



THE Economic Impact OF THE Human Services Sector



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To promote a healthy, productive and diverse human services industry



Beyond Social Value

THE **Economic Impact** OF THE Human Services Sector





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The University of Massachusetts Donahue Institute is the public service, outreach and economic development unit of the University of Massachusetts President's Office. Established in 1971, the Institute strives to connect the Commonwealth with the resources of the University, bridging theory and innovation with real world public and private sector applications.

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The Public Policy Center at UMass Dartmouth is the University's applied social science research, technical assistance, and public service unit based in the College of Arts and Sciences. An interdisciplinary applied public policy research and technical assistance provider, the Center seeks to inform evidence-based policymaking at the state, regional, and local level through collaborative engagements with public, private, and non-profit partners. The Center is supported by a highly experienced team of professionals who leverage the skills and expertise of UMass faculty, staff, and students to meet the needs of our clients and partners.

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The Providers' Council is a statewide association composed primarily of nonprofit, community-based, care-giving organizations that provide human services, health, education and employment supports. The Council assists its members by providing public policy research, advocacy opportunities, communication and information, education and training, publications and business partnerships. Its mission is *"to promote a healthy, productive and diverse human services industry."*

The Council's Research Committee guided this report:

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Dear Reader:

In 2006 and 2007, the Providers' Council commissioned the Donahue Institute of the University of Massachusetts to produce "*Help Wanted*" and "*Help Wanted 2*," two reports that defined the human services workforce and identified the sector's need to recruit and retain the next generation of workers. The seminal reports about our sector and its workers told us that human services employment would grow at an unprecedented rate with 37.5 percent growth expected between 2004 and 2014.

In 2014, we wondered if it achieved its expected targets for growth based on population needs. Additionally, we were curious what impact the industry had on the Massachusetts economy in addition to the multitude of social benefits that are so often well recognized. We also grew curious about the changing demographics of the sector, particularly about the employment of individuals with a disability or those born in another country. While the community-based human services industry has long provided cost-effective solutions to protect vulnerable populations in our state and become an essential element to communities throughout Massachusetts, would it continue?

The Council, again in partnership with the Donahue Institute, sought answers to these questions, and we are now proud to present the result of our efforts – *Beyond Social Value: The Economic Impact of the Human Services Sector*. This report focuses not on the incredible work done by the professionals in this sector, but the lesser known role sector's payroll and employee spending helps to create jobs and drive the economy in other sectors. Anecdotal reports suggest human services workers often hold multiple part-time positions, with many low-paid workers needing two to three jobs to meet their living expenses. This is a sobering reminder of the financial challenges faced by providers who are increasingly expected to contend with a rising demand for services with flat or lower funding.

The members of the Providers' Council's Research Committee deserve special recognition for lending their time and expertise to help develop this report: David Jordan, Seven Hills Foundation; John Larivee, Community Resources for Justice; Bill Lyttle, The Key Program; Michael Moloney, HMEA; Andy Pond, Justice Resource Institute, Susan Stubbs, ServiceNet, Inc.; and Michael Weekes, Providers' Council.

The staff of the UMass Donahue Institute and UMass Dartmouth has been timely, responsible, personable and patient. We especially thank UMass representatives and report authors, Christina Citino and Michael Goodman for their time, effort and expertise.

Special thanks to Council staff member Bill Yelenak who helped manage the process.

On behalf of the Providers' Council and its members, we hope that this report helps to elevate discussion, encourage engagement in seeking solutions, and illuminate the important economic impact of the Commonwealth's human services sector.

Sincerely yours,

Andy Pond
Chair, Board of Directors

David Jordan
Chair, Research Committee

Michael Weekes
President/CEO



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Executive Summary

Human services are essential to the health of our communities. The mission of the human services industry in Massachusetts — to improve the health and well-being of the state's residents — is accomplished by the sector's dedicated workforce. The contributions of human services workers and challenges facing the human services industry were explored in two reports commissioned by the Providers' Council: 2006's *Help Wanted: The Future of the Human Services Workforce in Massachusetts* and 2007's *Help Wanted 2: Recruiting and Retaining the Next Generation of Human Services Workers in Massachusetts*. Seven years later, the Providers' Council commissioned *Beyond Social Value: The Economic Impact of the Human Services Sector*. Moving beyond the societal contributions made by the industry, *Beyond Social Value* examines the economic impact of the human services sector and the health of the industry. This Executive Summary highlights key research findings, including:

- The sector accounts for more than 145,000 jobs, representing 5 percent of Massachusetts' nearly 3 million jobs.
- The overall number of jobs grew 47.9 percent between 2003 and 2011, outpacing the expected growth of 37.5 percent between 2004 and 2014.
- Of the \$3.4 billion earned through the 145,161 human service jobs in 2011, nearly \$2.5 billion was disposable income.
- The \$2.5 billion in local spending of disposable income by human services workers generated an estimated \$899 million in *additional* economic activity.
- This \$899 million represents money spent by human services workers for goods and services. Estimates suggest these expenditures supported an *additional* 24,262 jobs in Massachusetts in 2011.
- Adjusted for inflation, human services as a percentage of the state budget dropped from 11.8 percent in FY '03 to 9.8 percent in FY '14.

As these findings suggest, the human services industry's contributions to the Commonwealth move far beyond helping our most vulnerable populations. The industry's value as a significant employer and economic contributor is summarized below and explored in detail in the pages that follow.

Employment and Economic Impact of the Human Services Industry

In 2011, the human services industry accounted for more than 145,000 jobs throughout Massachusetts, representing

5 percent of the Commonwealth's nearly 3 million jobs. Human services workers were employed in 6,111 establishments throughout Massachusetts. Given that human services are not defined by goods or products, but rather by the services provided and the people who receive them, the industry's jobs can be found in every region of the Commonwealth.

During a time when the overall number of jobs *declined* in Massachusetts, the human services industry experienced significant growth. Between 2003 and 2011, the industry grew 47.9 percent, outpacing the expected growth of 37.5 percent between 2004 and 2014. By comparison, health care employment grew 14.9 percent during the same period. Although health care employment growth in Massachusetts is comparable to growth nationally, human services jobs in Massachusetts grew nearly twice as fast as they did nationally (47.9 percent in Massachusetts compared to 26.4 percent for the U.S.).

This report defines the human services industry as having six major subsectors: (1) outpatient mental health and substance abuse centers; (2) residential intellectual or developmental disabilities, mental health, and substance abuse facilities; (3) individual and family services; (4) community food, housing, emergency, or other relief services; (5) vocational rehabilitation services; and (6) child care centers.¹ Based solely on employment, the largest of the human services subsectors is individual and family services. In 2011, individual and family services accounted for an estimated 46.2 percent of human services employment or 67,090 of the industry's 145,161 jobs. The relative size of the individual and family services subsector has changed dramatically since 2003, when the subsector accounted for just 32.7 percent of industry employment.

Although all six of the industry's subsectors experienced employment growth between 2003 and 2011, employment within the individual and family services subsector grew 109.4 percent. This is, by far, the most significant rate of growth in the industry. The other subsector that experienced more than 50 percent growth was outpatient mental health and substance abuse centers. Both subsectors added jobs at twice the rate of their national counterparts between 2003 and 2011.

Employment growth within the individual and family services subsector, and to a great extent the growth in human services employment overall, was driven by significant increases in services provided to the elderly and those with disabilities. In 2003, a total of 12,574 jobs were dedicated to providing services to the elderly and people with disabilities. By 2011, that number had nearly quadrupled, rising to 46,227 jobs, representing over 260 percent growth.

¹ The names of the human services industry subsectors are drawn directly from the federal industry classification system. Although these subsectors and the services provided as part of the subsectors may be known by different names in practice, and some of the federal terminology may be perceived as insensitive to some, they are listed here and throughout the report according to their industry classification for the purpose of clearly delineating the NAICS sectors included in the human services definition.

It is important to keep in mind that it appears that a significant number of the jobs created in recent years are part-time positions. Analysis of American Community Survey data reveals that an estimated 41 percent of human services workers in Massachusetts report working less than 35 hours per week at their primary job. Given that the Census Bureau's County Business Patterns survey does not report employment counts on a full-time equivalent basis, it is very likely that the number of jobs exceeds the number of individuals who are employed by the industry.

While the primary mission of human services is improving the health and well-being of the Commonwealth's most vulnerable residents, establishment and employment data demonstrate that the contributions of the human services industry extend well beyond the substantial social value they contribute—it creates a large amount of economic activity as well. In 2011, the Massachusetts human services industry paid its workers over \$3.4 billion. Though the human services industry represented 5 percent of the Commonwealth's total jobs in 2011, its payroll was only 2.1 percent of the total annual Massachusetts payroll of \$165 billion. The comparatively low share of state payroll reflects the low wages paid to many workers in the Massachusetts human services industry as compared to other Massachusetts employers.

Of the \$3.4 billion earned through the 145,161 human service jobs in 2011, nearly \$2.5 billion was disposable income.

The \$2.5 billion in local spending of disposable income by human services workers generated an estimated \$899 million in additional economic activity across the Commonwealth.

This \$899 million represents the money earned and spent by persons employed in establishments where human services workers purchased goods and services (e.g., grocery stores, clothing stores, etc.) in Massachusetts. The impact of the spending of human services workers in the Commonwealth is not at all trivial. Estimates suggest these expenditures supported an additional 24,262 jobs in Massachusetts in 2011.

Undoubtedly, the economic impact of overall industry spending is substantially larger than described in this conservative estimate of economic impact, as there are no sufficiently detailed data describing how the industry spends its non-payroll related revenue (including the costs associated with doing business, such as rent and utilities, capital expenses, contracts for services, employee health insurance, etc.). The local spending of disposable income by human services workers is just one of the many ways the human services industry benefits the state's overall economy. While it was beyond the scope of this

report to document the full economic impact of the industry, it is important to recognize that human services organizations also have considerable interplay with the state's financial and business sectors through leases, insurance, and the purchase of products and services.

The size and economic impact of the industry is but one part of the story. The human services workforce is another important aspect of the industry to consider. More than 80 percent of human services workers and more than three-quarters of health care jobs are filled by women, which is dramatically different from all other sectors, where less than half of the jobs are held by women (43.6 percent). The human services workforce also includes a number of population groups that tend to have higher than average unemployment rates, such as foreign-born individuals, those who are linguistically isolated (i.e., those who do not speak English or speak English well), and individuals with disabilities.

Forty-two percent of human services workers have a bachelor's or advanced degree. Despite having a relatively well-educated workforce, 12 percent of human services workers are earning at or below 150 percent of poverty. The percentage of human services workers earning below 150 percent of poverty is twice as high as it is for health care workers and higher than all other industries. Nearly one in five Massachusetts human services workers earns at or below 200 percent of poverty, a common threshold used to calculate service eligibility. This suggests that thousands of Massachusetts human services workers are eligible to receive the very services and supports they provide.

The poverty status of human services workers is not surprising given the relatively low wages that many earn, particularly the frontline, direct service staff. The Crittenton Women's Union has developed the "economic independence index," which takes into account a number of factors when calculating wages required to meet basic expenses, including housing, child care, health care, food, and transportation, without relying on public income and work supports.¹ It also factors in tax credits available for eligible workers with dependents. According to their most recent calculations, in 2013 the average income required for economic independence for a single adult with no children in Massachusetts is \$13.65 per hour. However, data published by the Massachusetts Executive Office of Labor and Workforce Development demonstrate that median wages for many direct service occupations are below the economic independence index for a single adult with no children.

Many individuals working in the human services industry, however, are not single adults without children. According to the American Community Survey, approximately 23 percent of human services workers are single adults with one or more

children.ⁱⁱ If a single adult has either one preschool-aged or school-aged child, the required average wage for economic independence in Massachusetts increases an additional \$10 to \$24.61 and \$22.37, respectively. This underscores the challenge many of these workers—who tend to be the Commonwealth’s most vulnerable residents—face in making ends meet while working in the human services industry and living in Massachusetts.

In many cases, human services workers are only marginally better off financially than the clients they serve.

