



Creating wage parity in community care



ONTARIO NONPROFIT NETWORK



Tackling the labour crisis to ensure care in communities

Ontarians rely on nonprofit community care every day. Yet, the sector's impact is threatened by a rapidly intensifying human resource crisis in organizations, compounded by the pandemic. ONN is hearing from its network that workers are leaving the sector in droves and staff vacancies have reached a breaking point. This has been reported widely: home and community care has an 18 per cent job vacancy rate, child care has lost 21 per cent of their workforce, while disability services, mental health and addictions, and shelters are reporting similar rates.

While recruiting and keeping talented people has always been a challenge for nonprofits, this moment is different. The pandemic has exacerbated challenges and the nonprofit sector is facing one or both of the following phenomena: the great resignation (there are enough people to work but who don't want to work in the jobs available) and/or a labour shortage (not enough people to take on jobs available).

There are solutions. Wage equity that reflects the true value of care work can be transformational for Ontarians. We can meet demand for a variety of care options, ensure our loved ones receive the highest quality of care, and create many good-paying stable jobs. Working with the Ontario government, we can phase in wage parity over five years, incorporate equal pay for equal work into funding agreements, create a labour force strategy for a resilient workforce, and prioritize expansion in nonprofit and public services to ensure funding stays in care. For the nonprofit sector, nonprofits need to organize and share information to align on minimum standards for wages and administrative costs, and advocate alongside families to the public and government on why community care workers are vital to our province's well-being.

How Ontarians rely on community care

Ontarians across the province rely on workers to provide community-based care services in their neighbourhoods. Home and attendant care enable seniors and those with fragile health conditions to live at home. Child care allows parents to go to work while providing young children with an enriched start in those critically important early years. Supports for people with developmental disabilities ensure they can live with dignity in community. Gender-based violence services, drop-in and homeless supports, addictions and mental health programs, employment and training programs, and immigrant and refugee services weave together an essential care infrastructure for unexpected life changes. All of these services are primarily funded by municipal, provincial, and/or federal governments because they are critical for healthy communities.

Local communities are the best place to deliver care services, with more flexibility and options, and they are the most cost-effective. Community care is affordable, effective, and preferable than relying on more intensive secondary care and tertiary care institutions, such as hospitals, long-term care institutions, jails, or treatment centres, to name a few.



Yet, they are invisible. The pandemic highlighted for everyone how frontline care workers - predominantly racialized women² - braved the risks during the pandemic despite low wages, lack of benefits, and precarious working conditions to support their families.

Now, in a COVID-endemic world, many of these workers are looking to work elsewhere. Temporary fixes for only a select number of jobs (e.g., PSW, DSW, nurses) are not nearly enough to solve the current human resource crisis in community care, nor to meet the increased demand for services we know is coming.³

So, what is driving this crisis and what can be done to address it?

What wage disparity means

A key component of the nonprofit labour force crisis is significant wage disparity for workers in government funded services delivered by the public sector, for-profits, and nonprofits. Staff with the same job, responsibilities, and qualifications receive vastly different wages in the various sectors even when funded by the same government program. Nonprofit wages are the lowest.

The playing field is unequal and community-based nonprofits providing care services are at a disadvantage. They are not given the funds to provide salaries on par with municipalities, schools boards, and hospitals. Nor does the government allow them the same flexibility they give for-profit providers delivering the same service; for example, Ontario's Bill 124 restricts nonprofits to increasing wages by only 1 per cent.⁴ Yet, for-profit providers funded by the government for the same service are not restricted under this bill.

Underfunded and overregulated, nonprofit service providers are prevented from providing fair and adequate wages, benefits, and working conditions for their frontline staff. Yet, research has confirmed that these same nonprofit providers provide higher quality care than for-profits, and have deep long-term roots in their communities.⁵

Wage disparity is most acute in the lowest-paid jobs in community-based care. These jobs are most likely to be occupied by women and gender-diverse people, particularly Indigenous, Black and racialized women, and newcomers.⁶

WAGE DISPARITY SNAPSHOTS

Registered early childhood educators in licensed child care in school boards and municipal-run centres make more (\$25/hour) than those in nonprofit licensed child care (which starts at (\$18/hour).⁷

Registered Personal Support Workers (PSWs) in the home and community care sector are making, on average, about 21 per cent less than PSWs in hospitals and 17 per cent less than PSWs in long-term care.⁸



Between **community-based services in the nonprofit sector**, there can be a disparity of almost \$10/hour for **child and youth workers, disability service workers, language instructors, settlement counselors, and social service workers**. All these positions have higher wages in hospitals, school boards, and child welfare than in nonprofits.

