



**10 WAYS TO  
REBUILD  
THE  
MIDDLE  
CLASS  
FOR HARD WORKING  
AMERICANS**



**MAKING WORK PAY IN THE 21ST CENTURY ECONOMY**



## ACKNOWLEDGEMENTS

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**AFL-CIO**



**BLUEGREEN**  
ALLIANCE

**CAMPAIGN**  
for  
**AMERICA'S  
FUTURE**



**laane»**  
A NEW ECONOMY FOR ALL



**NELP**  
National Employment  
Law Project



**THE PARTNERSHIP**  
for Working Families



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# EXECUTIVE SUMMARY

T

**HE MIDDLE CLASS IS THE GREAT ENGINE OF THE AMERICAN ECONOMY.** But today that engine is sputtering and as a result, both American families and the economy are struggling. The wages of most workers have been stuck in neutral for 30 years. More and more Americans—even those with college degrees—are toiling in jobs that do not pay enough to support their families in dignity and offer hope of a brighter future. And the jobs that will grow the most in the next decade are low wage, stripped of benefits and requiring no more than a high school diploma. Unless our nation focuses on making today's jobs better and tomorrow's jobs good, the long-term prospects for our families' well-being and the national economy are bleak.

Our nation grew in prosperity and opportunity in the 20th century as our government, business and labor worked together to promote policies to build the middle class, founded on earning decent wages and benefits and broadly sharing in the nation's growing prosperity. But in the past 30 years, the picture has been turned upside down. The poorest fifth got poorer and middle-income families gained very little, with only upper income Americans seeing significant increases in pay.

The growing number of low-wage jobs do not come with basics like paid sick days to allow workers to care for themselves or their families. And only a small proportion of Americans can take time off from work to care for a newborn child or a sick family member, without losing their entire paycheck.

As we inch out of the Great Recession of 2009, the majority (58%) of the jobs that have been regained are low wage. When we look forward, the prospects are no better. Eight of the 10 high-growth jobs—covering four million workers—require no more than a high school education.

Rebuilding the great American middle class in the 21st century will once again take deliberate action by the American people, through our government and by businesses that understand—even in the global economy—that our mutual long-term prosperity depends on treating workers everywhere with dignity and giving them the means to a decent standard of living. It will mean taking a u-turn from the policies of the past 30 years, which have squeezed workers in the pursuit of short-term profits, slowly hollowing out the middle class on which our long-term prosperity is built.

***10 Ways to Rebuild the Middle Class for Hard Working Americans: Making Work Pay in the 21st Century*** lays out a road map for this u-turn. We describe common sense policies towards making today's jobs better and tomorrow's jobs good. The core value guiding this road map is that work lies at the center of a robust and sustainable economy; that all work has dignity; and that through work, all of us should be able to support our families, educate our children and enjoy our retirements.

**1 MAKE EVERY JOB A GOOD JOB.** Today, the majority of the high-growth jobs in America—retail sales, home health and personal aides, food prep workers and the like—pay very low wages and provide little chance of promotion. We will not build the strong middle class we need to power the economy forward in the 21st century unless we make sure that today's jobs *and* tomorrow's jobs provide good wages and benefits.

- 2 FIX THE MINIMUM WAGE.** Restoring the lost value of the minimum wage, indexing it to inflation and raising the tipped-worker wage will increase take-home pay for 28 million hardworking Americans and boost consumer spending and job creation in communities across the United States.
- 3 SAVE GOOD PUBLIC AND PRIVATE JOBS.** Public employment has been a pathway to the middle class for millions of workers, but today, public employees are being laid off in record numbers or having their jobs privatized to low-wage firms. And big corporations are outsourcing good jobs from the U.S. to other countries around the world. We need to stop cuts and privatization of good public jobs. And we must stop rewarding corporations for shipping jobs overseas
- 4 ENSURE HEALTH AND RETIREMENT SECURITY.** With the likelihood of getting health and retirement benefits at work plummeting for all workers—and dropping even more for low-income workers—we need to strengthen the partnership between employers, workers and the public to ensure that all of us have health and retirement security. That will require implementing the Affordable Care Act, protecting Medicare, Medicaid and Social Security and establishing new retirement accounts for those workers who rely now just on Social Security and 401K accounts.
- 5 UPHOLD THE FREEDOM TO JOIN A UNION.** Unions are key to creating good jobs, and not just for union workers. But outdated laws and corporate-driven policies have severely weakened the ability of workers to freely join a union and collectively bargain. The decimation of unions is a big reason why wages and benefits are down and our economy is sputtering. Our public policy should uphold the freedom for *all* workers to stick together and choose to be represented by unions.
- 6 MAKE THE MODERN WORKPLACE PRO-FAMILY.** The rules of the workplace have not kept up with the changes in the workforce. Managing work-family conflict is toughest on the lowest-wage workers, who have the least access to paid leave. Earned sick days and affordable family leave are indispensable to today's workforce, our communities and economy.
- 7 STOP WAGE THEFT.** We all should get paid for the work we do, but the reality is that wage theft is all too common, particularly for low-wage workers, in a wide variety of jobs. We must strengthen and enforce the laws to stop employers from stealing wages as many currently do by: paying workers less than the minimum wage; not paying for overtime; and sometimes not paying workers at all.
- 8 REQUIRE THAT YOUR BOSS BE YOUR EMPLOYER.** Stop employers from escaping responsibility for paying their workers decent wages and benefits by stopping the use of hiring permanent temp workers and the misclassifying of employees as independent contractors and by directing public dollars to employers who hire worker directly.
- 9 GIVE UNEMPLOYED WORKERS A REAL, FRESH START.** It is tough enough to be out of work, without having to face discrimination because you are unemployed and the fear that you will lose your unemployment insurance before finding a job. We should stop hiring discrimination against unemployed job seekers and instead, help them get good jobs and keep them solvent while they are looking for one.
- 10 TOUGHEN LAWS PROTECTING WORKER SAFETY AND HEALTH.** With millions of workplace injuries and illnesses each year, the law must be strengthened to punish employers who create unsafe work conditions and retaliate against workers who speak up. In addition, injured and ill workers need a stronger social insurance program that is transparent and unbiased, and ensures immediate access to health care for workers and adequate compensation for lost wages.