Human Services Workforce Projections

According to the Massachusetts Executive Office of Labor and Workforce Development’s long-term occupational projections, the demand for frontline, direct service workers is expected to increase dramatically through 2020. Social assistance establishments—those providing individual and family services; community food, housing, emergency, or other relief services; vocational rehabilitation services; and child care—are expected to experience growth of over 60 percent in the number of needed home health aides and personal care aides between 2010 and 2020. Employment among nursing aides and health educators is predicted to rise by 40 percent to meet expected needs. Given that these positions are among the lowest paid in the industry, it may be very challenging to recruit and retain staff, particularly when hospitals and home health care agencies, which offer more competitive wages, will also be vying for these workers.

Conclusion

The Massachusetts human services industry experienced tremendous growth between 2003 and 2011, and substantial additional growth can be expected in the coming decade. To a great extent, industry growth has been and will continue to be driven by demographic changes that are expanding the population in need of services. This is particularly true for the service needs of the elderly and persons with disabilities where employment growth is likely to be significant among the lowest paying human services jobs. Given this reality, the industry faces a number of challenges in the coming decade.

The ability (or inability) to increase services in the coming decade to meet demand is intrinsically tied to available funding. Data from the Massachusetts Budget and Policy Center’s Budget Browser demonstrate that the overall proportion of funding dedicated to human services, after adjusting for inflation, has been decreasing since fiscal year 2003.ⁱⁱⁱ Years of level funding and budget cuts have curtailed the industry’s ability to adequately meet demand for services in a number of

its subsectors.

The result of the underfunding of services has a devastating effect on the industry’s financial stability.

A 2007 report released by the Massachusetts Executive Office of Health and Human Services documented that one-third of providers experienced organization-wide deficits each year and 56 percent of providers reported that the services they provide on behalf of the state cost more than funding provided by the Commonwealth each year.

This reality is supported by more recent data gathered as part of the Nonprofit Finance Fund’s 2013 State of the Sector Survey. In this survey, 92 percent of providers receiving state and local funds reported that current funding levels do not pay for the full cost of the services being provided to clients.

Wages earned by human services workers are also a concern for the industry. Given that many direct service occupations earn median wages below that needed for a single adult with no children to achieve economic independence, it is difficult to imagine how the industry will continue to recruit workers in the coming decade if economic conditions continue to improve and current and future workers find themselves with more and better alternative employment options.

While proposing solutions to these problems is beyond the scope of this report, the authors are hopeful that, armed with the data and information it contains, industry leaders and policymakers will be able to work together to successfully address some of the profound challenges faced by one of the state’s most socially and economically critical industries. By safeguarding the stability and sustainability of human services, industry leaders and policymakers will not only ensure a better life for the most vulnerable among us, but support significant economic activity and job creation within the Commonwealth.





Introduction

Human services are essential supports for the Commonwealth's most vulnerable populations. Driven by a mission to deliver quality services that prevent or remediate the dire consequences associated with a myriad of social and economic challenges, the human services workforce cares for nearly every segment of society. Human services provider organizations and their workers deliver services that not only improve the health and well-being of those they assist, but also often prevent the need for more costly approaches. It is more cost effective to prevent child abuse than treat the long-term health effects of abuse,^{iv} prevent homelessness than provide shelter,^v keep elders and those with disabilities in their homes than provide institutional care,^{vi} and treat substance abuse than incarcerate those with addictions.^{vii} This commitment to caring for the most vulnerable through cost-effective solutions is essential to overall quality of life in communities throughout Massachusetts.

In challenging economic times, the need for human services generally increases and federal and state funding for these essential supports are often the first to see budget cuts. In recent years, the severe economic downturn, state budget constraints, and federal budget sequestration combined to create a disastrous situation for human services providers and the people they serve. However, direct funding cuts are but one part of the story. Human services organizations have also seen attempts by local governments to close budget gaps by imposing new fees and taxes, such as efforts by a number of local governments across the state to collect payment in lieu of taxes from nonprofit organizations.

The increasing expectation that human services providers do more with less has a direct impact on the industry's capacity to provide much needed and high quality services. According to the Nonprofit Finance Fund's 2013 State of the Sector Survey, which included a sample of 105 Massachusetts human services providers, 65 percent reported not being able to meet demand in 2012.^{viii} Furthermore, 92 percent of providers receiving state and local funds reported that funding levels do not pay for the full cost of services.

The underfunding of services not only impacts service delivery, but has also had a detrimental effect on the industry's financial stability. The Nonprofit Finance Fund's 2013 State of the Sector Survey found that 33 percent of providers ended 2012 with an operating deficit, 10 percent had no cash reserves, and an additional 43 percent had cash reserves equaling one to three months of expenses.

The findings from the Nonprofit Finance Fund's 2013 *State of the Sector Survey* are not at all surprising given the well-documented financial stability of the industry. In 2007, the Massachusetts Executive Office of Health and Human Services released a report on the financial health of human services providers in Massachusetts. As stated in the report, the "study confirmed that, in many areas, the financial health of human service providers in the Commonwealth is suffering."^{ix} Based on a detailed analysis of Uniform Financial Reports, the study documented that one-third of providers experienced organization-wide deficits each year and 56 percent of providers reported that the services they provide on behalf of the state cost more than the funding provided by the Commonwealth each year.

The financial health and stability of the human services industry is often overlooked by policymakers, who understandably focus on the unmet needs of vulnerable populations. The human services industry in Massachusetts, however, is more than a critical component of the social safety net; it is a substantial and growing employer in the Commonwealth. The economic impact of the industry in terms of jobs and economic activity generated by its workers is significant and not well appreciated.

Given its social and economic value, the health and stability of the industry and the financial stability of its workforce are essential to the well-being of the people it serves. A 2010 special report by the National Council of Nonprofits posed the following: "Imagine the burden taxpayers would bear if government had to pay for all of the services nonprofits deliver in a community, such as this sampling of activities the federal government recognizes as deserving of tax exempt status: 'Relief of the poor, the distressed, or the underprivi-

leged,' 'prevention of cruelty to children and animals,' 'advancement of education or science,' and 'combating community deterioration and juvenile delinquency.'"^x

Supporting the stability of the industry and the sustainability of its critical services is central to the Providers' Council's mission of promoting "a healthy, productive, and diverse human services industry." As such, the Council commissioned a series of reports documenting the size, economic impact, and workforce needs of the human services industry, beginning with *Help Wanted: The Future of the Human Services Workforce in Massachusetts*^{xi} released in 2006.

When the Council first engaged the University of Massachusetts Donahue Institute to study human services in Massachusetts, the desire to better understand the industry was largely driven by the growing difficulty providers reported filling job vacancies and retaining staff. The initial report found that, in 2003, the industry employment was approaching 100,000 jobs with expected 10-year growth of 37.5 percent. Expected industry growth, fueled by the well-documented aging of the Massachusetts population, was of critical concern to employers already struggling to fill positions and combating high rates of turnover. At the time, estimated growth was almost entirely based on what was known about changing demographics, particularly the growth of the elderly population that would require services. The estimate was developed before 2008 and did not predict or reflect the 2008 recession and the number of people who would become unemployed, lose their homes, and

find themselves reliant on the social services provided by the Massachusetts human services providers. Nor did the growth estimates consider the role that health care reform in Massachusetts would play in increasing access to a broad array of services for the uninsured and underinsured population of the Commonwealth.

Given the demographic changes and economic circumstances over the last decade, the Providers' Council felt the time was right to take another look at the industry and see where it stands today. This report, a collaborative effort of the UMass Donahue Institute and UMass Dartmouth's Department of Public Policy, provides an updated snapshot of the human services industry and workforce. Using the same industry definition developed for the original *Help Wanted* report, this report documents industry growth between 2003 and 2011, provides an overview of the industry's workforce and wages, and includes projection of workforce needs in the coming decade. It also includes calculations of the industry's economic impact based on the economic contributions of wages paid to human services workers in the Commonwealth in 2011.





Defining the Industry

The North American Industry Classification System (NAICS) is the standard used by federal statistical agencies to classify business establishments for the purpose of collecting, analyzing, and publishing data related to U.S. businesses. This system groups establishments according to similarity in processes used to produce goods or services. When two or more activities are carried on at a single location under a single ownership, all activities are generally grouped together as a single establishment. The entire establishment is classified on the basis of its major activity and all data are included in that classification.

The system includes 18 broad sectors, one of which is health

care and social assistance. The subsectors included in health care and social assistance are arranged on a continuum starting with those establishments providing health care exclusively, continuing with those providing health care and social assistance, and concluding with those providing social assistance exclusively. Included in the health care and social assistance sector are hospitals, establishments providing ambulatory and outpatient care, nursing and residential facilities, and establishments providing social assistance.

During the development of the first *Help Wanted* report, the Providers' Council reviewed the subsectors included within the



health care and social assistance sector and identified six establishment groupings that comprise the human services industry. The definition of the human services industry created at that time included two subsectors providing a mix of health care and social assistance services and four subsectors providing only social assistance services.

The names of the human services industry subsectors listed below are drawn directly from the federal industry classification system. Although these subsectors and the services provided as part of the subsectors may be known by different names in practice, and some of the federal terminology may be perceived as archaic or insensitive to some, they are listed here and throughout the report according to their industry classification for the purpose of clearly delineating the NAICS sectors included in the human services definition.

- Outpatient Mental Health and Substance Abuse Centers
- Residential Intellectual or Developmental Disabilities, Mental Health, and Substance Abuse Facilities
- Individual and Family Services
- Community Food, Housing, Emergency, or Other Relief Services
- Vocational Rehabilitation Services
- Child Care Centers

All other subsectors in health care and social assistance not classified as human services for this report are classified as health care.

When developing the definition of the human services industry, all outpatient centers, which include family planning centers and community health centers as well as outpatient mental health and substance abuse facilities, were considered for inclusion in the definition. However, because family planning and community health centers primarily provide medical care and employ individuals with medical training, their inclusion would have extended the definition too far into the field of health care. In addition, social advocacy agencies that engage vulnerable populations similar to those served by the human services industry were also considered for inclusion. Upon reflection, these establishments were excluded because they generally employ a workforce different from that of human services and face correspondingly different challenges.

As originally documented in *Help Wanted*, the following subsectors are included in the definition of human services:

Outpatient Mental Health and Substance Abuse Centers

This subsector, commonly referred to as behavioral health services in Massachusetts, comprises establishments primarily providing outpatient services related to the diagnosis and treatment of mental health disorders and substance abuse. These establishments treat patients who do not require

inpatient treatment and may provide counseling, information about a wide range of mental health and substance abuse issues, or referrals to more extensive treatment programs. Types of outpatient, non-hospital establishments in this subsector include:

- Detoxification centers and clinics
- Alcoholism treatment centers and clinics
- Substance abuse treatment centers and clinics
- Mental health centers and clinics
- Psychiatric centers and clinics

Residential Intellectual or Developmental Disabilities, Mental Health, and Substance Abuse Facilities

This industry subsector comprises establishments primarily engaged in providing residential care (but not licensed hospital care) to people with intellectual and developmental disabilities, mental illness, or substance abuse problems. Although medical services may be available at these facilities, they are incidental to the core services of room, board, protective supervision, counseling, and other social services. Establishments typical to this subsector include:

- Group homes
- Intermediate care facilities for people with intellectual or developmental disabilities
- Staffed apartment or facilities for individuals with intellectual or developmental disabilities or mental health needs
- Convalescent homes or hospitals for psychiatric patients
- Residential substance abuse facilities
- Homes for adults or children with mental health needs
- Halfway houses for persons with mental health or substance abuse disorders

Individual and Family Services

The individual and family services subsector covers a wide range of establishments within the human services industry, including those specifically targeting children and youth, the elderly, persons with disabilities, and disenfranchised adult populations. Establishments included in this subsector are primarily engaged in the provision of child welfare in such areas as adoption and foster care, drug prevention, life skills training, and positive social development; nonresidential social assistance services to improve the quality of life for the elderly, persons diagnosed with intellectual and/or developmental disabilities, or persons with disabilities; and nonresidential individual and family social assistance. Typical establishments in the individual and family services subsector include:

