



Jobs Equity Brief #1

September 2012

Our Common Ground, One Dream: Turning bad jobs into good jobs for a better future for everyone

The mythologies of upward mobility and the efficacy of education and training have blinded Americans to the fact the 1% is stealing the results of their toil and labor—there is no longer a fair sharing of the return from work. The increased poverty that results in turn creates its own negative impacts. This is a political question, not an economic one.

Along with “supply-side” strategies of education and workforce development, Action for Regional Equity believes we need “demand-side” strategies to change many of the million bad jobs in Massachusetts and many millions more across the country. These jobs are now disproportionately held by people of color. It is our entire neighborhoods that are harmed by bad jobs, and our neighborhoods that need to stand together to make these jobs better. Targeting bad jobs is a first step to creating a new voice for a more just and equitable economic vision for the country.

Bad jobs are a problem that cannot be left to just individual workers or today’s unions. We need a civic voice for better jobs coming right from our neighborhoods—the neighborhoods that now feel the pain. We need to bring new voices and new strategies to the problem, in partnership with the voices already there and the strategies already in use.

Action for Regional Equity is leading the way in greater Boston to build a campaign to turn the bad jobs we have now into good jobs, and to build the community-side organization that can be a new countervailing economic force.

Bad jobs are a problem for the whole community, not just workers.

Think of the person you know whose part-time job got cut from 6 hours to 3 ½ hours a day.

- Or the person who lost her job with decent pay and health care and now works for \$9 an hour. And can’t keep up with her mortgage.
- Or the father or mother just barely making it with 3 part-time jobs—days, nights, and weekends—who can’t take the time to go to the school parent-teacher meeting, so never learns that his 11-year-old son is starting to really act out in class and may be kept back.

Now think of the teacher doing her absolute best to teach that 11-year-old who is left on his own each afternoon because his parents can't afford either after school care or dropping one of their bad part-time jobs.

- And the mayor in the gateway city faced with more violence and more foreclosures.
- And the owner of the small store in the neighborhood where everyone's hours are being cut, who no longer has customers.

This is not just a problem for a part-time worker or that 11-year-old's teacher. This is everyone's problem. It is both a symptom and a continuing cause of our economy's weaknesses. We can't cut costs on the backs of workers to get to a better economy.

Bad jobs and underemployment—a growing problem

What is the scale of this problem? How many bad jobs are there? As a point of reference, in Massachusetts, there are just over 6 million people, 3 million jobs, and by any number of ways of counting, about 1 million bad jobs. A million people are working at jobs that are not family-sustaining.¹ Other states show similar patterns.²

Where are these jobs? Over 65% of the low wage jobs are in big employers with over 100 workers. A look at the largest 50 low wage employers nationally shows that 92% are profitable with an average CEO pay of \$9.4 million last year.³

These are not the jobs at small neighborhood stores or employers. In fact, the overwhelming majority of workers in poorer neighborhoods work outside their neighborhood—so the solution to the problem of bad jobs can't be found inside their own community.⁴

Though the problem pre-dates the recession, we are just now catching up to the expanding problem of bad jobs. It is in the papers almost daily. Part time jobs are increasing in Massachusetts and nationally, with underemployed in Massachusetts rising to 200,187 in 2011⁵. Not unexpectedly, this phenomenon disproportionately impacts Black and Latino workers.⁶ From 2007 to 2010, even before the start of the recession, there has been a steady erosion of full-time jobs and an increase in part-time jobs.⁷

In Greater Boston, nearly one-quarter of black workers are underemployed, compared with about 10% of white workers. Among major metropolitan areas, Greater Boston's black-white underemployment gap is the 6th-highest in the country, and the *highest* on the East Coast.⁸

¹ Osterman, Paul, Good Jobs America; OES BLS data; UMass Labor Center, Low Wage Earners in Greater Boston 2012.

² As an example Michigan

³ NELP brief July 2012

⁴ Analysis of 2006-2010 American Community Survey. 71% of workers living in neighborhoods with poverty rates of at least 20% have commutes of 15 minutes or longer.