# INTRODUCTION

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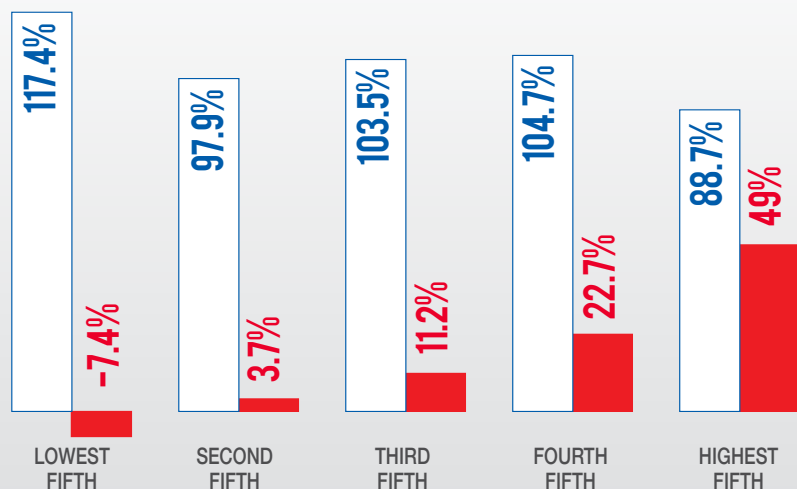
*Ways to Rebuild the Middle Class for Hard Working Americans: Making Work Pay in the 21st Century*, is a road map to restore the promise of the American Dream, that if you work hard and play by the rules, you will be able to provide a good life for your family and a better life for your children. The steps proposed in this report are based on a simple idea: the great American middle class, the engine of the economy, is not built by accident—we build a broad middle class by decisions we make together.

The middle class is the great engine of the American economy. But today that engine is sputtering, and as a result both American families and the economy are struggling. The wages of most workers have been in stuck in neutral for 30 years. More and more Americans—even those with college degrees—are toiling in jobs that do not pay enough to support their families in dignity or offer hope of a brighter future. And the jobs that will grow the most in the next decade are low wage, stripped of benefits and requiring no more than a high school diploma. Unless our nation focuses on making today's jobs better and tomorrow's jobs good, the long-term prospects for our families' well-being and the national economy are bleak.

Our nation grew in prosperity and opportunity in the 20th century as as our government, business and labor worked together to promote policies to build the middle class. What drove the expansion was workers earning decent wages and benefits and sharing broadly in the nation's growing prosperity. Economic growth in this era was substantial, in no small part because more and more American families entered the middle class and improved their standard of living (Fig. 1).

FIGURE 1: "FAST-AND-FAIR" VERSUS "SLOW-AND-SKEWED"

Real family income growth by quintile. □ 1947-1973 and ■ 1979-2009



Source: EPI analysis of U.S. Census Bureau data.

But in the past 30 years, the picture has been turned upside down. The poorest fifth got poorer and middle-income families gained very little, with only upper-income Americans seeing significant increases in pay. Even this data mask where the real jump in earnings has been: among the very

*“...we are paying a high price for our inequality—an economic system that is less stable and less efficient, with less growth, and a democracy that has been put into peril. But even more is at stake: as our economic system is seen to fail for most citizens, and as our political system seems to be captured by moneyed interests, confidence in our democracy and in our market economy will erode along with our global influence. As the reality sinks in that we are no longer a country of opportunity and that even our long-vaunted rule of law and system of justice have been compromised, even our sense of national identity may be put into jeopardy.”*

*Joseph Stiglitz, a Nobel laureate, is a professor of economics at Columbia University, an author of *The Price of Inequality*, W.W. Norton & Company, 2012*

richest one-of-a-thousand (0.1%) who saw their share of national pre-tax income quadruple, rising from less than 3% in 1970 to more than 12% in 2007.<sup>1</sup>

The data mask another key fact: median hourly wages have been flat in real terms from 1980 to 2009, stuck at just under \$19.00.<sup>2</sup> To the extent that median family income has risen, the increase has occurred only because more families sent two people out to earn wages. As more women entered the work force, the structure of the work place has not kept pace. The growing number of low-wage jobs does not come with basics like paid sick days to allow workers to care for themselves or their families. And only a small proportion of Americans can take time off from work to care for a newborn child or a sick family member, without losing their entire paycheck.

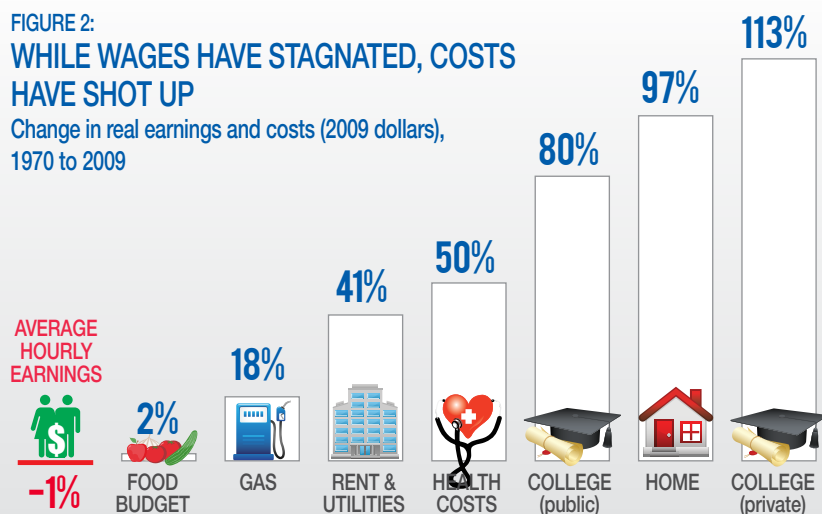
The fact that people of color and immigrant workers are more likely than whites to hold a low-wage job, with no benefits and hazardous working conditions, also undermines the foundation on which to build a prosperous middle class, as people of color will be the majority of our nation’s population by mid-century.