- Adoption and foster care agencies and services
- Community centers (except those solely providing recreational activities)
- Child welfare services
- Senior centers
- Activity centers and companion services for persons with disabilities
- Adult day health and non-medical homecare/homemaker services
- Support groups and self-help for persons with disabilities
- Self-help organizations (e.g., addiction, offender, or ex-offender)
- Crisis intervention, crisis centers, and hotline centers
- Family welfare and social service agencies
- Counseling, support, rehabilitation, referral, and mediation services

Community Food, Housing, Emergency or Other Relief Services

This subsector comprises a range of establishments providing basic needs, including establishments primarily engaged in the collection, preparation, and delivery of food for the needy, as well as the distribution of clothing and blankets to the poor or displaced persons. Additionally, this includes establishments primarily engaged in providing one or more of the following community housing services: short-term emergency shelter for victims of domestic violence, sexual assault, or child abuse; temporary residential shelter for the homeless, runaway youths, and patients and families in medical crises; transitional housing for low-income individuals and families; volunteer construction or repair of low-cost housing, in partnership with the homeowner who may assist in construction or repair work; and repair of homes for elderly or homeowners with a disability. Typical establishments include:

- Community meals, soup kitchens, or food banks
- Meal delivery services
- Shelters (e.g., emergency, homeless, domestic violence, or runaway youth)
- Energy assistance
- Transitional housing
- Home construction and housing repair services
- Emergency and disaster relief
- Immigrant resettlement

Vocational Rehabilitation Services

This subsector comprises establishments primarily engaged in providing vocational rehabilitation or habilitation services, such as job counseling, job training, and work experience to unemployed and underemployed persons, persons with disabilities, and persons who have a labor market disadvantage because of lack of education, skills, or experience. Also included in this subsector are establishments primarily engaged in providing training and employment to persons with disabilities. Provider sites typical to this subsector include:

- Job counseling and training (vocational rehabilitation or habilitation)
- Sheltered workshops or work experience centers
- Workshops for persons with disabilities
- Supported work sites

Child Care Services

The child care subsector, commonly referred to as Early Education and Care services in Massachusetts, comprises establishments primarily engaged in the provision of day care for infants or children. These establishments generally care for preschool children, but may care for older children when they are not in school and may also offer pre-kindergarten educational programs. The following establishments are typical for this subsector:

- Child care centers
- Home-based babysitting or day care services
- Before or after-school care
- Head start programs
- Nursery schools
- Preschool or pre-kindergarten centers





Employment and Economic Impact of the Human Services Industry

Understanding the constellation of services provided and population groups receiving assistance is but the first step in describing the impact of the human services industry. The most recent available data from the U.S. Census Bureau's County Business Patterns Survey provide three measures of the industry's impact—number of establishments, employment counts, and total payroll. Data presented in the remainder of this section demonstrate that the industry is present in every corner of the Commonwealth, has experienced significant growth, and that its workers contribute significantly to both their local and the larger Massachusetts economy.

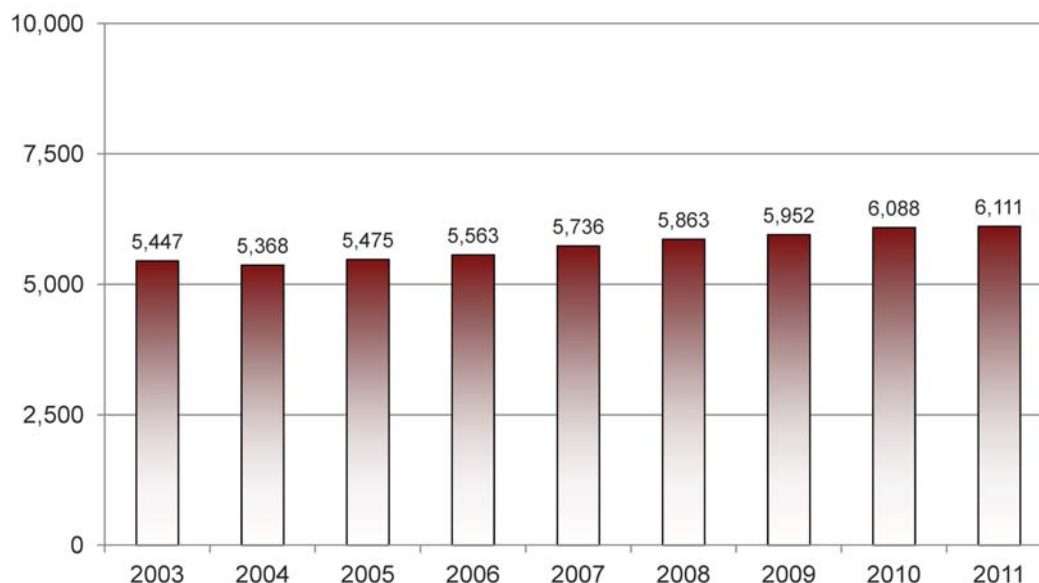
Establishments

The human services industry in Massachusetts comprises a range of establishments or provider sites with the common mission of improving the quality of life of individuals and families, many of whom represent the most vulnerable people in the Commonwealth. Human services establishments are not defined by goods or products, but rather by the services

provided and the people who receive them. In 2011, 6,111 establishments in Massachusetts were primarily engaged in providing services consistent with the industry definition (Figure 1), representing one-third of all establishments in the broad health care and social assistance sector. It is important to note that an establishment is a single physical location and does not necessarily equate to a provider organization, which may have more than one establishment or site. As such, the 6,111 establishments do not equal 6,111 human services agencies, but locations in which services are provided. While federal industry statistics do not report the total number of providers, a 2007 report issued by the Massachusetts Executive Office of Health and Human Service states that "EOHHS and its 14 agencies rely on a network of over 1,100 independent, largely nonprofit providers to deliver a wide variety of human services to vulnerable populations."

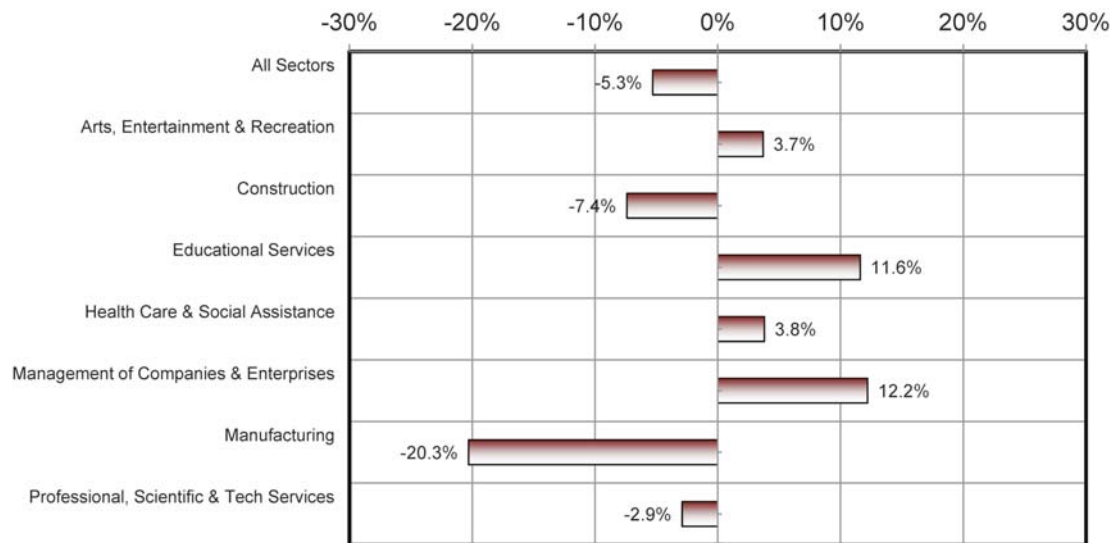
According to the U.S. Census Bureau's County Business Patterns Survey, there were a total of 169,146 establishments

Figure 1. Massachusetts Human Services Establishments, 2003-2011



Source: U.S. Census Bureau, County Business Patterns Survey, 2003-2011.

FIGURE 2. Change in Establishments by Selected Broad Sectors in Massachusetts, 2003-2011



Source: U.S. Census Bureau, County Business Patterns Survey, 2003-2011.

operating throughout Massachusetts in 2011. This figure represents a decline of 9,529 establishments between 2003 and 2011. However, not all of the state's industries experienced a decline in establishments during this period.

While there was an overall decline in establishments of 5.3 percent throughout the Commonwealth since 2003, some major sectors—such as health care and social assistance, arts and entertainment, and educational services—experienced a growth in establishments from 2003 to 2011 (Figure 2). During the same period, the construction, manufacturing, and professional, scientific, and technical services sectors experienced declines.

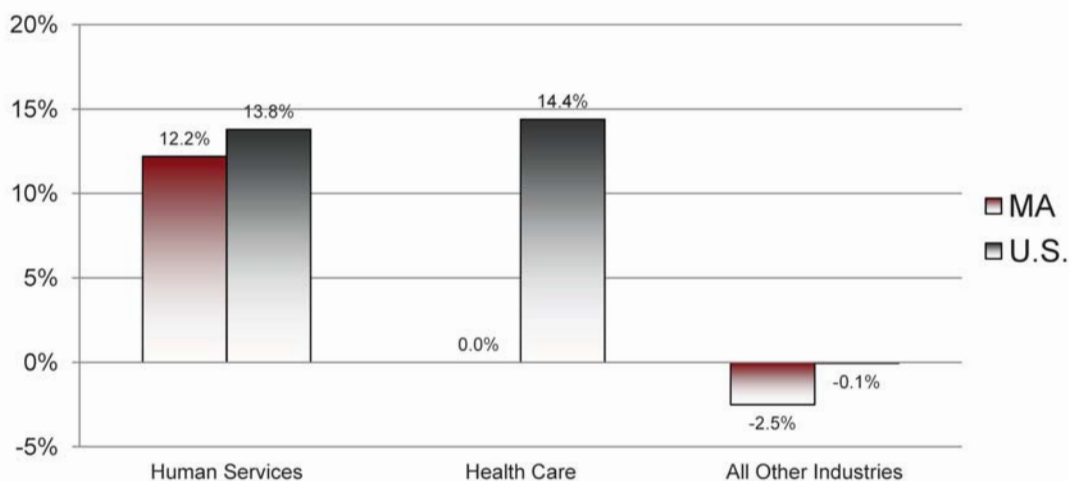
Between 2003 and 2011, the broad health care and social assistance sector, which includes the human services industry, experienced a 3.8 percent increase in the number of establishments providing services. However, effectively all of the growth in this broad sector can be attributed to the human services industry. As shown in Figure 3, while the number of establishments delivering human services increased from 5,447 to 6,111 (12.2 percent growth), there was virtually no change in the number of health care establishments across the Commonwealth. In 2003 there were 11,982 health care establishments in Massachusetts and in 2011 there were 11,978.

During the same period (2003–2011), all broad sectors outside of health care and social assistance experienced a decline in establishments. This decline was slightly more pronounced in Massachusetts than for the nation as a whole.

The pattern of growth in the health care and social assistance sector in Massachusetts is different from that observed elsewhere across the country. Nationally, health care and social assistance establishments grew by 14.3 percent between 2003 and 2011. However, unlike in Massachusetts where only the human services sector saw an increase in establishments, both the health care and human services industries saw increases in the number of establishments providing services nationally.

Unlike some other industries that may be concentrated in certain regions or communities within the state, the human services industry operates in establishments located in every region of the Commonwealth. As can be seen in Table 1, the county-level distribution of human services establishments is highly correlated with the distribution of the population across counties.

FIGURE 3. Massachusetts and U.S. Establishment Growth, Industry Comparisons, 2003-2011



Source: U.S. Census Bureau, County Business Patterns Survey, 2003-2011.