⁵ "There are 920,339 Massachusetts Residents Who Face Severe Labor Underutilization Problems: The Pool of Unemployed, Underemployed, Hidden Unemployed, and mal-employed Vastly Exceeds Available Job Openings, Andrew Sum, Ishwar Khatiwada, Sheila Palma; March 2012.

⁶ Globe 9.26.11 Northeastern Center for Labor Market Statistics. "Labor underutilization Impacts of the Great recession of 2007-2009: Variations in Labor underutilization problems across Gender, Race-ethnic, Educational Attainment, and Occupational Groups in US 2009 Fourth Quarter" Center for labor Market Studies, March 2010

⁷ "A Lost Decade: Poverty and income trends continue to paint a bleak picture for worker families", Elise Gould, Heidi Shierholz, 9.14.11, EPI

⁸ Analysis of monthly basic Current Population Survey microdata, September 2011-August 2012. Includes 45 metro areas with an average monthly labor force of at least 1 million. "Underemployed" includes unemployed workers; workers who have given up looking for a job; and involuntary part-time workers.

Top 10 Black-White Underemployment Ratios by Metro

| Metro Area | Underemployment Rate | | |
|-------------------|----------------------|-------|-------------------|
| | White | Black | Black:White Ratio |
| Milwaukee, WI | 8.6% | 32.4% | 3.75 |
| San Francisco, CA | 9.9% | 29.8% | 3.02 |
| Minneapolis, MN | 8.9% | 25.2% | 2.81 |
| Indianapolis, IN | 9.7% | 26.0% | 2.68 |
| Cleveland, OH | 9.0% | 22.4% | 2.50 |
| Boston, MA | 9.7% | 23.8% | 2.45 |
| Tampa, FL | 11.9% | 27.9% | 2.34 |
| Kansas City, MO | 7.8% | 17.8% | 2.28 |
| Washington, DC | 6.2% | 13.8% | 2.21 |
| Philadelphia, PA | 10.2% | 21.8% | 2.14 |

Bad jobs hurt everyone

Bad jobs in the Financial District and Back Bay in Boston mean that parents are not getting to school conferences in Everett and children are not making progress in East Boston. Part time work in biotech in Andover means that in Lawrence, people with diabetes are not taking their medicine or checking their blood sugar. Bad jobs create long term costs for the economy.

Children of workers with bad jobs fare significantly less well, with a documented link between part time jobs and children doing badly in school. Our children are our families, but also the future workforce. Children who fail in school will never be the workers technology firms in Massachusetts need in 2030.

Just recently, The Boston Globe front page, above-the-fold headline reported that “MCAS scores appear stuck in stubborn income gap”.⁹ Strategies for Children reports that 57% of low income students do not read at grade level in 3rd grade. Not reading in third grade is a documented predictor of academic failure, dropping out, incarceration, teen pregnancy, and welfare dependence. Children in low income homes have heard 20 million fewer words than children in high income homes by the time they are 3.¹⁰ Richard Weissbourd, professor at the Harvard School of Education, founder of city-wide literacy initiatives in Boston including ReadBoston and WriteBoston, and a leading researcher into the achievement gap, reports that parents who work part time jobs don’t have the stable time to be with and talk to their children.¹¹

Bad jobs do not provide health insurance and without health insurance, minor health problems become major problems and costs.¹² Having a low income makes it harder to access care in many ways. As Kate Walsh, CEO of Boston Medical Center, said “If you are a working poor person and you have to take a day off to go to the doctor, you don’t get paid.”¹³ As just one example out of many, Latinos suffer from

⁹ The Boston Globe 9.25.11

¹⁰ Strategies for Children. 65% in 2009 scored below proficient in MCAS, Turning the Page: refocusing MA for Reading Success

¹¹ NPR interview

¹² Massachusetts Executive Office of Health and Human Services, “Employers Who Have 50 or More Employees Using Public Assistance,” 2009 version [<http://www.mass.gov/eohhs/docs/dhcfp/r/pubs/10/50-plus-employers-appendices-5-and-6.xls>, downloaded 27 September 2012].