Drop-in and shelter workers in nonprofits have lower wages (\$15/hour) than those in municipal respite centres (\$30/hour).

Community impacts of the crisis

The frontline labour force is crumbling and communities are losing high-quality care. Wage disparity is a significant barrier in recruiting and retaining workers in the nonprofit sector because they can do the same job in another sector and get paid more, have benefits, and overall long-term job stability.

As a result, communities are experiencing longer waitlists and triaging for programs and services, if available at all. Quality of care is compromised as staff turnover interrupts programs and leaves gaps in staffing, disrupting critical relationships and care systems. It also diminishes the size of the Ontario labour force as family members unable to access essential care services stay home to care for their loved ones.⁹ Pressure is increasing on secondary and tertiary services as people fall through the cracks and need more intensive and expensive care.

Failure to invest in fair and equitable wages for frontline care workers is a costly mistake for government, employers, workers, families, and communities. And those who are most vulnerable in communities across Ontario will bear the brunt.

Eight reasons for the wage disparity problem

1. Nonprofits are competing with, and losing talent to, municipalities, hospitals, and school boards, with pay and benefit disparity of up to 30 per cent.

Care services operated by municipalities, hospitals, and school boards receive operational funding at a higher level than nonprofits, which directly impacts wages. Care workers employed by the public sector are part of the broader public system and thus have higher wages, comprehensive benefits, strong pension plans, professional development opportunities, robust paid sick days and vacation time, maternity and parental leave benefit top-ups, and an overall sense of long-term job stability. Nonprofits cannot provide these cornerstones of high-quality jobs when they are funded at a lower level by the same funder for the same care service and/or have to comply with wage restraint legislation. It's not about lowering the public sector bar, but lifting nonprofits to be on par.



2. Devaluation of care work is rooted in systems of oppression

Racism, sexism, classism, and colonialism all play a role in the systemic undervaluing of nonprofit care work. Given the nonprofit sector's history in faith-based and charitable organizations, nonprofit work is seen as "a calling rather than a career." When you layer on top the fact that frontline care work is staffed predominantly by racialized women and the services are for the most vulnerable in the community, the work is valued even less. Low value translates into lower funding and lower wages.

3. Workers cannot sustain themselves on current nonprofit wages

Workers are leaving nonprofits because they cannot afford to stay in low-paying jobs any longer. Skyrocketing inflation is accelerating the exodus as the rising cost of fuel, groceries, and housing means that some frontline workers are accessing the very services they provide. Workers cannot afford to live and work in large cities and mobile workers have to choose clients based on kilometers. Those left in the sector are burning out with the increase in demand for services and high acute case workloads amidst decreasing resources. They are cobbling together multiple jobs to make ends meet, and the difficult nature of the work means they are constantly assessing whether it's worth it to stay, while employers wonder, "Why would anyone want to stay in these conditions?"

4. Governments' patchwork approach to address wage disparity is failing

Wage disparity is not a new problem. Historically, the provincial government has attempted to manage wages through a patchwork of legislative and funding solutions that have only temporarily helped a select few. Initiatives such as wage enhancement grants, funding for pay equity liabilities, the Hospital Labour Disputes Arbitration Act, or pandemic pay, to name a few, have been inconsistent, incomplete, and inequitable. In fact, band-aid solutions create more problems such as wage compression¹⁰ within organizations, wage inequities across subsectors, and rewards (more funding) for bad employers rather than exemplary ones. Decades later, the systemic undervaluing of nonprofit care work that drives wage disparity remains unaddressed.