TABLE 1. Population and Establishments by County

County	2012 Population	Percentage of Total Population	2011 Human Services Establishments	Percentage of Human Services Establishments
Massachusetts	6,645,303	100.0%	6,109	100.0%
Barnstable	214,947	3.2%	256	4.2%
Berkshire	130,120	2.0%	142	2.3%
Bristol	550,856	8.3%	533	8.7%
Dukes	16,834	0.3%	24	0.4%
Essex	755,970	11.4%	656	10.7%
Franklin	71,535	1.1%	77	1.3%
Hampden	465,997	7.0%	383	6.3%
Hampshire	159,791	2.4%	164	2.7%
Middlesex	1,537,149	23.1%	1,417	23.2%
Nantucket	10,241	0.2%	12	0.2%
Norfolk	682,078	10.3%	602	9.9%
Plymouth	498,393	7.5%	392	6.4%
Suffolk	746,039	11.2%	770	12.6%
Worcester	805,353	12.1%	681	11.1%

Source: U.S. Census Bureau, State & County QuickFacts.

U.S. Census Bureau, County Business Patterns Survey, 2011.

Note: Number of establishments by county does not total 6,111 due to missing data.

Although the overall distribution of establishments by county has not changed dramatically since 2003, some counties have experienced significant growth in the number of establishments while others have experienced declines (Table 2). For instance, Plymouth, Hampshire, and Norfolk counties experienced over 20 percent growth in establishments between 2003 and 2011, while in Bristol, Middlesex, Essex, Franklin, and Worcester counties growth ranged between 10 and 20 percent. Barnstable, Hampden and Suffolk counties experienced minimal growth, while the three remaining three counties—Berkshire, Dukes, and Nantucket—experienced outright declines in the number of human services establishments during this period.

Employment

Just as important as understanding where in Massachusetts human services providers deliver their services is estimating the number of Massachusetts jobs at those locations. According to the County Business Patterns Survey, in 2011 there were 145,161 human services jobs in Massachusetts, representing 5 percent of the Commonwealth's nearly 3 million jobs. By comparison, employment in the human services industry is comparable to employment in the Commonwealth's colleges, universities, and professional schools (138,408). Furthermore, the sheer size of the human services sector is significantly larger than a number of

other leading employers in the state. For instance, human services industry employment in 2011 was nearly three times the size of the arts, entertainment, and recreation sector (54,534 jobs) and the BioPharma industry which, according to a recent report released by the Massachusetts Biotech Council, employed 56,097 workers in 2011.^{xii}

There were a total of 2,960,712 jobs located in Massachusetts in 2011. This figure represents a decline of 14,067 jobs since 2003. However, not all of the state's industries experienced a decline in employment during this period.

Between 2003 and 2011, the state experienced an overall 0.5 percent decline in employment. However, consistent with patterns of growth and decline in establishments, some major sectors such as health care and social assistance, arts and entertainment, and educational services continued to add jobs during this period, while others such as manufacturing and construction lost jobs (Figure 5). One notable exception is the professional, scientific, and technical services sector, which experienced a decline in establishments and growth in employment.



TABLE 2. Change in Establishments by County, 2003-2011

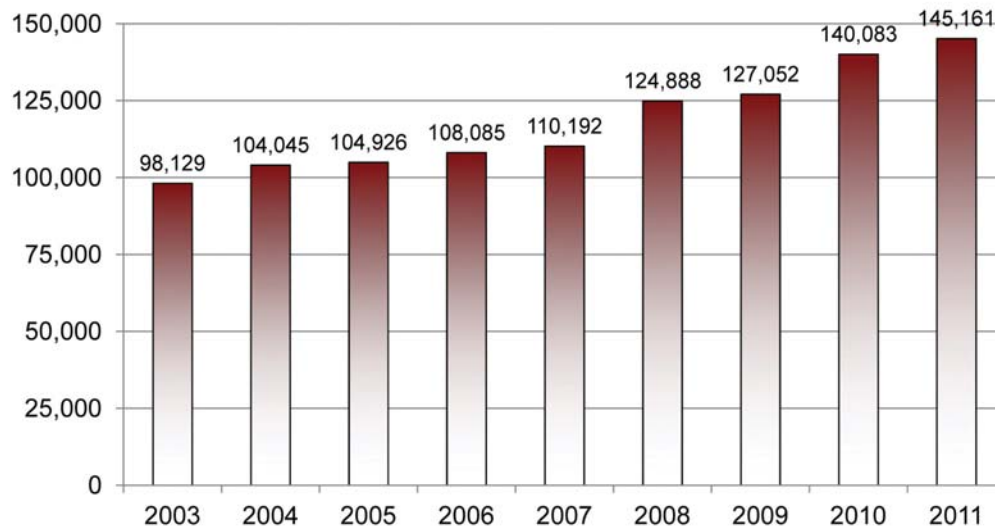
County	2003 Human Services Establishments	Percentage of Human Services Establishments 2003	2011 Human Services Establishments	Percentage of Human Services Establishments	Change in Establishments 2003-2011
Massachusetts	5,447	100.0%	6,109	100.0%	12.2%
Barnstable	248	4.6%	256	4.2%	3.2%
Berkshire	159	2.9%	142	2.3%	-10.7%
Bristol	452	8.3%	533	8.7%	17.9%
Dukes	26	0.5%	24	0.4%	-7.7%
Essex	586	10.8%	656	10.7%	11.9%
Franklin	69	1.3%	77	1.3%	11.6%
Hampden	376	6.9%	383	6.3%	1.9%
Hampshire	133	2.4%	164	2.7%	23.3%
Middlesex	1,228	22.5%	1,417	23.2%	15.4%
Nantucket	13	0.2%	12	0.2%	-7.7%
Norfolk	499	9.2%	602	9.9%	20.6%
Plymouth	311	5.7%	392	6.4%	26.0%
Suffolk	734	13.5%	770	12.6%	4.9%
Worcester	613	11.3%	681	11.1%	11.1%

Source: U.S. Census Bureau, State & County QuickFacts.

U.S. Census Bureau, County Business Patterns Survey, 2011.

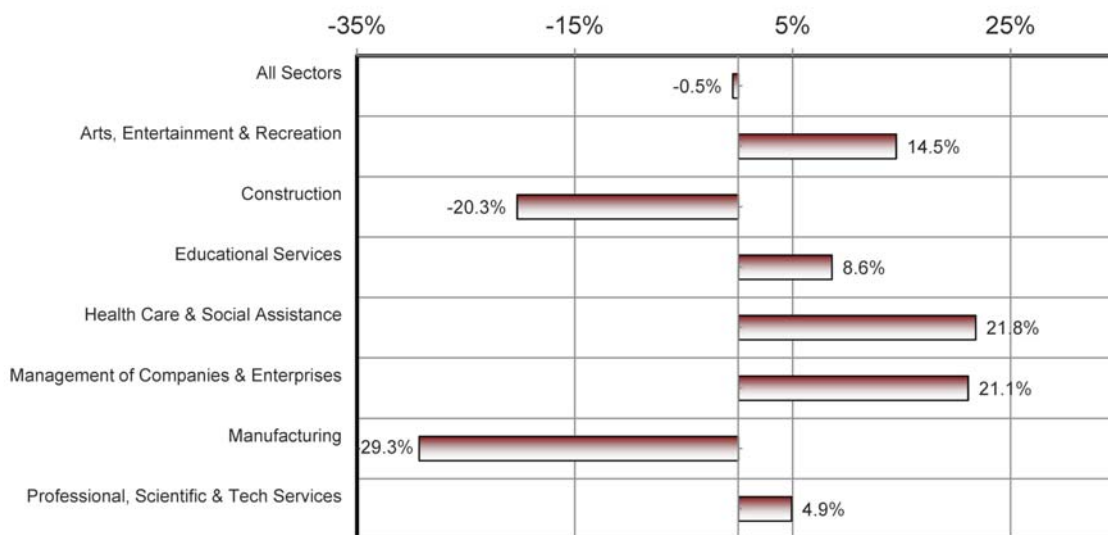
Note: Number of establishments by county in 2011 does not total 6,111 due to missing data.

FIGURE 4. Human Services Industry Employment, 2003-2011



Source: U.S. Census Bureau, County Business Patterns Survey, 2003-2011.

FIGURE 5. Change in Employment by Selected Broad Sectors in Massachusetts, 2003-2011



Source: U.S. Census Bureau, County Business Patterns Survey, 2003-2011.

In 2011, 573,438 Massachusetts jobs were in the health care and social assistance sector, accounting for nearly one in five (19.4 percent) jobs in the Commonwealth. In 2011, the human services industry accounted for 25.3 percent of health care and social assistance sector jobs up from 20.8 percent in 2003.

Between 2003 and 2011, the health care and social assistance sector experienced a 21.8 percent increase in employment.

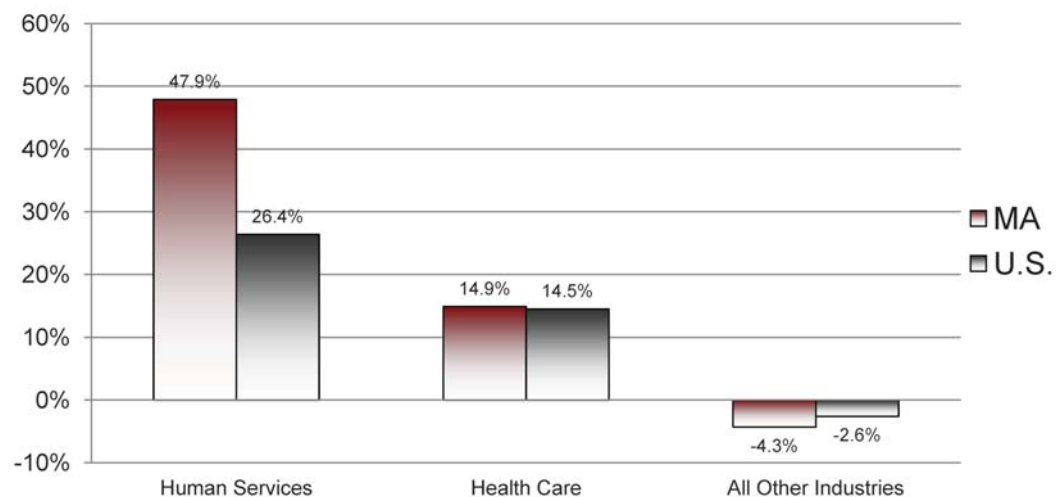
Although all of the growth in health care and social assistance establishments was attributable to the human services industry, both health care and human services experienced job growth during this period (Figure 6). At the same time, all other sectors combined experienced a decline in employment. This decline was slightly more pronounced in Massachusetts compared to the U.S. overall.



In 2003, the Massachusetts human services industry provided the Commonwealth with nearly 100,000 jobs. At that time, labor force projections suggested that the industry would grow 37.5 percent between 2004 and 2014, resulting in an estimated 135,000 jobs a decade later. However, by 2011, employment had grown 47.9 percent bringing total industry jobs up to 145,161, well in excess of the original forecast. By comparison, health care employment grew 14.9 percent during the same period. Although health care employment growth in Massachusetts is comparable to growth nationally, human services jobs in Massachusetts grew nearly twice as fast as they did nationally (47.9 percent in Massachusetts compared to 26.4 percent for the U.S.).

