New Estimates Suggest that $4.8 Billion is Needed to Bring Homeless Services Salaries into the Modern Era

Homelessness Research Institute
National Alliance to End Homelessness

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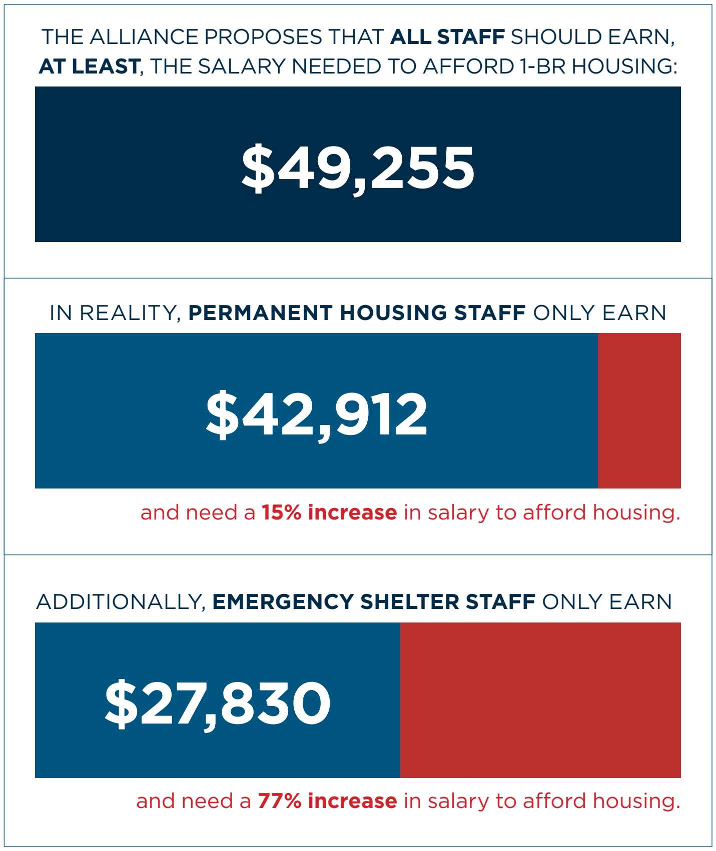
The National Alliance to End Homelessness (the Alliance) estimates that the homeless workforce sector faces a deficit of at least $4.8 billion to adequately pay current workers. This total represents an aggregated sum of individual employee salaries. The Alliance estimates that the average permanent housing employee is paid $42,912 and the average emergency shelter employee is paid $27,830. They would require salary increases of 15 and 77 percent respectively to afford the average cost of a one-bedroom apartment. The federal government, as a major funder of the sector, could step in to address this gap by increasing the staffing component of Homeless Assistance Grants (HAG) commensurately. Ensuring sufficient pay will require substantial and sustained commitments from all levels of government and philanthropy. Addressing this pay gap, even if it isn't easy, is essential to the work of preventing and ending homelessness.

Pay gaps indicate homeless service workers struggle to pay for housing themselves.

On average across the country, the Alliance estimates that emergency shelter staff are paid $27,830 and permanent housing staff are paid $42,912.[1] The differences are likely due to staffing requirements (for example, permanent housing providers are more likely to require a master's degree or licensure, and more likely to employ full-time workers) but could also be due to funding sources or other variations. These estimates align with recent local analyses of sector wages in Los Angeles, San Francisco, and Multnomah County, OR.[2] With these wages, homeless service sector workers, particularly frontline staff, may struggle to afford their own housing.

At best, the Alliance calculates that permanent housing employees require a 15 percent raise and emergency shelter employees require a 77 percent raise to afford the average cost of a one-bedroom apartment.[3] The real gap could be much larger. Applying a one salary per bedroom standard is not a fair proxy for all households: caregivers and single parents might sustain larger households on one income. Permanent housing employees require a 39 percent raise to afford a two-bedroom apartment, and emergency shelter employees would need their salaries to more than double.



Importantly, these are broad national estimates that mask variation by region and by role. People in high-cost cities and at organizations with large pay disparities between program management and frontline staff are likely to face even higher individual salary gaps. And, putting a number to this salary gap is merely a starting point to shore up the homeless services workforce.

Federal funding is a significant revenue source for homeless service sector salaries — and can address the significant salary gap.

