Mayor Mamdani’s Commission on Racial Equity recently emphasized, “Racial equity is not a cute sound bite; **it’s the law of the**

land in New York City.¹ Considering that the nonprofit human services workforce overwhelmingly comprises persons of color (with two-thirds women), and that this workforce is highly educated, the time has come for City leaders to establish salary parity for nonprofit human services workers.

¹ Boldface in the original. New York City Commission on Racial Equity, [“A Racial Equity Plan Must Guide Mayor Zohran Mamdani’s Preliminary Budget,”](#) Press Release, February 17, 2026.

APPENDIX

Data Sources and Methodology for the Salary Parity Budget Estimate

The nonprofit sector-public sector pay comparisons in the January 2025 report, “Moving Beyond COLAs to Salary Parity for New York City’s Nonprofit Human Services Workers,” were based on American Community Survey data of the U.S. Census Bureau. That analysis was done for “Core Human Services” (hereafter, core HS), an industry specification that excludes workers in or related to providing home health care and child care services. This specification is meant to approximate the human services sector where City funding and contracting policy are controlling.

The key core HS occupations include: social workers (child, family, mental health, and substance abuse); counselors (substance abuse, behavioral disorders, mental health, rehabilitation); and social service assistants. There are fairly distinct Federal and State funding streams that fund home health care and child care services. Those workforces, which also comprise primarily women of color, are also inadequately compensated.

The City of New York’s Office of Management and Budget (OMB) and the nonprofit human services sector itself both peg the total size of the core HS workforce at approximately 80,000. This translates to 64,500 full-time equivalent (FTE) positions.

The salary parity cost estimate applies the 25-30 percent nonprofit-government sector pay disparity to a payroll estimate based on Bureau of Labor Statistics Occupational Employment Survey (OES) average annual FTE wage data for the private sector Individual and Family Services industry that most closely approximates the industry classification for nonprofits delivering City-funded human services. The latest OES is for May 2024; data are available for New York State but not New York City (other official data show that average wages for the sector are comparable for the city and the state).

Within core HS, three broad occupational groupings were specified.

- HS Professionals includes primarily social workers and counselors, almost all of whom have a four-year college degree and half of whom have a postgraduate degree;
- HS Support Staff includes office and administrative support occupations, food service, building service, and drivers;
- Managerial and business occupations include finance, legal, and IT professionals.

Home health care services have grown rapidly in New York City and State for several years with this employment occurring in the Individual and Family Services industry as well as in the

separate Home Health Care Services industry.² In estimating the occupational distribution within core HS, we excluded from the OES Individual and Family Services data home health care, personal care, and educational instruction and child care occupations. And since the Home Health Care Services industry also has a large contingent of health care practitioner occupations to oversee the provision of home health care services, we also excluded all health care practitioners from core HS. Reflecting the substantial contingent of home health care occupations, we also excluded portions of the managerial and support occupations that would likely be related to providing home health care and child care services in order to zero in on the core HS sector. Having narrowed down the OES data to a set of occupations related to the provision of core HS, we were then able to estimate that HS Professionals account for 51 percent of core HS employment, and that HS Support occupations constitute 26 percent, with managerial, business, IT, and related occupations accounting for the remaining 22 percent.

The May 2024 OES average salary data was then adjusted by the three cost-of-living adjustments (COLAs) that were agreed to by the Adams administration and announced in a March 14, 2024 press release.³ That commitment called for three percent COLAs on July 1 of 2024, 2025, and 2026. The second row in Figure 1 applies this three-year compounded 9.273 percent COLA increase to estimate average salary levels as of July 1, 2026.

According to various sector surveys, City contracts account for about 80 percent of the total payroll costs for New York City's core HS sector, with State and Federal contracts and philanthropic funding accounting for the remainder.

Since the cost of most fringe benefit elements (namely, payroll taxes, paid time off, and retirement contributions) rise as salary rises, we apply the nonprofit sector 36 percent average fringe benefit factor to estimate total payroll costs that combine salary and fringe benefits.⁴

To recap, the key parameters used in our estimate of the budget cost of core HS salary parity presented in Figure 1 are:

- Core HS 64,500 FTE consensus estimate of City OMB and the sector;
- Occupational group shares for core HS derived from the OES data;
- May 2024 average occupational salaries for core HS from the OES data;
- Adjust OES average salaries by 3-year compounded 9.273 percent COLA increase;
- 80 percent of core HS revenues come from City of New York contracts;
- Apply the 36 percent average fringe benefit factor to estimate total compensation; and

² In the North American Industry Classification System (NAICS), the former is NAICS 6241 and the latter industry is NAICS 6216.

³ "Mayor Adams Boosts Pay for 80,000 Human Services Workers with \$741 million Cost-of-Living Adjustment," March 14, 2024. (NYC Mayoral Press Release.)

⁴ For explanation of the 36% nonprofit human services fringe factor, see Parrott, "Moving Beyond COLAs to Salary Parity" (2025), footnote 19, p. 26.

- Utilize the nonprofit core HS sector-City government salary differentials from our January 2025 analysis to estimate the budget cost of salary parity.