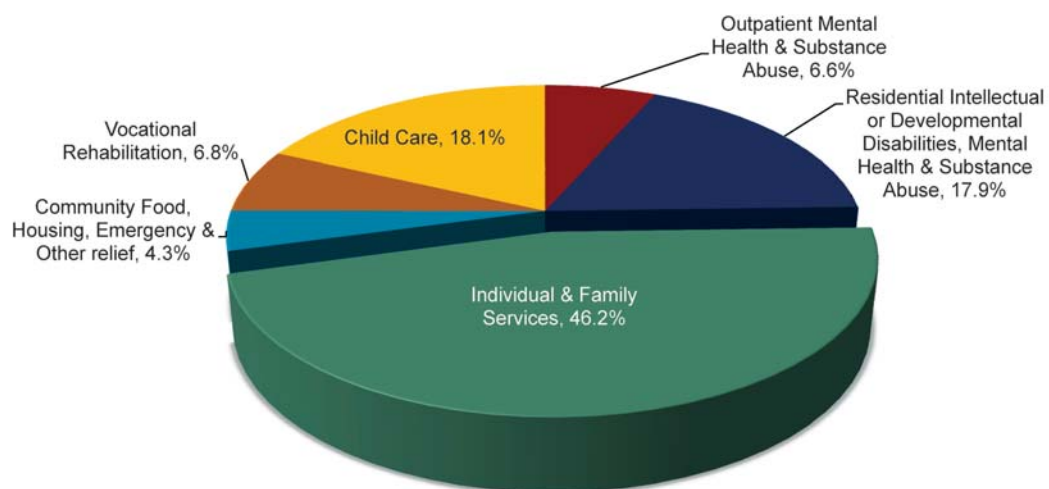
As defined by this report, the human services industry is composed of six major subsectors: (1) outpatient mental health and substance abuse centers; (2) residential intellectual or developmental disabilities, mental health, and substance abuse facilities; (3) individual and family services; (4) community food, housing, emergency, or other relief services; (5) vocational rehabilitation services; and (6) child care centers. Based solely on employment, the largest of the human services subsectors is individual and family services (Figure 7). In 2011, individual and family services accounted for an estimated 46.2 percent of human services employment or 67,090 of the industry's 145,161 jobs (Figure 8). The relative size of the individual and family services subsector has changed dramatically since 2003 when the subsector accounted for just 32.7 percent of industry employment.

FIGURE 6. Massachusetts and U.S. Employment Growth, Industry Comparisons, 2003-2011



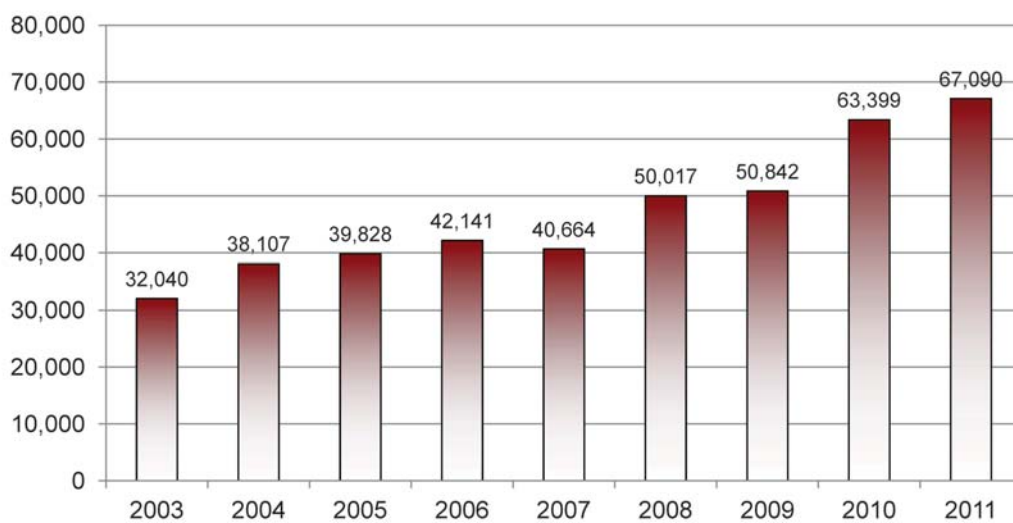
Source: U.S. Census Bureau, County Business Patterns Survey, 2003-2011.

FIGURE 7. Human Services Industry Distribution of Employees by Subsector, 2011



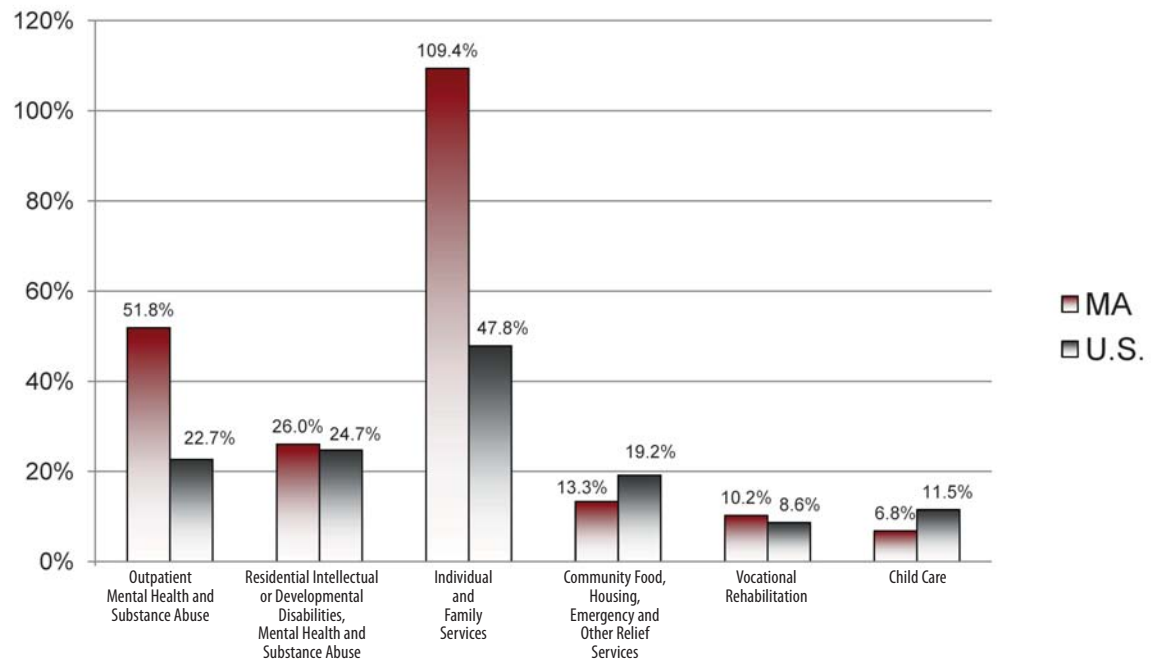
Source: U.S. Census Bureau, County Business Patterns Survey, 2003-2011.

FIGURE 8. Individual and Family Services Employment, 2003-2011



Source: U.S. Census Bureau, County Business Patterns Survey, 2003-2011.

**Figure 9. Massachusetts and U.S. Employment Growth
Human Services Subsector Comparisons, 2003-2011**



Source: U.S. Census Bureau, County Business Patterns Survey, 2003-2011.

The change in the individual and family services subsector's relative size between 2003 and 2011 is not surprising given the incredible growth in employment this sector experienced during this period. As can be seen in Figure 9, employment within the individual and family services subsector grew 109.4 percent between 2003 and 2011. This is, by far, the most significant rate of growth in the industry. The other subsector to experience more than 50 percent growth between 2003 and 2011 was outpatient mental health and substance abuse centers. Both subsectors added jobs at twice the rate of their national counterparts between 2003 and 2011.

The individual and family services subsector experienced three significant jumps between 2003 and 2011. As shown in Table 3, these jumps occurred between 2003 and 2004 (18.9 percent), 2007 and 2008 (23.0 percent), and 2009 and 2010 (24.7 percent). The outpatient mental health and substance abuse subsector had three consecutive years of greater than 10 percent growth (during the 2006 through 2009 period).

The individual and family services subsector is comprised of three distinct groups of establishments providing (1) child and youth services, (2) services for the elderly and persons with disabilities, and (3) other individual and family services. The child and youth services category includes agencies providing adoption services, child guidance and child welfare services, foster care and foster home placement services, youth-

focused self-help, teen outreach, and youth guidance, as well as community and youth centers providing more than recreation. The services for the elderly and persons with disabilities category includes activity centers for adults, persons with disabilities, and the elderly; adult day health centers for persons with disabilities and the elderly; and senior centers. This grouping also includes agencies providing companion services for persons with disabilities and the elderly, disability support groups, non-medical home care for the elderly, and self-help groups for persons with disabilities and the elderly.

The other individual and family services category includes agencies providing non-medical and non-residential alcoholism counselling, alcoholism and drug addiction self-help and support groups, ex-offender rehabilitation and self-help, family and parenting support services, referral services for personal and social problems, counseling services not provided by a mental health professional, mediation services, and self-help groups (for those without disabilities and who are not elderly). This grouping also includes community action service agencies, crisis intervention centers, rape crisis centers, hotline centers, neighborhood multiservice centers, suicide crisis centers, travelers' aid centers, and welfare service centers.

TABLE 3. Annual Employment Growth, All Sectors and Human Services Industry by Subsector 2003–2011

	2003– 2004	2004– 2005	2005– 2006	2006– 2007	2007– 2008	2008– 2009	2009– 2010	2010– 2011	2003– 2011
All MA Sectors	0.2%	0.6%	1.6%	1.0%	0.0%	-3.5%	-1.3%	1.1%	-0.5%
Human Services	6.0%	0.8%	3.0%	1.9%	13.3%	1.7%	10.3%	3.6%	47.9%
Outpatient Mental Health & Substance Abuse Centers	4.1%	-1.2%	6.1%	14.7%	10.5%	12.8%	1.6%	8.3%	51.8%
Residential Intellectual or Developmental Disabilities, Mental Health & Substance Abuse Facilities	2.1%	-5.9%	7.2%	4.6%	8.6%	1.2%	7.3%	-0.8%	26.0%
Individual & Family Services	18.9%	4.5%	5.8%	-3.5%	23.0%	1.6%	24.7%	5.8%	109.4%
Community Food, Housing, Emergency, and other Relief Services	1.1%	2.3%	-1.0%	4.5%	4.5%	6.0%	-3.8%	-0.7%	13.3%
Vocational Rehabilitation Services	-2.3%	5.9%	-5.1%	7.7%	6.7%	0.7%	-7.5%	4.9%	10.2%
Child Care Services	-2.8%	-0.7%	1.4%	3.2%	7.2%	-1.5%	-1.7%	1.7%	6.8%

Source: U.S. Census Bureau, County Business Patterns Survey, 2003–2011.

Note: Highlighted percentages represent years with greater than 10 percent growth.

The Census Bureau's County Business Patterns Survey includes data for the three categories within individual and family services. As shown in Table 4, the employment growth within this subsector, and to a great extent the growth in human services employment overall, was driven by significant increases in services provided to the elderly and those with disabilities.

In 2003, 12,574 jobs were dedicated to providing services to the elderly and people with disabilities. By 2011, that number had nearly quadrupled, rising to 46,227 jobs, representing over 260 percent growth.

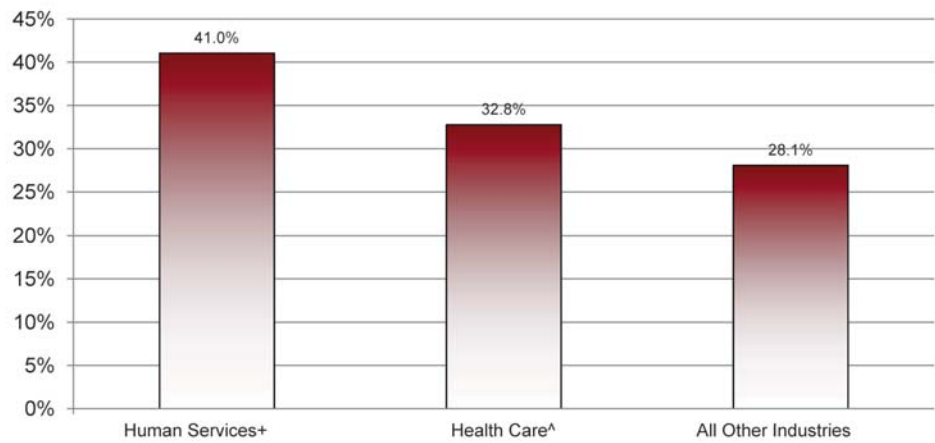
Employment growth in services for the elderly and persons with disabilities was not unexpected. As detailed in *Help Wanted* and *Help Wanted 2*, a key driver in the expected industry growth of 37.5 percent between 2004 and 2014 was the growing elderly population. However, the Massachusetts Employment Projections Through 2014 report estimated a 19 percent growth in individual and family services, and greater employment growth in residential care facilities and child care services.^{xiii} There are a number of plausible theories to explain the stark difference between what was expected in terms of growth and what actually occurred.

