

Work & Wages

LEADING THE WAY: GREATER CLEVELAND FOOD BANK RAISES WAGES**MICHAEL SHIELDS**

Across Ohio, nonprofit organizations that fight poverty increasingly recognize the critical need for a living wage, yet budget constraints present challenges to making this a reality in their own organizations. Years of underinvestment through the state budget in safety net programs and local government have put a squeeze on non-profit providers, and these organizations in turn rely on workers who are often forced to rely on public aid themselves. Organizations whose mission is to fight poverty increasingly see the role that our low-wage labor market plays in locking their clients – and sometimes their staff too – into cycles of poverty. The Greater Cleveland Food Bank has stepped up to meet the challenge. Its experience may serve as a model for other non-profits.

Implementing higher wages presents special challenges for nonprofits. Big-name retailers and fast-food establishments have been shown to withstand wage increases without difficulty through modest price adjustments or by absorbing the cost from profits. The challenge for non-profits is different because they operate on thin margins and they have limited ability to raise prices because the populations they serve often face poverty, and the bulk of their revenue stream often comes from third parties.

But when social service organizations pay low wages, their service provision comes at the expense of workers struggling against poverty themselves. Policy has to make it possible for organizations providing public services – especially those focused on fighting poverty like the Greater Cleveland Food Bank – to pay decent wages in their own organizations.

Recognizing the need to implement a living wage among its staff, the Greater Cleveland Food Bank pioneered a \$14 base wage in Fiscal Year 2017. Its experience can serve as a model for other nonprofits.

Key findings**The Greater Cleveland Food Bank leads the way**

- The Greater Cleveland Food Bank is leading the way for nonprofits, by implementing a \$14 base wage for the workers who support its work fighting hunger
- Raising its base wage 21.7 percent increased operating costs by 0.5%.
- To make the raise possible, the Food bank had to raise new revenue, and streamline administration
- Food bank employees became more reliable, the food bank was able to recruit more qualified workers for new positions, and the organization saved from reduced turnover

The food bank's staff are fortunate to work for an organization willing to take the lead in implementing fair wages. Ohio needs to pass a living wage for all workers. And we must take steps to make the adjustment manageable for nonprofits.

Recommendations

- Ohio should pass a \$15 minimum wage, tied to the Consumer Price Index to prevent loss of value over time, with a phase-in window to enable employers to adjust.
- The legislature should increase budget allocations for Health and Human services to adequate levels. Spending the revenues on cuts for profitable businesses has not resulted in the creation of adequate good jobs to enable all working Ohioans to thrive.
- Philanthropic organizations should recognize that staffing costs are often the largest expense nonprofits face, and provide adequate support.
- State and local government contracts for services should account for living wages, and award points to organizations paying a higher wage to all of their staff.