We can measure the impact of this new pattern—away from broadly shared growth to unequal growth skewed to the top—on the median income of American families. **If median family income had continued to grow for all economic groups from 1979 to 2009, as it had in the previous three decades, the average family would have taken home \$9,220 more a year in 2010.**<sup>3</sup> That is money that families would have spent to support themselves, educate their children, invest in their retirements and power the economy by shoring up sales.

The added income would have been a huge boon to families who have seen the costs of living rise while wages remained flat. When costs to support a

**FIGURE 2:**  
**WHILE WAGES HAVE STAGNATED, COSTS HAVE SHOT UP**

Change in real earnings and costs (2009 dollars), 1970 to 2009



Source: Saving the American Dream: The Past, Present and Uncertain Future of America’s Middle Class, U.S. Senate Health, Education, Pension and Labor Committee, 2011.

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*“Now I am a firm believer in anti-poverty programs. But the most successful anti-poverty program in the history of this country is the labor union movement. It has lifted more Americans from poverty to the middle class than any other anti-poverty program. The right to a decent standard of living. The right to have a voice in the workplace. The right to dignity. The right to self-respect. The right to justice. The right for a chance to achieve the American Dream.”*

**William McNary,**  
Co-Director, Citizen Action/  
Illinois

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family and invest in children’s education surge ahead of wages, families have less to spend on other goods and services that power the economy and less to save for their retirement (Fig. 2). It is frightening that half of all Americans have less than \$10,000 in savings.<sup>4</sup>

The main reason that wages are down is no mystery: **workers earn too little because fewer employers pay decent wages and benefits.** Even though the typical American worker is twice as likely to have a college degree as thirty years ago, the share of the workforce that has a good job—defined conservatively as paying at least a median wage with some employer-based health and retirement—has declined.<sup>5</sup>

As we inch out of the Great Recession of 2009, **we are seeing the trend towards low-wage jobs accelerate.** Since the jobs recovery began, low-wage jobs have grown almost three times as fast as mid-wage and higher-wage jobs.<sup>6</sup>

When we look forward, the prospects are no better. **Eight of the 10 jobs projected to grow the most—covering four million workers—require no more than a high school education.** Five of these high growth occupations pay wages that are at or below the poverty line for a family of four.

It is no wonder that fully 85% of self-described middle-class adults say it is more difficult now than it was a decade ago for middle-class people to maintain their standard of living. Or that fewer than half of Americans (42%) still believe in that hallmark of American optimism, that their children will be better off financially than they are.<sup>7</sup>

Our children hear that the way to a secure position in the middle class is through a good education. Other than inheriting wealth, a good education is certainly still the best ticket to entering the middle class. But when so many of the high-growth occupations require no more than a high school education, we see the limits of relying on improving educational achievement as a broader strategy for improving job quality or the economy.

The great American middle class of the mid-twentieth century was built by decisions Americans made together through our government: decisions to invest in education, infrastructure, social insurance; to protect the freedom of workers to organize unions; and to establish labor standards such as a minimum wage, pay for overtime and occupational safety and health protections.

Rebuilding the great American middle class in the 21st century will once again take deliberate action by the American people, through our government and by businesses that understand—even in the global economy—that our mutual long-term prosperity depends on treating workers everywhere with dignity and giving them the means to a decent standard of living. Getting there will mean taking a u-turn from the policies of the past 30 years, which have squeezed workers in the pursuit of short-term profits, slowly hollowing out the middle class on which our long-term prosperity is built.



- 1 Make every job a good job
- 2 Fix the minimum wage
- 3 Save good public and private jobs
- 4 Assure health and retirement security
- 5 Remove barriers to unionization
- 6 Make the workplace pro-family
- 7 Stop wage theft
- 8 Assure that your boss is your employer
- 9 Give unemployed people a real fresh start
- 10 Protect workers' safety and health

### ***10 Ways to Rebuild the Middle Class for Hard Working Americans:***

***Making Work Pay in the 21st Century*** lays out a road map for this u-turn. We describe common sense policies towards making today's jobs better and tomorrow's jobs good. The core value guiding this road map is that work lies at the center of a robust and sustainable economy; that all work has dignity; and that through work, all of us should be able to support our families, educate our children and enjoy our retirements.

Our list does not address every measure needed to improve job quality. For example, when employers can—and readily do—exploit and intimidate millions of immigrants working here without authorization, all workers suffer. We need to end deportation policies that cause immigrants to live and work in fear and enact comprehensive immigration reform in order to stop these practices and prevent the exploitation of status to drive down standards and create hostile conditions for the entire low-wage workforce. Employers must also end the widespread practice of refusing to consider job applicants who have criminal records, which now includes one out of four adults, or 65 million people, from employment opportunities.<sup>8</sup>

Nor does this report focus on another urgent need—to create more jobs. It focuses on improving the quality of jobs because making jobs better will power the economy, thus creating more jobs, while also strengthening the economic security America's workers gain through work. But make no mistake we can create tens of millions of new good jobs, through investments to rebuild our crumbling infrastructure and create a new infrastructure for the information age, educate our children and care for our elders. We can invest in jobs for a green economy of energy independence.

Jacob Hacker and Nate Loewentheil have laid out one comprehensive plan to power the economy in *Prosperity Economics: Building an Economy for All*.<sup>9</sup> Members of Congress have introduced legislative proposals that would take big steps toward putting this vision into law.<sup>10</sup> And focusing on jobs to rebuild the economy will also put our fiscal house in order, as Nobel laureate Joseph Stiglitz has argued, saying: "The most important thing for addressing the deficit is putting America back to work."<sup>11</sup>

Putting enough people back to work to achieve full employment would be another major step toward improving the quality of the new jobs. When unemployment falls, workers are in a better position to gain decent wages and benefits from their employers.