TABLE 4. Individual and Family Services Employment Growth 2003–2011

	2003 Employment	2011 Employment	Change 2003–2011
Individual and Family Services	32,040	67,090	109.4%
Child and Youth Services	5,763	5,792	0.5%
Services for the Elderly and Persons with Disabilities	12,574	46,227	267.6%
Other Individual and Family Services	13,703	15,071	10.0%

Source: U.S. Census Bureau, County Business Patterns Survey, 2003–2011.

FIGURE 10. Workforce Characteristics of Employees Working Less Than 35 Hours per week



Source: U.S. Census Bureau, 2010-2012 American Community Survey (ACS), Public Use Microdata Sample (PUMS) Files

+ Limitations in the available dataset did not allow for using the precise definition of the human services industry developed for this report. As such, data on human services workers includes those employed in social assistance agencies, residential (non-nursing) facilities, and outpatient care centers.

^ All health care and social assistance subsectors not classified as human services (social assistance agencies, residential (non-nursing) facilities, and outpatient care centers) are classified as healthcare.

As noted in the introduction, projections of industry growth were almost entirely based on anticipated changes in population demographics, particularly in relation to the growth of the elderly population. Projections did not take into account the 2008 recession and the number of people who would become unemployed, lose their homes, and find themselves reliant on the social services provided by the industry. Nor did the growth estimates factor in the role health care reform in Massachusetts would play in increasing access to a broad array of services for previously uninsured and underinsured residents of the Commonwealth. Increasing demand for services, improved access to services, and a difficult labor market were all factors that likely contributed to the much greater than expected job growth in the industry overall and in services for the elderly and disabled specifically.

It is also important to keep in mind that it appears that a significant number of the jobs created in recent years are part-time positions. The Census Bureau's County Business Patterns survey does not report employment counts on a full-time equivalent basis.

Analysis of American Community Survey data reveals that an estimated 41 percent of human services workers in Massachusetts report working less than 35 hours per week at their primary job (Figure 10).

Anecdotal reports suggest that many human services workers hold more than one part-time position. Therefore, it is very likely that the number of jobs exceeds the number of individuals who are employed by the industry.

Economic Impact

The primary mission of human services is protecting and improving the well-being of the Commonwealth's most vulnerable residents. However, as establishment and employment data demonstrate, the contributions of the Massachusetts human services industry extend well beyond the substantial social value they contribute—it creates a large amount of economic activity as well. As there are no sufficiently detailed data describing how the industry spends its non-payroll related revenue (including the costs associated with doing business, such as rent and utilities, capital expenses, contracts for services, employee health insurance, etc.), the estimates of economic impact that follow are based solely on the economic contributions of wages paid to human services workers in the Commonwealth. Undoubtedly, the economic impact of overall industry spending is substantially larger than described in the conservative estimate of economic impact described in the pages that follow.

According to the 2011 Human Services Jobs, the Massachusetts human services industry paid its workers over \$3.4 billion in 2011.

Though the human services industry represented 5 percent of the Commonwealth's total jobs in 2011, its payroll was only 2.1 percent of the total annual Massachusetts payroll of \$165 billion. The comparatively low share of state payroll reflects the low wages paid to many workers in the Massachusetts human services industry as compared to other Massachusetts employers.

However, the \$3.4 billion paid to Massachusetts human services workers in 2011 had a significant impact on the state economy (see Methodology and Data Sources for details of this analysis). As shown in Table 5, of the \$3.4 billion earned through the 145,161 human service jobs in 2011, \$2.5 billion was disposable income. This disposable income was largely spent on basic living expenses, goods and services within Massachusetts. The balance of the payroll (approximately \$918 million) was spent on taxes and spending by employees who reside outside of the Commonwealth.

The \$2.5 billion in local spending of disposable income by human services workers generated an estimated \$899 million in additional economic activity across the Commonwealth. This \$899 million represents the money earned and spent by persons employed in establishments where human services workers purchased goods and services (e.g., grocery stores, clothing stores, etc.) in Massachusetts.

The direct spending of disposable income and the \$899 million in additional economic activity suggests that the total economic impact of the disposable income earned by human services workers in Massachusetts was \$3.4 billion.

The impact of the spending of human services workers in the Commonwealth is not at all trivial. Estimates suggest these expenditures supported an additional 24,262 jobs in Massachusetts in 2011.

As can be seen in Table 6, wages paid to human services workers in Massachusetts also generated more than \$187 million in state and local tax revenues in 2011. This total consists of about \$91 million paid in state and local taxes by human services employees and employees of supported businesses (including personal taxes and fees, social insurance taxes, and sales taxes) and \$95 million paid by Massachusetts businesses that generated additional income as a result of spending by human services employees.



TABLE 5. Economic Impact and Employment Impact Effects of Human Services Industry 2011

	Economic Impact	Employment Impact
2011 Human Services Jobs	—	145,161
Direct Spending of Disposable Income	\$2,516,117,510	—
Impact of Spending	\$898,807,279	24,262
Total Economic Impact	\$3,414,924,789	169,423

Note: All data input in the IMPLAN® Model are from U.S. Census Bureau, County Business Patterns Survey, 2011.

TABLE 6: State and Local Tax Impact

2011 Annual Human Services Payroll	\$3,434,163,000
Social Insurance Tax	\$1,723,209
Sales Tax	\$44,659,280
Income Tax	\$35,408,040
Fines, Fees, and Licensing	\$9,581,339
Property Taxes	\$652,550
Other Taxes	\$95,070,209
Total	\$187,094,627

Note: All data input in the IMPLAN® Model are from U.S. Census Bureau, County Business Patterns Survey, 2011.



Workforce Realities Facing the Human Services Industry

Much of the focus on the human services industry is about the services provided and the people served. Typically, the success of the industry is measured in terms of client outcomes and the cost effectiveness of service delivery. However, little if any attention is paid to the role of the industry as an employer and economic contributor. Yet as the employment and economic impact data presented earlier strongly suggest, the financial health of the industry and the economic stability of its workforce is also vital to a complete understanding of the contributions of and the challenges facing human services providers in Massachusetts.

This section of the report identifies a number of issues facing the industry, including the economic reality of the human services workforce and projections of workforce needs in the coming decade.

Workforce Characteristics and Wages

In order to identify strategies to adequately support the human services industry in Massachusetts, it is critical to understand the characteristics of its workers. This section presents key demographic and socioeconomic characteristics of workers and for illustrative purposes compares three major groups—human services workers,² health care industry workers,³ and workers in all other industrial sectors.

As Table 7 demonstrates, women dominate the human services and health care industries. More than 80 percent of human services workers and more than three-quarters of health care jobs are filled by women, which is dramatically different from

all other sectors, where less than half of the jobs are held by women (43.6 percent). Forty-two percent of human services workers have a bachelor's or advanced degree. While this is consistent with the educational attainment of workers in other industries (42.8 percent), it is slightly lower than the educational attainment of health care workers (46.3 percent).

The human services workforce also includes a number of population groups that tend to have higher than average unemployment rates, such as foreign born individuals, those who are linguistically isolated (i.e., those who do not speak English or do not speak English well), and individuals with disabilities. Although the share of human services workers who are foreign born is lower than in health care, notably the percentage of those who are linguistically isolated or have disabilities is higher than the health care workforce.

Despite having a relatively well-educated workforce, 12 percent of human services workers are earning at or below 150 percent of poverty. The percentage of human services workers earning below 150 percent of poverty is twice as high as it is for health care workers and higher than all other industries.

Nearly one in five Massachusetts human services workers earns at or below 200 percent of poverty, a common threshold used to calculate service eligibility. This suggests that thousands of Massachusetts human services workers are eligible to receive the very services and supports they provide.

² Limitations in the 2010–2012 American Community Survey did not allow for an exact replica of the human services definition developed for this report. As such, data on human services workers includes those employed in social assistance agencies, residential (non-nursing) facilities, and outpatient care centers.

³ All health care and social assistance subsectors not classified as human services (social assistance agencies, residential (non-nursing) facilities, and outpatient care centers) are classified as health care.

TABLE 7. Selected Workforce Characteristics by Industry, 2010–2012

	Human Services+	Health Care^	All Other Industries
Female	80.9%	76.1%	43.6%
Educational Attainment			
No HS Diploma or GED	7.6%	4.5%	7.1%
HS Diploma/GED	18.5%	15.9%	23.5%
Some college/ associates degree	31.9%	33.2%	26.6%
Bachelor's Degree	23.6%	22.3%	25.4%
Advanced Degree	18.5%	24.0%	17.4%
Foreign Born	16.8%	19.5%	17.7%
Linguistically Isolated*	3.7%	1.9%	3.9%
Those with a Disability	6.5%	3.8%	4.4%

Source: U.S. Census Bureau, 2010–2012 American Community Survey (ACS), Public Use Microdata Sample (PUMS) Files.

+ Limitations in the available dataset did not allow for using the precise definition of the human services developed for this report. As such, data on human services workers includes those employed in social assistance agencies, residential (non-nursing) facilities, and outpatient care centers.

^ All health care and social assistance subsectors not classified as human services (social assistance agencies, residential (non-nursing) facilities, and outpatient care centers) are classified as health care.

* Linguistically isolated individuals include those who do not speak English and those who do not speak English well.

TABLE 8. Poverty Status by Industry, 2010–2012

	Human Services+	Health Care^	All Other Industries
Below 100% of Poverty	5.9%	3.3%	4.7%
Between 100% and 150% of Poverty	6.0%	3.0%	3.9%
Between 150% and 200% of Poverty	6.9%	4.7%	4.9%
Between 200% and 500% of Poverty	47.9%	36.2%	38.6%
Above 500% of Poverty	33.3%	52.7%	48.0%

Source: U.S. Census Bureau, 2010–2012 American Community Survey (ACS), Public Use Microdata Sample (PUMS) Files

+ Limitations in the available dataset did not allow for using the precise definition of the human services industry developed for this report. As such, data on human services workers includes those employed in social assistance agencies, residential (non-nursing) facilities, and outpatient care centers.

^ All health care and social assistance subsectors not classified as human services (social assistance agencies, residential (non-nursing) facilities, and outpatient care centers) are classified as health care.

The poverty status of human services workers is not surprising given the relatively low wages that many earn, particularly the frontline, direct-service staff. The Massachusetts Executive Office of Labor and Workforce Development publishes annual median wages for selected occupational groups and industry subsectors. 2012 median wages were available for three broad occupational groups that represent many human services workers—community and social service occupations, personal care and service occupations, and health care support occupations.

Community and social service occupations include positions such as counselors, social workers, health educators, community health workers, and social and human service assistants. Personal care and service occupations include positions such as child care workers, personal and home care aides, and recreation workers. Health care support occupations include home health aides, psychiatric aides, and nursing aides. Median wages for these three occupational groups are presented for selected subsectors within the health care and social assistance sector in Figures 11, 12, and 13.

Overall, median wages are lower, and at times significantly lower, among those in the same occupations employed in human services subsectors compared to those employed in health care subsectors such as hospitals or home health care agencies. For instance, individuals employed in community and social service occupations working in home health care earned median wages in 2012 that were 94 percent higher than individuals working in those occupations in residential facilities for persons with intellectual or developmental disabilities and mental health or substance abuse issues (\$25.45 per hour compared to \$13.11 per hour). In the case of community and social service occupations, differences in median wages may be influenced by the mix of occupations within each subsector. For instance, home health care may have more licensed, professional workers (e.g., social workers) than the residential subsector. Because social workers earn more per hour than social and human service assistants, having a higher proportion of them would drive up the median wage. The same, however, is likely not true for other direct service occupations.

Personal care and service occupations, which include positions such as child care workers and personal and home care aides, have a more consistent mix of positions in terms of educational requirements and income. Therefore, differences observed between human services subsectors and health care subsectors are more likely to be about actual wage differences rather than the mix of jobs within the occupational category.

Similar patterns can be seen among health care support occupations, which include home health aides, psychiatric aides, and nursing aides (Figure 13).