¹³ The Boston Globe, 9.25.11

higher incidence of diabetes. Diabetes can be managed with care, but without care, leads to major medical problems and costs.¹⁴

Neighborhood violence and incarceration are higher. There are higher levels of neighborhood violence and delinquency in poor households and poor neighborhoods. Incarceration is more common among men with little schooling.¹⁵

Workers with bad jobs put off marriage, leading to less stable families. As with many of the costs of underemployment, this disproportionately impacts Latino and Black workers, families, and children.¹⁶

Perhaps most insidious is the impact on civic life of under-employment and bad jobs. Underemployed workers live within what one community leader called “a vast mosaic of family crises.” Without time to go to teacher conferences, often moving, with cars breaking down, as MIT professor Paul Osterman writes “...they are distanced from the experience of (others).”¹⁷

To a great extent, problems such as foreclosures, violence in our communities, poor health, self-medication, and depression are results of the impacts of poverty not just on individuals but on whole communities, particularly communities of color. The data tells us if you can’t read by 3rd grade, you go to jail, and 57% of poor kids can’t read by 3rd grade.

We know this. We know the economy is polarized, with a huge return to the 1% and no increase in wages for most of us, with 63% of working households of color below the income needed to sustain a family – twice the rate of white working households.¹⁸ The last time the income gap between the very rich and the rest of us was this wide was in 1928!¹⁹

How did we get this way? We are dealing with more than the changes of the last few years. Over the last 20 years, the economy has seen significant restructuring: there is now broad private equity ownership across industries; increasing subcontracting and use of staffing firms mean that the top tier company is now far from direct employees; and increasingly fast competitive change is driving firms to outsource more. There is not only decreasing enforcement of labor laws and standards, but an admission from enforcement agencies of how difficult it is to enforce standards in this economy. We win a new standard like limits to using CORI, and it is not even implemented. Finally, we have at best weak countervailing forces and limited contested terrain.

Unions, even when configured to match broad “sectors” like services or communication, no longer match the economic forces they have to contest with. Our labor laws only give workers rights over their direct employers—who are now way down the food chain of power. We learned this from the property services industry 20 years ago as we watched SEIU lead “Justice for Janitors.” This economic restructuring has now spread across our economic landscape. Many more workers are now in the same economic position as janitors. We are yet again playing catch-up to capital’s changes.

¹⁴ NCLR Profiles of Latino Health

¹⁵ “Do falling wages and employment increase US imprisonment?”

¹⁶ “Reducing poverty and increasing marriage rates among Latinos and African Americans”, Algernon Auston, Issue Brief EPI, 9.8.11

¹⁷ Osterman, Paul, *Good Jobs America*, 2011.

¹⁸ Analysis of 2006-2010 American Community Survey Public Use Microdata Sample and Economic Policy Institute Basic Family Budget data for Greater Boston [http://www.epi.org/page/-/old/datazone/fambud/xls/epi_basic_family_budgets_rev200807b.xls, downloaded 19 September 2012]. EPI basic family budget amounts inflated to 2010 dollars.

¹⁹ Hannah Shaw and Chad Stone, “Incomes at the Top Rebounded in First Full Year of Recovery, New Analysis of Tax Data Shows,” March 7, 2012. [<http://www.cbpp.org/cms/index.cfm?fa=view&id=3697>]

Our low wages are not because workers are not making a contribution. It is clear that starting about 30 years ago, increasing worker contribution and productivity got disconnected—decoupled—from the return to workers in their wages. The imbalance between the power of workers and the power of employers and owners shows up clearly.²⁰

But what do we tell a person who has a bad job? We say “It’s your fault”. In spite of these facts, public policy remains overwhelmingly focused on lack of skills and education—blaming the victim. While training and education are important, we know that except in a few settings, new skills or credentials do not automatically lead to higher wages. In fact, only 41% of people with college or more hold a good job!²¹

The commonly held view and strong public message that it is a poor worker’s own fault if he or she is poor masks both the more complex sources of the problem, and the underlying assumption that it is OK that anyone who works full time can’t even make a significant contribution to supporting a family.