Our report details steps that can and should be taken immediately to ensure that today's jobs and those that are created tomorrow are, in fact, good jobs that rebuild the real engine of this economy, the middle class. There is no excuse to delay implementing the ***10 Ways to Rebuild the Middle Class for Hard Working Americans: Making Work Pay in the 21st Century***. Each of these measures will honor work, protect our families and drive us forward to a more powerful, sustainable economy.

# MAKE EVERY JOB A GOOD JOB

1

**T**oday, the majority of the jobs that will grow the most—retail sales, home health and personal aides, food prep workers and the like—pay very low wages and have little chance of promotion. We will not build the strong middle class we need to power the economy forward in the 21st century unless we make sure that today's jobs and tomorrow's jobs provide good wages and benefits.













***"We need to maintain a strong working middle class. If we don't have a strong working middle class, my business isn't going to exist."***

***Darren Horndasch, president, Wisconsin Vision (Wisconsin's largest, independently-owned eyeglass company.)***

## The fastest growing jobs in America are low-wage jobs.

- Five of the top 10 jobs with the most openings between now and 2020—covering 2.7 million workers—pay wages that would keep a family of four at or below the poverty line. These include retail sales, home health and personal care aides, food prep workers and laborers.<sup>12</sup>

## JOBS WITH THE MOST OPENINGS—8 OF 12 ARE LOW WAGE

| OCCUPATION   | NUMBER OF JOBS ADDED, 2010–2020 (in 000s) | MEDIAN ANNUAL WAGE, 2010 |
|--|---|--------------------------|
|  Registered Nurses  | 711.9                                     | \$64,690                 |
|  Retail Salespersons  | 706.8                                     | \$20,670                 |
|  Home Health Aides  | 706.3                                     | \$20,560                 |
|  Personal Care Aides                                       | 607.0                                     | \$19,640                 |
|  Office Clerks, general                                   | 489.5                                     | \$26,610                 |
|  Combined Food Preparation & Serving, Including Fast Food | 398.0                                     | \$17,950                 |
|  Customer Service Representatives                         | 338.4                                     | \$30,460                 |
|  Heavy and Tractor-Trailer Truck Drivers                  | 330.1                                     | \$37,770                 |
|  Laborers & Freight, Stock, & Material Movers, Hand       | 319.1                                     | \$23,460                 |
|  Teacher Assistants                                       | 191.1                                     | \$23,220                 |
|  Nursing Aides, Orderlies and Attendants                  | 302.0                                     | \$24,010                 |
|  Childcare Workers  | 262.0                                     | \$19,300                 |

Source: Bureau of Labor Statistics, Occupational Employment Projections to 2020; Table 1.4: Occupations with the most job growth, 2010 and projected 2020. March 2012.

## Women and people of color are more likely to hold low-wage jobs.

- Women make up less than half of the workforce, but 55% of poverty-wage workers.
- Latinos make up almost one-quarter (24%) of poverty-wage workers, though they are just 15% of the workforce.<sup>13</sup>
- African-Americans account for 14% of low-wage workers, but 11% of the workforce overall.



## **ELVA BAHENA**

*Indianapolis*

*Elvia Bahena, a mother of three, worked as a hotel housekeeper, through a subcontracting agency for 10 years. After years of making less than \$9 per hour at the Marriott hotel, she asked for a raise. Instead of a raise, she was transferred to another hotel at a lower wage. Tired of making poverty wages as a subcontracted worker, Elvia applied to work directly for the new J.W. Marriott hotel. The human resources director, found out Elvia had worked for a contractor and said she was ineligible to apply. She had no choice but to go through a subcontractor at another hotel, where she made \$8 per hour. When Elvia testified at a City Council committee hearing in support of the “Freedom to Work” ordinance to remove barriers that low-wage hotel workers face, she was fired. The Indianapolis community has come together to support Elvia and her family.*

## **Expanding education is not the silver bullet to a good job or a good-job economy.**

- Eight of the 10 jobs that will create the most openings, for four million workers, require no more than a high school education. From office clerks and customer service reps to home health aides and truck drivers, the positions with the most job openings won’t be looking for college grads.<sup>14</sup>
- Even workers with some college end up more often in low-wage jobs than they did in the past.<sup>15</sup>
- While the typical American worker is twice as likely to have a college degree as 30 years ago, the share of the workforce holding a good job declined, from 27.4% to 24.6%.<sup>16</sup>
- Meanwhile, the wages of college graduates have not increased in a decade.<sup>17</sup> These workers are not alone. The earnings of half of U.S. workers increased only 8% in real terms from 1973 to 2009.<sup>18</sup>

### **ENSURE EVERY JOB—including the jobs that will grow the most—is a good job.**

**To rebuild the middle class, we need to take the nine steps that follow in this report. And we need to:**

- Ensure that minimum wage and overtime laws apply to all workers. A new Department of Labor proposal would expand protections to home care workers, who work in one of the fastest-growing job categories but have been excluded up to now.
- Provide job training tailored to the fastest-growing jobs. This should include vocational training designed to increase skills in these occupations and apprenticeship programs open to all, with proactive outreach to under-represented groups.
- Establish formal career paths, with targeted levels of skills and higher pay as workers move up.
- Remove the legacy of gender and race in the wage-setting process, including job evaluation systems, to recognize the real skills, effort and responsibility of these jobs.
- Expand living wage standards in the private sector to raise the wage floor so that workers can better support themselves and their families.
- Tie government subsidies and contracts to wage standards and benefits, so that taxpayer dollars support good jobs and community hiring.