Individuals in personal care and service occupations who work in hospitals earn 34 percent more than workers in these same occupations employed in the individual and family services subsector (Figure 12).

If, as expected, the economy continues to improve, the relatively low wages earned by many human services workers who provide direct care could become a serious competitive disadvantage for growing human services employers. During periods of economic difficulty when there are fewer job options, it is easier to fill low-paying positions. However, as the economy improves it will become increasingly difficult for human services providers to compete with other subsectors that are able to pay higher wages for the same work and in many cases, offer more hours and better fringe benefits.

The Crittenton Women's Union has developed the "economic independence index," which takes into account a number of factors when calculating wages required to meet basic expenses without relying on public income and work supports, including housing, child care, health care, food, and transportation.^{xiv} It also factors in tax credits available for eligible workers with dependents. According to their most recent calculations, in 2013 the income required for economic independence for a single adult with no children in Massachusetts is \$13.65 per hour. As shown in Figures 11, 12, and 13, median wages for many direct service occupations are below the economic independence index for a single adult with no children. It is important to note that the income required for economic independence varies significantly by city and town, as well as by family composition. Single adults with no children in Boston require a higher wage to achieve economic independence (\$14.32 per hour) than those in Springfield (\$10.43) or Worcester (\$10.76) where the cost of living is lower.

Many individuals working in human services industry, however, are not single adults without children. According to the American Community Survey, approximately 23 percent of human services workers are single adults with one or more children.^{xv} If a single adult has either one preschool-aged or school-aged child, the required average wage for economic independence in Massachusetts increases an additional \$10 to \$24.61 and \$22.37, respectively. This underscores the challenge many of these workers, who tend to be the Commonwealth's most vulnerable residents, face in making ends meet while working in the human services industry and living in Massachusetts.

In many cases, human services workers are only marginally better off financially than the clients they serve. Furthermore, as illustrated in the following charts, they are paid comparatively less than workers doing similar jobs in healthcare.

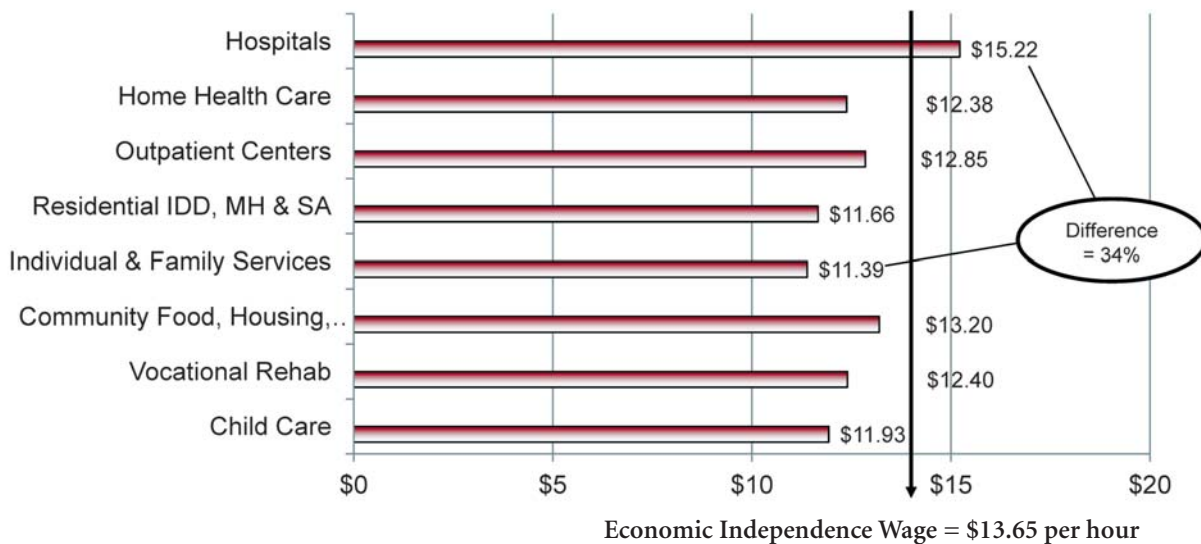
FIGURE 11. 2012 Median Hourly Wages Community and Social Service Occupations



Source: Crittenton Women's Union, 2013.

Source: MA Executive Office of Labor and Workforce Development, Occupational Employment Statistics, May 2011.

FIGURE 12. 2012 Median Hourly Wages Personal Care and Service Occupations



Source: Crittenton Women's Union, 2013.

Source: MA Executive Office of Labor and Workforce Development, Occupational Employment Statistics, May 2011.

FIGURE 13. 2012 Median Hourly Wages Health Care Support Occupations



Source: Crittenton Women's Union, 2013.

Source: MA Executive Office of Labor and Workforce Development, Occupational Employment Statistics, May 2011.



Human Services Workforce Projections

Although difficulties recruiting and retaining workers in human services jobs were somewhat ameliorated by the economic downturn, continuing to fill positions is likely to become increasingly difficult as the economy improves and demand for services continues to rise as expected. According to the Massachusetts Executive Office of Labor and Workforce Development's long-term occupational projections, the demand for frontline direct service workers is expected to increase dramatically through 2020. As documented in Table 9, social assistance establishments—those providing individual and family services; community food, housing, emergency, or other relief services; vocational rehabilitation services;

and child care—are expected to experience growth of over 60 percent in the number of needed home health aides and personal care aides between 2010 and 2020. Employment among nursing aides and health educators is predicted to rise by 40 percent to meet expected needs. Given that these positions are among the lowest paid in the industry, it may be very challenging to recruit and retain staff, particularly when hospitals and home health care agencies, which offer more competitive wages, will also be vying for these workers.

The U.S. Bureau of Labor Statistics estimates that between 2012 and 2022, establishments providing services to the elderly and people with disabilities will increase employment by 68.2 percent.^{xvi} Given the incredible job growth these Massachusetts establishments experienced between 2003 and 2011 (over 200 percent), it is difficult to imagine how the industry will fill the estimated 30,000 to 32,000 positions that will be created over the next eight years.

These figures do not include expected growth in residential services for individuals with intellectual or developmental disabilities, mental health, and substance use issues or outpatient mental health and substance abuse facilities, which are also expected to need additional workers in the coming decade.

TABLE 9. Long-term Occupational Projections for Social Assistance Subsector*

Industry	2010 Employment	Projected 2020 Employment	Change 2010-2020
Home Health Aides	1,460	2,440	67.0%
Personal Care Aides	4,550	7,560	66.1%
Nursing Aides, Orderlies, and Attendants	270	380	40.1%
Health Educators	160	220	39.6%
Psychiatric Aides	210	280	36.4%
Licensed Practical and Vocational Nurses	170	240	36.2%
Recreation Workers	690	940	35.7%
Registered Nurses	940	1,260	34.9%
Health Care Social Workers	2,330	3,120	34.0%
Marriage and Family Therapists	210	280	33.0%
Physical Therapists	220	290	32.6%
Mental Health Counselors	710	910	29.5%
Social Workers, All Other	510	660	29.1%
Substance Abuse and Behavioral Disorder Counselors	690	880	28.9%
Mental Health and Substance Abuse Social Workers	630	810	28.9%
Social and Human Service Assistants	5,600	7,210	28.7%
Counselors, All Other	220	280	26.7%
Community and Social Service Specialists, All Other	840	1,070	26.6%
Child, Family, and School Social Workers	2,950	3,720	26.1%
Rehabilitation Counselors	1,630	2,020	23.9%
Clinical, Counseling, and School Psychologists	600	730	21.3%
Adult Basic and Secondary Education and Literacy Teachers and Instructors	360	430	21.3%
Educational, Guidance, School, and Vocational Counselors	620	740	18.8%
Teacher Assistants	3,850	4,490	16.8%
Childcare Workers	5,580	6,420	15.0%
Preschool Teachers, Except Special Education	10,990	12,600	14.7%

Source: Massachusetts Executive Office of Labor and Workforce Development, Long-term Occupational Projections 2010–2020. <http://lmi2.detma.org/lmi/projections.asp>.

* The social assistance subsector includes establishments providing individual and family services; community food, housing, emergency, or other relief services; vocational rehabilitation services; and child care.





Conclusion

The mission of the human services industry in Massachusetts is to improve the quality of life, safety, independence, and health of the Commonwealth’s most vulnerable residents. Each day, industry leaders and frontline workers strive to develop and implement cost-effective solutions to the myriad of social problems facing every community across Massachusetts. While the industry’s commitment to and achievements in helping the most vulnerable populations in the Commonwealth clearly demonstrate its social value, its economic value as a significant employer and contributor to the economy is less well understood.

The data presented in this report document the tremendous growth experienced by the Massachusetts human services industry between 2003 and 2011, and the substantial additional growth that can be expected in the coming decade. To a great extent, industry growth has been and will continue to be driven by demographic changes that are expanding the population in need of services. This is particularly true for the service needs of the elderly and persons with disabilities. However, unlike a private sector business that can raise its prices and invest in its capacity when demand for its services outstrip their supply, human services providers cannot simply pass along their costs to the end user. Instead, the industry must rely on state and federal funding to hire staff and increase its capacity to meet the expanding demand for its services.

According to the Nonprofit Finance Fund’s 2013 State of the Sector Survey, which included a sample of 105 Massachusetts human services providers, 65 percent reported not being able to meet demand in 2012.^{xvii} While it is not possible from these data to determine which service areas were not able to meet demand, it is clear from the employment data presented in this report that not all human services subsectors experienced the same level of growth. For instance, while services for the elderly and disabled saw significant growth, services related to emergency relief (food, housing, and other crisis services) experienced minimal growth during a time when the population in need of such services increased due to the 2008 recession.

The ability (or inability) to increase services to meet demand is intrinsically tied to available funding. Data from the

Massachusetts Budget and Policy Center’s Budget Browser demonstrate that the overall proportion of funding dedicated to human services, after adjusting for inflation, has been decreasing since fiscal year 2003 (Table 10).^{xviii} Years of level funding and budget cuts have curtailed the industry’s ability to adequately meet demand for services in a number of its subsectors.

TABLE 10. Massachusetts Budget Components Percentage of Total Budget			
Fiscal Year	Human Services*	Health Care+	Education^
FY2003	11.8%	35.1%	22.5%
FY2007	10.6%	37.4%	20.2%
FY2011	9.9%	43.2%	19.7%
FY2014	9.8%	43.1%	19.4%

Source: Massachusetts Budget and Policy Center, Budget Browser.

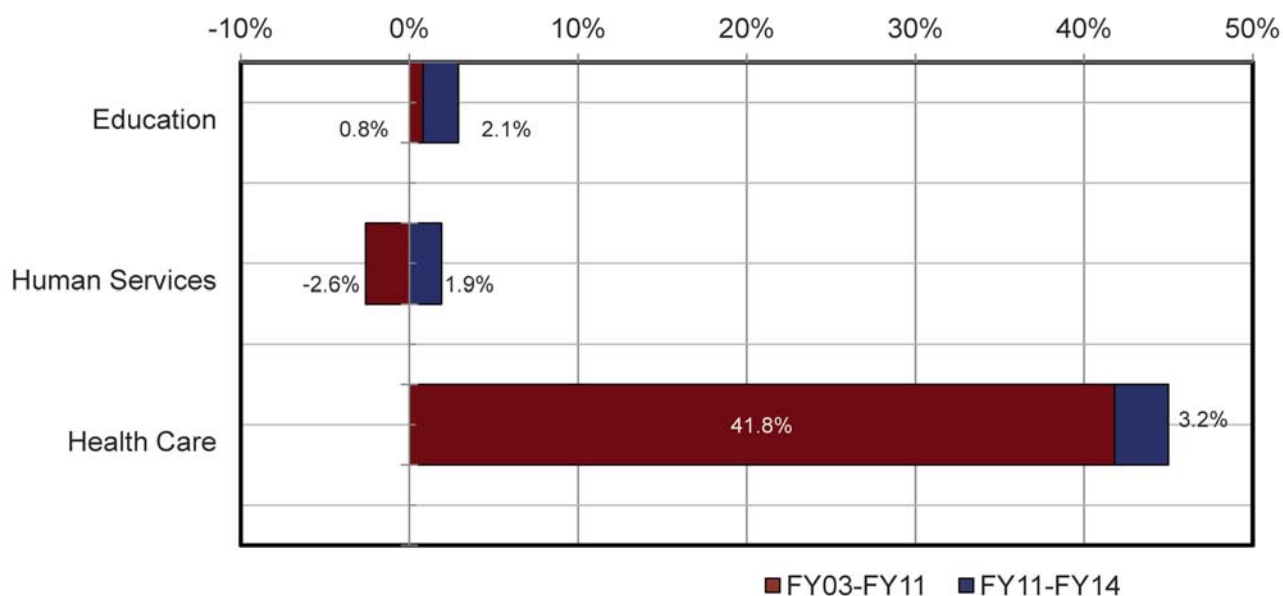
Note: Percentages are based on budget figures that were adjusted for inflation.