Fights already underway are important but insufficient. From the bottom of the labor market to the top, we are trying to respond. The emerging fight to raise the minimum wage is important, but even if successful will not raise wages enough to support a family or create the organization needed as a countervailing force to economic power. The immigrant worker center movement is critical in making transparent how government has failed to enforce even minimum standards and how our immigration laws are today’s labor laws—but does not create good jobs, even when successful. Co-ops, small business development, and the green economy capture community imagination and generate energy, but do not impact our jobs at scale. A focus on the margins of new job creation is not enough: with about 1 million bad jobs, Massachusetts had between 11 and 44 thousand new jobs last year, depending on how you count the numbers. Particularly in black communities across the country, people want a share of construction jobs—but all of construction is just 3% of employment and most of those jobs are already filled. The focus on construction in just our own neighborhood results from feeling of tremendous disrespect, rather than representing a strategy for change at scale. Again across the country, there is a strong voice in black communities that we should take any job, no matter how bad—and so there has been support for the Walmarts of the world but then no way forward.

New union organizing sets our highest wage demands, but at 7% of the private economy, we cannot wait any longer for unions to take care of the jobs problem. At the same time, we need to recognize that unions do more than set wage standards. They create organization and a countervailing voice for both enforcement and continuing improvement of standards. They add new mechanisms to the labor market that create career paths or ways of building full-time jobs out of part-time positions, labor market institutions would not be there otherwise. Unions create rights to employment permanence and stability that benefit everyone, but will not be created by the market alone. They create an obligation for a continuing process of improvements over time.

Good jobs lead to a rising economy and a better place to live for everyone.

In today’s common ideology, good jobs are a cost and a burden on the economy. We challenge this myth. Instead, good jobs are one of the sources of the virtuous, rising spiral that leads to long term growth. We can see this here in Boston using janitors as an example.

As a result of the last two bargained union contracts, about 12,000 janitors take home an additional \$85 million annually. Because janitors live in just a handful of neighborhoods, that wage increase has the impact of an additional \$216 million being spent in those neighborhoods, creating jobs in Dorchester,

²⁰ MassInc Recapturing the American Dream. Las Leopold, The Looting of America referenced in Class Dismissed

²¹ Center for Economic and Policy Research—Where have all the Good jobs Gone? July 2012 (definition of a good job \$37k and health insurance)

East Boston, Jamaica Plain, Somerville, Chelsea, Lawrence, Lowell, and other gateway cities in Massachusetts. Whether it is a single occupation, like janitors, or a city-wide living wage standard or a state-wide minimum wage, raising wages stabilizes neighborhoods and creates other jobs.

We need to look at what our local economy needs in particular. What makes the Boston economy work? Parents want to send their college freshmen children here. Gisele Bunchen from her global superstardom, calls it a safe city. Technology and knowledge-based firms expand here, knowing they can hire the workers they need. Good jobs are the engine creating the overall, long term vibrant city we want.

We can do this. We want to do this.

Americans have consistently said inequality is too high.²² But can anything be done about it?

This is more than a problem for the workers themselves, or their immediate employers, or even the industry overall and those top tier firms that hire the contractor that hires the subcontractor that finally hires the worker. It is a problem for the selectman in Medford, the store owner in Chelsea, the human resources manager responsible for hiring at the biotech firm in Andover, the college trying to entice new applicants, the police deal with an upsurge of violence in Dorchester. All of us have a stake in the decisions about good jobs made by employers and building owners.

Action for Regional Equity

Alternatives for Community & Environment
Asian Community Development Corporation
Boston Tenant Coalition
Citizens' Housing and Planning Association
City Life/Vida Urbana
Fair Housing Center of Greater Boston
Greater Four Corners Action Coalition
SEIU 615
Somerville Community Corporation
Tri-City Community Action Program
United for a Fair Economy

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²² "Do they know and do they care? Americans' Awareness of rising Inequality", Leslie McCall, Rutgers, 11.22.03