### **CREATE A FULL-EMPLOYMENT ECONOMY.**

**History shows that when every willing worker has a job, our economy powers forward as lower-paid workers see better pay and benefits and can make a bigger contribution to their communities. We can move now towards full employment by making major investments in infrastructure for the 21st century.<sup>19</sup>**

# FIX THE MINIMUM WAGE 2

**R**estoring the lost value of the minimum wage, indexing it to inflation and raising the tipped-worker wage will increase take-home pay for 28 million hardworking Americans and boost consumer spending and job creation in communities across the United States.

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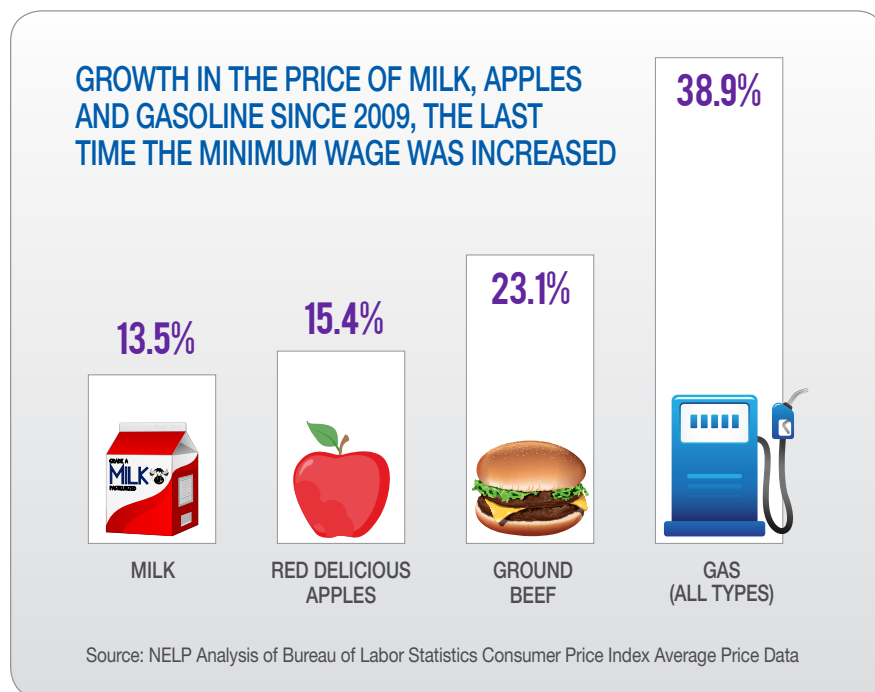
*“Financial excess has brought hardship for the many who had no hand in causing it. The ship needs to be righted and increasing the wage paid to those at the bottom is an essential part of this.”*

**Richard L. Schaper,**  
president and principal of  
WealthSteward Consulting,  
Mill Valley, Calif.

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FDR called the minimum wage “a fair day’s pay for a fair day’s work.” Yet today’s minimum wage of \$7.25 buys 30% less than it did 40 years ago.

- If the minimum wage had kept place with inflation since the late 1960s, it would be \$10.55.
- The minimum wage for tipped workers is \$2.13 an hour, the same as it was in 1991!
- The fastest growing jobs in 2010—sales clerks and cashiers—paid very low wages.<sup>20</sup> Minimum wage jobs are held disproportionately by women and people of color.<sup>21</sup>



**Most minimum wage workers are employed by big, profitable businesses.**

- Two out of three low-wage workers (66%) are employed by corporations with over 100 employees.<sup>22</sup>
- Top executive compensation at the 50 largest employers of low-wage workers—firms like Wal-Mart and McDonald’s—averaged \$9.4 million last year.
- It would take a minimum wage worker 156 days to make the \$9,066 an hour that the top executive of Wal-Mart gets paid.



## **EDWARD A.**

*Alton, Illinois*

*I am a minimum wage worker at a restaurant, and trying to provide for my family is really tough. I have a fiancé who makes minimum wage as well. We have three children, and our paychecks combined barely cover the necessities like a roof over our heads, gas and lights, and clothes for the kids. We wouldn't be able to make it without assistance like food stamps and a medical card. There is constant stress because we are living paycheck to paycheck and never have enough money. This isn't about needing more money for luxury things, we need a raise in the living wage in order to survive.*

## **Raising the minimum wage increases take-home pay for one in five of America's workers—28.4 million people—including many who make more than the minimum wage.**

- Raising the minimum wage to \$9.80 an hour as proposed in the Fair Minimum Wage Act would raise pay directly for 19.5 million minimum wage workers and push up earnings for another 8.9 million workers who earn just above the minimum wage.<sup>23</sup>

## **More money in the pockets of working people will be spent to make ends meet, boosting local economies and creating jobs in our communities.**

- According to the Federal Reserve Bank of Chicago, every \$1.00 in wage increases for a minimum wage worker results in \$2,800 in new consumer spending by the worker's household over the following year.<sup>24</sup>
- Raising the minimum wage will add \$25 billion to the annual GDP and create 100,000 jobs.

## **Decades of real-life experience firmly refute the “sky is falling” cry of opponents that raising the minimum wage leads to layoffs.**

- Substantial research on the impact of minimum wage increases on local economies has found that raising the minimum wage does not cause job loss.<sup>25</sup>
- More than 550 economists signed a statement supporting increasing the minimum wage in 2007.<sup>26</sup>

### **FIX THE MINIMUM WAGE.**

**Pass the Fair Minimum Wage Act, restoring the lost value of the minimum wage, raising the tipped worker wage, and indexing the rate to rise with inflation:**

- Raise the minimum wage from the current \$7.25, set three years ago, to \$9.80 per hour by 2014;
- Index the minimum wage to automatically increase each year with the rising cost of living;
- Gradually raise the tipped minimum wage to \$6.85 over five years, fixing it to 70 percent of the full minimum wage thereafter.