The Alliance estimates that HAG funding from the U.S. Department of Housing and Urban Development (HUD) needs to increase by a minimum of $241 million over the prior year to address the pay gap. This would include a $97 million increase in the Continuum of Care (CoC) Program, which largely covers permanent housing employees, and a $144 million increase in the Emergency Solutions Grant (ESG) Program, which largely covers emergency shelter employees. These increases would cover the individual pay gap to afford a one-bedroom apartment, as identified above, for employees funded through these grants.[4] This estimated amount represents a 3.5 and 50 percent increase, respectively, in each funding stream over its FY2022 level.

A $241 million increase in HAG funding would be an important first step to redress the harms of decades of neglect within this sector. It should be built upon in future spending bills and include required annual cost of living adjustments. HUD programs already incorporate similar automatic adjustments to rental assistance payments. Why should staff salaries be different?

The Senate Transportation Housing and Urban Development bill included an increase of $25 million for staffing. This is not enough, nor is it guaranteed to be included in the final budget agreed upon by both houses of Congress. While significant, it is worth noting that these homeless assistance grant increases represent only the tip of the iceberg. Thousands more people work in this sector besides staff currently paid through HUD grants, their salaries funded by philanthropic donations and other federal, state, and local dollars.

The Alliance estimates that ensuring current sector employees can afford a 1-bedroom unit would require filling a gap of $4.77 billion, at minimum. Notably, this amount does not encompass the holistic picture of investments required to support this workforce, including adequate training and benefits. Nor does it address the question of what staffing level is ideal for doing this work — which is likely at levels much beyond current capacity. Still, it is helpful to quantify these salary gaps as a starting point for future resource conversations.

$4.8 BILLION

is needed to close the salary gap for the **whole homeless services workforce**. This requires long-term planning and solutions.

An initial investment of

$241 MILLION

from Congress could help workers funded through Homeless Assistance Grants to afford modest 1-BR housing.

Raising staff salaries is essential to the work of ending homelessness.

People experiencing homelessness, and the systems that endeavor to support them, suffer when workers are not adequately paid. Staff interactions have meaningful impacts on people's engagement with services and what their path to housing ultimately looks like. Staff turnover — closely linked to inadequate pay and burnout due to capacity constraints — can negatively impact people's interactions with providers. And, people with lived experience of homelessness make up an estimated one-quarter of the sector's workforce. A sufficient salary will support their continued housing stability — while providing fair compensation for the value they bring through their interactions with consumers and their impact on service design.

Inadequate pay is a racial equity issue, too. People in the highest paying senior management roles are disproportionately White. Meanwhile, Black and other employees of color can be denied opportunities to progress into the few higher-paying roles at these organizations. Increasing salaries of current employees will better equip provider organizations to hire and retain diverse talent, which is beneficial to the people being served, the workplace, and the broader community.

On a system level, insufficient staffing can challenge communities' ability to administer programs and spend down federal homelessness assistance resources. Cities and states across the country need an adequate workforce to scale up housing and services to meet the needs of their communities, and to ultimately end homelessness.

[1] The Alliance applied a 2% cost of living adjustments to the wage estimates from: Culhane, Dennis & Seongho An. "Estimated Revenue of the Nonprofit Homeless Shelter 'Industry' in the United States: Implications for a More Comprehensive Approach to Unmet Shelter Demand." Housing Policy Debate, 2011. Data limitations include: 1) It does not distinguish between part- and full-time workers, which could artificially depress salary estimates particularly for shelter workers. 2) The original analysis was performed using tax data reported by nonprofits and does not include, for example, government employees, who might have different pay rates and staffing ratios. 3) The original analysis did not include Rapid Re-Housing providers, but we included RRH housing units to extrapolate the total 'permanent housing' workforce. 4) A 2% cost of living adjustment may over- or understate current wage rates.

[2] For example, these studies found the local pay to be between $42,000-$57,000 for frontline staff in Los Angeles and $46,000 for all roles in Multnomah County. Salaries in high-cost metros are expected to be higher than our estimated national average.

[3] Households need to earn $49,255 to afford a 1-bedroom apartment or $59,446 to afford a 2-bedroom apartment. Aurand et al. "Out of Reach: The High Cost of Housing." National Low Income Housing Coalition, 2023.

[4] Government funding is a portion of the revenue nonprofits use to pay staff salaries, but this estimate assumes the federal government would cover 100% of the required increase. The Alliance chose this standard because 1) the federal government cannot count on other funders to additionally increase accordingly, and 2) any attempts to further drill down are likely to be error-prone and lead towards underestimates of the need.