* Human Services funding includes: Child Welfare, Disability Services, Elder Services, Juvenile Justice, Other Human Services, and Transitional Assistance.

+ Health Care funding includes: MassHealth and Health Reform, Mental Health, Public Health, and State Employee Health Insurance.

^ Education funding includes: Early Education and Care, Higher Education, K-12 Aid, and K-12 School Building.

FIGURE 14. Changes in Massachusetts Funding FY '03 to FY '14



Source: Massachusetts Budget and Policy Center, Budget Browser.

Note: Percentages based on budget figures that were adjusted for inflation.

In fact, data from Mass Budget's Budget Browser, after adjusting for inflation, show funding decreases of 6.3 percent for elder services and 14.1 percent for mental health services from fiscal year 2003 to fiscal year 2011. Given this reality, how does one explain the tremendous employment growth in services to the elderly and outpatient mental health and substance abuse services? One possible explanation is the increase in funding for health care in the state budget. As shown in Figure 14, while human services funding decreased between fiscal years 2003 and 2011, health care funding increased by 41.8 percent. The increase in health care funding, largely driven by state and federal health care reform efforts, likely supported the growth in services for the elderly and outpatient mental health and substance abuse services, many of which are billable to insurance. As health care reform increased access to services for those historically uninsured or underinsured and expanded the constellation of covered services, human services providers were able to grow those subsectors to meet demand.

The Nonprofit Finance Fund's 2013 State of the Sector Survey that documented the industry's inability to meet demand also found that 92 percent of providers receiving state and local funds reported that current funding levels do not pay for the full cost of the services being provided to clients.

The result of the underfunding of services has a devastating effect on the industry's financial stability. The same survey found that 33 percent of providers ended 2012 with operating deficit and 10 percent had no cash reserves. These economic realities must be addressed if the industry is to meet the expected increasing demand for services in the coming decade.

Wages earned by human services workers are also a concern for the industry. Given that many direct service occupations earn median wages below that needed for a single adult with no children to achieve economic independence, it is difficult to imagine how the industry will continue to recruit workers in the coming decade if economic conditions continue to improve and current and future workers find themselves with more and better alternative employment options.

Wages earned by the human services workers are not simply a workforce development concern. With nearly 20 percent of industry's workforce earning at or below 200 percent of poverty, there is the larger question of basic fairness. There is no doubt that many human services workers are struggling to make ends meet despite being employed in occupations that are in great demand and doing work that is frequently emotionally and physically challenging.

The issue of basic economic fairness is even more concerning when one considers the fact that more than 80 percent of human services workers are women, which is dramatically

different from all other sectors, where less than half of the jobs are held by women (43.6 percent). The human services workforce also includes a number of population groups that tend to be marginalized and often have higher than average unemployment rates, such as foreign-born individuals, those who are linguistically isolated (i.e., those who do not speak English or speak English well), and individuals with disabilities.

Overall, 41 percent of human services workers are working less than 35 hours per week at their primary job. The industry's growing reliance on part-time employment is a sobering reminder of the challenges faced by providers who are increasingly expected to contend with rising demand for services with the same or fewer financial resources. While data on the number of workers holding more than one job or the number with more than one job within the industry are not available, anecdotal information from provider agencies suggests that many part-time workers not only hold multiple jobs but hold multiple jobs within the industry. This trend points to the troubling reality facing many low-paid workers who need two or three jobs to meet their living expenses.

The economic pressures faced by frontline human services workers are well documented in the National Human Services Assembly's Bridging the Gap program evaluation. The study assessed the extent to which the human resources function of nonprofit human services agencies can be used to help low-paid employees enroll in work supports for which they are eligible, and how such assistance would impact the lives of

employees and enhance employer business metrics.^{xix} More noteworthy than the findings associated with the program's outcomes is the fact that many human services workers were eligible for the same public supports that their clients rely upon. This is yet another troubling reminder of how difficult this situation has become.

Massachusetts has not ignored the struggles of the human services industry and its workforce. Following a series of reports by the UMass Donahue Institute and the Executive Office of Health and Human Services detailing the difficult realities faced by low-paid human services workers, providers advocated successfully to craft and pass Chapter 257 of the Acts of 2008. Chapter 257 places authority for determination of reimbursement rates for human and social services with the secretary of EOHHS. The Massachusetts legislature unanimously approved the bill and Governor Deval Patrick signed the bill into law in 2008. This legislation, currently being enacted, has since helped increase funding for services for the Commonwealth's most vulnerable populations and support much needed pay increases for frontline workers. Although a significant step forward in supporting the stability of the industry and its workforce, Chapter 257 is but a first step in ensuring the industry's sustainability. Furthermore, delays in implementation of the law have, to some extent, exacerbated the financial health crisis for some in the human services sector.

As the findings of this report amply demonstrate, the human services industry makes substantial contributions both to the people and the economy of Massachusetts. But it is just as clear that the industry faces a myriad of challenges, including workforce development, ongoing efforts by local governments to close budget gaps by imposing new fees and taxes on nonprofits, changes in funding and reimbursement models, and a steadily increasing demand for provider services in a time of continuing fiscal austerity.

While proposing solutions to these problems is beyond the scope of this report, the authors are hopeful that, armed with the data and information it contains, industry leaders and policymakers will be able to work together to successfully address some of the profound challenges faced by one of the state's most socially and economically critical industries. By safeguarding the stability and sustainability of human services, industry leaders and policymakers will not only ensure a better life for the most vulnerable among us, but support significant economic activity and job creation within the Commonwealth.





Data Sources and Methodology

2003 – 2011 Estimates of Employees, Establishments and Payroll

The majority of this report relies on U.S. Census Bureau County Business Patterns Survey data, an annual release providing the number of establishments, employment during the week of March 12, first quarter payroll, and annual payroll for the nation, states, and counties. The data are organized into the following 18 major sectors: forestry, fishing and hunting, and agricultural support services; mining; utilities; construction, manufacturing; wholesale trade; retail trade; transportation and warehousing; information; finance and insurance; real estate and rental and leasing; professional, scientific, and technical services; management of companies and enterprises; administrative and support, and waste management and remediation services; educational services; health care and social assistance; arts, entertainment, and recreation; and accommodation and food services. Industry classification of businesses in the County Business Patterns is according to the current 2007 North American Industry Classification System (NAICS), which includes nearly 1,200 industries.

The term “establishment” used in County Business Patterns is a single, physical location where a business, service, or industrial operation happens. Therefore, a company may be

made up of one or several establishments. Establishments may also perform operations that fall into different industrial classification codes. In this case, the establishment and all its associated information will be classified on the basis of its major activity.

Employment data shown in County Business Patterns are for the week of March 12 and include full- and part-time employees. These data also include regularly paid employees who are on sick leave or vacation. Proprietors and partners of unincorporated businesses are not included in the County Business Pattern employment data. Data for self-employed persons, domestic service workers, most government employees, and employees on ocean-borne vessels or in foreign countries are also not included in the County Business Pattern data.

Payroll data on County Business Patterns include all forms of compensation, including salaries, wages, reported tips, commissions, bonuses, vacation allowances, sick-leave pay, employee contributions to qualified pension plans, and the value of taxable benefits. Payroll is reported before deductions for taxes, Social Security, etc. Payroll is reported as an annual



total and a first quarter total covering January–March.

County Business Patterns data for the years 2003–2011 were downloaded into an Excel spreadsheet for analysis. The health care and social assistance subsectors were coded as either human services, according to the definition developed for this report, or health care. Once coded as human services or health care, data were manipulated to create establishment, employment, and payroll estimates for these two industries. The report includes data for the United States, Massachusetts, and counties within Massachusetts.

Economic Impact

The economic impact of the payroll of the human services industry in Massachusetts was estimated using IMPLAN®, an economic impact assessment modeling system. IMPLAN® is an industry standard econometric modeling system for specifying economic impacts. It allows analysts to easily develop local input-output models to estimate the impacts of economic changes in their states, counties, or communities. In order to determine the economic impact of the human services industry's \$3.4 billion annual payroll in 2011, a disposable income factor was calculated. This methodology took into account income-specific factors to determine the amount of money workers spend on expenses excluding the amount paid for taxes and savings. The resulting total disposable income of human service workers was the basis for the IMPLAN analysis which generated induced financial, employment, and tax impacts for Massachusetts.

Human Services Workforce Characteristics

Data on the characteristics of Massachusetts workers are from the U.S. Census Bureau's American Community Survey (ACS). The ACS is an ongoing nationwide survey that collects and produces information on demographic, social, economic, and housing characteristics about the nation's population every year. Every year, the U.S. Census Bureau contacts over 3.5 million households across the country to participate in the ACS.

Using the information gathered through the ACS, the U.S. Census Bureau releases untabulated records about individuals or housing units through the Public Use Microdata Sample (PUMS) files. 2010–2012 PUMS data for Massachusetts workers who may or may not live in the Commonwealth and Massachusetts residents were analyzed for this report. The ACS PUMS files include the NAICS code for individuals' primary place of employment. Using these codes, Massachusetts workers and residents were categorized as being employed in one of three industries—human services, health care, and all other industries combined. However, the

NAICS codes in the ACS are not as detailed as those available in the County Business Patterns data. As a result, it was not possible to create a human services industry grouping that precisely matched the one developed for this report and used for the establishment, employment, and payroll estimates. ACS data presented as “human services workers” include all Massachusetts workers whose primary job is in social assistance agencies, residential (non-nursing) facilities, and outpatient care centers. Individuals whose primary job is in any health care and social assistance subsector not classified as human services are classified as health care. All other workers not primarily employed in human services or health care are classified as employed in “other industries.”

Median Wages

Massachusetts median wages by occupational groups within the health care and social assistance subsectors were extracted from the Massachusetts Executive Office of Labor and Workforce Development website. The occupational employment and wages staffing pattern data by area and industry were produced by the Massachusetts Department of Unemployment Assistance for the Commonwealth and for the 16 Workforce Investment Areas. Data are from May 2012. These data are based on the Occupational Employment Statistics (OES) survey, a semiannual mail survey measuring occupational employment and wage rates for wage and salary workers in nonfarm establishments in the United States, conducted by the Bureau of Labor Statistics. The OES survey is a cooperative effort between BLS and the State Workforce Agencies. BLS funds the survey and provides the procedures and technical support, while the State Workforce Agencies collect most of the data.

The OES survey categorizes workers into 821 detailed occupations based on the 2010 Office of Management and Budget's Standard Occupational Classification system. The May 2012 OES estimates are based on the 2012 North American Industry Classification System. The OES survey covers all full- and part-time wage and salary workers in nonfarm industries. The survey does not include the self-employed, owners and partners in unincorporated firms, household workers, or unpaid family workers.



Occupational Projections through 2020

Occupational projections data from 2010–2020 for the social assistance subsectors were extracted from the Massachusetts Executive Office of Labor and Workforce Development website. Long-term industry projections for selected frontline, direct service workers were extracted from a table of all occupations in the social assistance subsector of health care and social assistance. It was not possible to extract projections for outpatient mental health and substance abuse centers or residential mental retardation, mental health, and substance abuse facilities as these projections were reported within the larger groupings of ambulatory health care services and nursing and residential facilities.





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