# SAVE GOOD PUBLIC AND PRIVATE JOBS 3

**S**top cuts and privatization of good public jobs. Stop rewarding corporations for shipping jobs overseas.

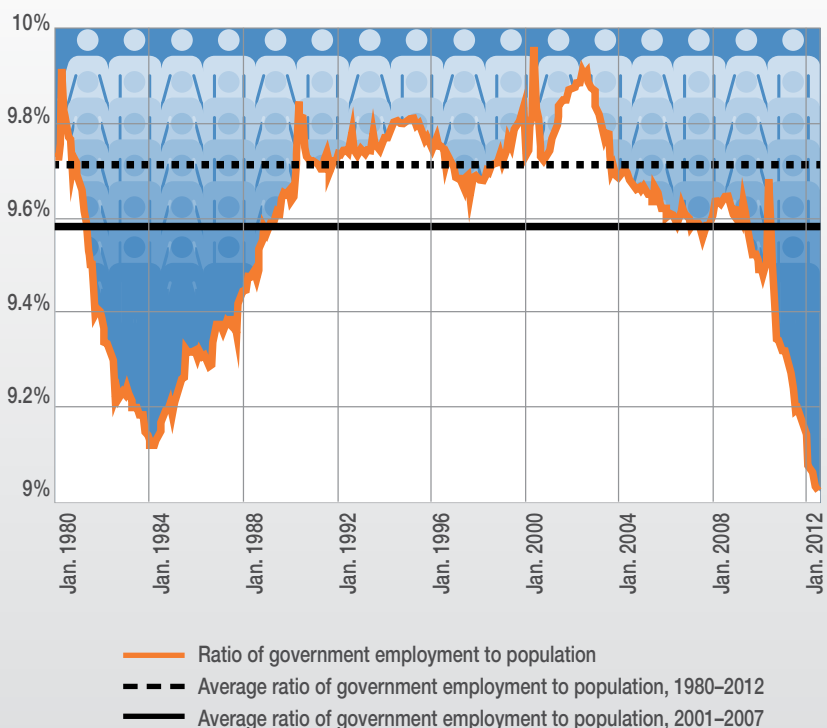
*“This would not be a depression if we had not had those public sector cuts. Slashing [public sector] jobs makes the economy worse.”*

*Paul Krugman, Nobel award winner in economics*

**Public employment has been a pathway to the middle class for millions of workers, but today, public employees are being laid off in record numbers.**

- Since the Great Recession ended in 2009, federal, state and local governments have shrunk their workforces by 580,000, the largest cuts in any sector of the economy.
- Public sector employment as a share of the population is the lowest it has been in more than 30 years. If it had stayed at the same level as between 2001 to 2007, there would be 1.7 million more public employees at work in 2012.<sup>27</sup>
- Fewer public workers mean fewer people providing vital public services. The number of firefighters decreased by 19% from 2009 to 2011, a loss of 44,107 workers. Teaching positions in public schools dropped by 220,762 jobs; the resulting larger class sizes will translate into a loss of \$1,000 in per-student, per-year future earnings.<sup>28</sup>

**RATIO OF GOVERNMENT EMPLOYEES TO POPULATION**



Source: The Hamilton Project

#### *Privatizing Public Work:*

### **FIASCO IN INDIANA**

*In December 2006, Indiana signed a 10-year, \$1.16 billion contract with an IBM-led consortium to provide eligibility review and claim processing for public assistance programs. Immediately clients and applicants reported long waits, lost files, slow approvals, and incorrectly severed eligibility for food stamps and Medicaid. Many families lost critical services. The state paid the contractor an additional \$180 million to fix the problems, to no avail. In October 2009, Indiana announced the cancellation of the 10-year contract, although some jobs remained outsourced to private call centers.*

*Privatization was not only a disaster for Indiana taxpayers and Hoosiers who get state assistance it also undercut good, public sector jobs. While the consortium was required to give the same pay to any state employees who transferred to the private contractors, that provision expired after two years and did not apply to new hires. Public employees who were laid off or transferred lost their pension benefits. Workers at a vendor that still operates a private call center are now paid between \$10 and \$12 an hour.*

**Total compensation—wages and benefits—of state and local government employees are generally lower than for workers with comparable education and work experience in the private sector. But the lowest-wage employees do better in the public sector.**

- On average, total compensation is 7% lower for state and local government employees than for comparable private sector employees.<sup>29</sup>
- But state and local government employees in the lowest 30% of wage levels earn more than comparable workers in the private sector, making the public sector an important source of good jobs for low-wage employees, who are disproportionately women and workers of color.<sup>30</sup>
- Attacks on public employee pensions fail to take into account total compensation for public employees, including the reality that 30% of local government employees do not participate in the Social Security system.<sup>31</sup>

**Contracting out public services to private companies destroys good jobs.**

- 20% of all federal contract workers earned less than the federal poverty level of \$9.91 an hour, while 40% earned less than a living wage.<sup>32</sup>

**Private companies are outsourcing good jobs from the U.S. to other countries around the world.**

- A survey of 1,600 firms found that all of the industries represented had outsourced jobs between 2005 and 2008; 60% of the firms that had shipped jobs overseas planned to expand those activities.<sup>33</sup> From 2003 to 2008, 1.2 million jobs were outsourced in occupations like administrative support (e.g., call centers), computers and financial services.<sup>34</sup>
- Wages for manufacturing workers averaged \$605 per week from 2008 to 2010, 8.4% higher than the non-manufacturing average for comparable workers of \$558.29.<sup>35</sup> The U.S. lost 57,000 manufacturing establishments between 1998 and 2009.<sup>36</sup>

### **STOP GOVERNMENT AND CORPORATIONS FROM CUTTING AND OUTSOURCING GOOD PUBLIC AND PRIVATE SECTOR JOBS.**

- Provide federal funds to state and local governments to hire back teachers, firefighters and other public employees.
- Prioritize awarding contracts to private employers that pay wages and benefits comparable to public sector employees. Employers with records of violating labor standards should not be eligible for contracting.
- Commit to a long-term dollar strategy by the federal government that prevents currency manipulation by other countries from undermining U.S. trade competitiveness.
- Remove incentives in the tax code that allow companies to take a tax deduction for shipping jobs overseas, and instead provide tax incentives to bring jobs back to the U.S.