5. Increasing dependency on temporary staffing agencies

A mass exodus of workers and the implementation of Bill 124 has long-term care, home care, mental health programs, and disability services turning to temporary staffing agencies. Nonprofits are paying up to double the amount to temp agencies for the same staff they would hire themselves. While not all of the temp agency fees are trickling down to workers, during the pandemic, many frontline staff realized they could still make marginally more money through temp agencies than working for organizations. This approach costs the government and tax payers more and significantly drives down quality of care. Care staff hired through temp agencies are a poor substitute for regular consistent staff who know and have important relationships with clients, which is what high quality of care depends upon.



6. Everyone is in a race to the bottom with artificially low wages

The current approach to funding care services in Ontario is to create competition which replicates and enforces the colonial divide-and-conquer practice. Whether it's government contracts or government/non-governmental grants, competition amongst the nonprofit sector and across sectors is exacerbating a race to the bottom. Increasing privatization of care work has opened up government contracts to for-profits so both sectors are cutting their bids in efforts to win. On the granting side, nonprofits are perpetuating the cycle of low value, low funding, and low wages in the sector by not asking for the true cost of services and following an austerity mindset that there is less to go around. Since staff salaries and benefits are the largest expense in budgets and what organizations have the most control over, organizations reduce them in order to underbid and receive funding. It doesn't help that over the years governments have been more concerned with volume of service rather than the quality and infrastructure to deliver them.

7. Chronic underfunding creates instability

Government restraint and subsequent underfunding since the early 1990s has destabilized care services and eaten away at care levels and capacity. There has been no base funding, cost of living, or billing of service increases across care sectors for over two decades. Patchwork funding means a patchwork staff complement. Chronic underfunding means the true cost of running programs is hidden.

8. Lack of a comprehensive workforce plan for community care

There is no systemic planning approach to the care issues in communities and no plan on how to address them in the immediate and longer term. A comprehensive workforce plan can identify the issues, needs, and how stakeholders can work together to provide the best services possible across a seamless continuum of care from institutional to community-based settings.

Creating wage parity

If we want these services to be available tomorrow, we have to take action now. A multi-pronged approach to resolving wage disparity will create an equal playing field for all service providers so people can choose where they want to work and not leave community care as a last resort. Providers can then compete based on other meaningful factors such as missions/mandates, work cultures, and job satisfaction. The goal should be to make Ontario the best place to work, live, and play.

Ontario can afford wage parity in care work. Evidence shows that at least 50 per cent of costs are recovered in taxes and recirculation of money in the community. And this is before calculating the additional savings in reduced use of expensive institutional services and the tax boost from increased labour force participation when family members can enter the workforce.¹¹



Provincial government: Action plan for community-based care services

1. Phase in **wage parity** with annual instalments for similar groups of frontline workers across municipalities, hospitals, schools, and community settings to achieve equal pay for equal work in four years.
2. Redesign **funding agreements** with an equal pay for equal work principle so funding for nonprofit services is on par with that of municipalities, school boards, and hospitals and there is a set wage floor. In conjunction with the first recommendation, this can ensure there is no wage compression in organizations.
3. Support the sector in building a **comprehensive labour force strategy** (as exists for skilled trades) that bridges all aspects of care, for a resilient nonprofit workforce. The strategy should include pathways into the sector, promotion of care work, and access to training.
4. Prioritize nonprofit providers and the provision of community-based care as the priority for **care service expansion**. Ensure public funding is kept in care, not profits for shareholders.

Nonprofits: You have a critical role to play

The sector needs to be bold and strategic. A cross-sectoral approach and a unified voice is critical to demand better for our workers and the communities we serve.

1. Convene across subsectors to share information and align on minimum standards for wages and administrative costs for when funding opportunities and contracts arise.
2. Work with the government to develop a comprehensive labour force strategy.
3. Collaborate with workers, unions, and employers of all sizes in the sector to make clear to the public and families the cost of NOT supporting community care workers.
4. Ally with families to help them advocate for loved ones' care needs and demand better from the government.

A labour force crisis in the nonprofit sector directly impacts care services and affects Ontarians in their everyday lives. Wage equity means a change to fundamentally value care work and care work roles/those who do the work, supporting gender equity, and racial justice.

By turning to collective solutions for the long-term, we can ensure that a variety of care options are accessible for our loved ones and community members by a labour force that is respected, valued, and also cared for.



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