# ENSURE HEALTH AND RETIREMENT SECURITY 4

**S**trengthen the partnership between employers, workers and the public to ensure that all of us have health and retirement security. That will require implementing the Affordable Care Act, protecting Medicare, Medicaid and Social Security and establishing new retirement accounts for those workers who rely now just on Social Security.

*"After nearly 10 years of double-digit premium increases, the Affordable Care Act provided my small business over \$12,000 a year in tax credits, a 3 percent drop in premiums, and made it possible for my two adult children to rejoin our health plan."*

**Jim Houser**, owner of Hawthorne Auto Clinic in Portland, OR

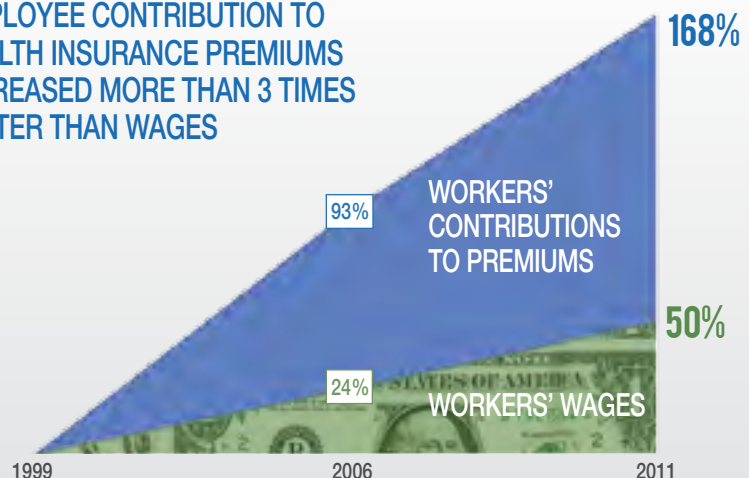
## The likelihood of getting health benefits at work has plummeted for all workers and even more for low-income workers.

- The share of workers whose employers pay for at least part of health coverage dropped from 70% in 1979 to 57% in 2010.<sup>37</sup> If the proportion had not shrunk, 18 million more workers would have gotten health care through their employer.
- For workers in the bottom fifth of the wage distribution, the proportion with health coverage through work dropped by 17%; the top fifth saw 13% fewer workers getting employer-sponsored coverage.<sup>38</sup>
- Medicaid has filled the gap for some low-wage workers, but only 10% of the lowest fifth have Medicaid.<sup>39</sup>

## Those employees who still get coverage at work are paying a lot more...for a lot less coverage.

- From 1999 to 2011, the amount that workers paid for coverage went up 168%, while wages went up 50%. The cost of family coverage jumped from \$1,539 to \$4,129.<sup>40</sup>
- The proportion of workers in plans with deductibles of more than \$1,000 tripled, from 10% to 31%, from 2006 to 2011.<sup>41</sup>

EMPLOYEE CONTRIBUTION TO HEALTH INSURANCE PREMIUMS INCREASED MORE THAN 3 TIMES FASTER THAN WAGES



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2011. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2011; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2011 (April to April).



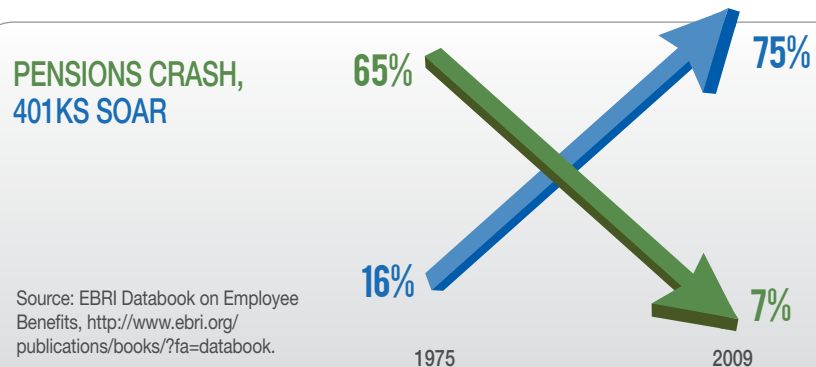
## JAMIE MOELLER

Nashville, Tennessee

*I was laid off in 2010 due to budget cuts and eventually lost COBRA coverage (I could no longer afford it!) When I was hired by my current employer in 2011, I was told that they could not provide group health insurance for me since we are such a small non-profit, but that they could assist with monthly premiums. I applied and was denied coverage from every major insurance company because of my history of melanoma. Luckily, I was able to get coverage through the Pre-Existing Condition Insurance Plan (PCIP), created through the Affordable Care Act. Without this coverage, I would not have access to the skin cancer screenings that I need on a regular basis, nor would I be able to afford medical attention that I require for my other health issues.*

## Retirement security at work dropped too, with a huge shift from guaranteed pensions to 401K-type plans in which workers assume all the risks.

- The proportion of workers who received pensions (and didn't have a 401K) crashed from 65% in 1975 to 7% in 2009.<sup>42</sup> At the same time, the proportion of active workers with only a 401K-type plan (defined contribution) soared from 16% in 1975 to 75% in 2009.
- Pensions provide much greater security, not subjecting employees' retirement security to the vagaries of the market.



## ENSURING HEALTH AND RETIREMENT SECURITY WILL REQUIRE EVERYONE—WORKERS, EMPLOYERS AND THE PUBLIC—TO CHIP IN AND DO THEIR PART:

### Health Security

- Continue to implement the Affordable Care Act, which will provide financial incentives for businesses to contribute to health coverage and sliding-scale tax credits for workers who do not get coverage at work. Add a public option to further control costs.
- Ensure states implement the option under the ACA to expand Medicaid to cover workers who earn less than 133% of the federal poverty level—\$31,000 for a family of four.
- Protect Medicare benefits by controlling costs through incentives to increase quality and enforceable budgets. Do not cut Medicare benefits or replace its guarantee of benefits with a voucher for private insurance.

### Retirement Security

- Ensure all workers have a secure retirement plan. Employers and workers, especially workers with no retirement plan other than Social Security and those with just a 401(k), would put aside a share of earnings in a pooled, professionally managed plan, with guaranteed, lifetime benefits at retirement or upon permanent disability.
- Strengthen Social Security by eliminating the cap on earnings subject to tax. Improve benefits for low-income earners, elderly and college-bound survivors. Do *not* cut benefits or privatize Social Security.

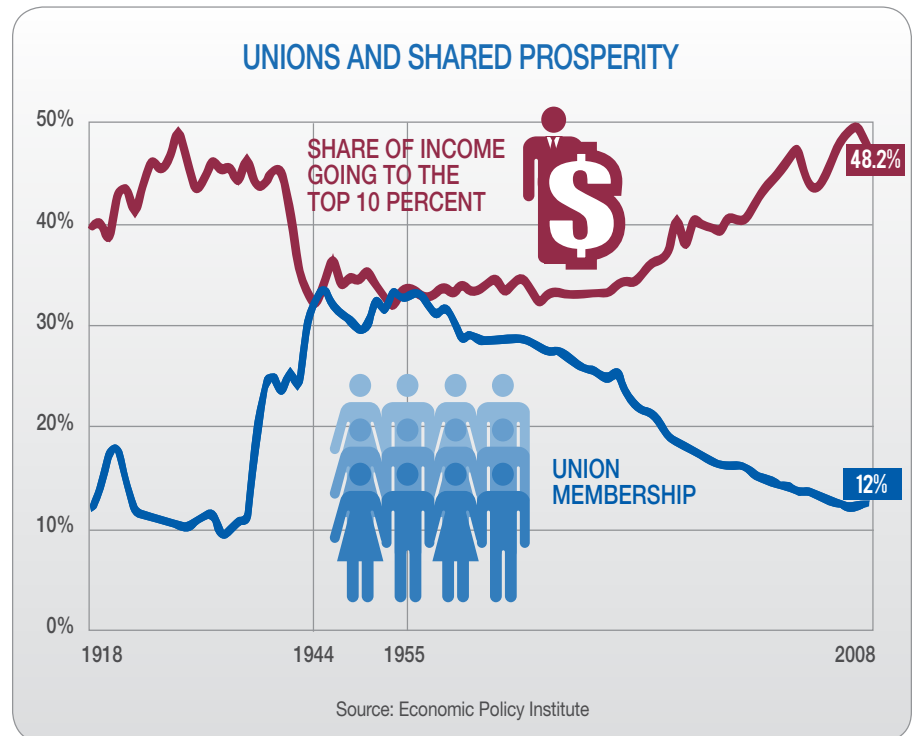
# UPHOLD THE FREEDOM TO JOIN A UNION 5

**U**nions are key to creating good jobs, and not just for union workers. But outdated laws and corporate-driven policies have severely weakened the ability of workers to freely join a union and collectively bargain. The decimation of unions is a big reason why wages and benefits are down and our economy is sputtering. Our public policy should uphold the freedom for all workers to stick together and choose to be represented by unions.

*“There are many business people who understand the economy is increasingly out of balance, and that unionism counts as an important remedy.”*

*David Jacobs, associate professor of Labor and Human Resources, Earl Graves School of Management, Morgan State University*

It is no coincidence that as the share of Americans in unions has plummeted, the income gap between the very rich and the middle class and working families has become a giant chasm.



**When workers organize together in a union, they achieve higher wages and benefits. Even today, with a shrinking portion of America's workers represented by unions, those who belong to a union earn better wages and benefits.**

- From 2003 to 2007, being represented by a union increased wages by 12% for all workers and 21% for the lowest-wage workers.<sup>43</sup>
- Workers who are members of unions are 18% more likely to get employer-provided health coverage and 22% more likely to get a retirement benefit at work.<sup>44</sup>
- When women are represented by unions, their pay goes up 11%. African-Americans in unions earn 12% more, and Latinos get an 18% boost in their pay. All three groups also were much more likely to benefit from health and retirement coverage at work.<sup>45</sup>
- Workers organized by unions also win more on-the-job training<sup>46</sup> and safer workplaces.<sup>47</sup>





Credit: AFSCME

## **PATRICIA SINKLER**

*Jersey City, New Jersey*

*“The first child in my house eats breakfast around 6:30 in the morning, and I finish around 6:30 or 6:45 at night time,” says Patricia Sinkler, who provides child care from her home in Jersey City, New Jersey. In 2007, New Jersey became the 12th state in the nation to allow registered child care providers to unionize. Since then, the providers have negotiated an annual allotment of sick days, pay increases, timely compensation and better communication between workers and the county agencies that provide their referrals.*

*Since unionizing, Sinkler said, she’s enrolled in programs that augment the experience that comes from watching over children. “The training I’m getting has improved my skills,” she said. “I have learned how to do teaching methods with my little kids so they’ll be advanced when they go to school.”*

## **More unions leads to better earnings, even for those not in unions.**

- When a large-enough proportion of workers in an industry form a union, wages and benefits go up for non-unionized workers. High school graduates who work for a non-union employer get a 5% bump-up in wages if one-quarter of the workforce in that industry is unionized.<sup>48</sup>

## **Good jobs are disappearing because the share of workers in unions has nose-dived. One out of four U.S. workers does not have the right to stick together and form a union.**

- With only 12% of workers belonging to a union in 2011—and just 7% of privately employed workers—it is no wonder that good jobs are tougher than ever to find.<sup>49</sup>
- Domestic workers, independent contractors, supervisors, many farm workers and even five million public employees are not covered by federal collective bargaining laws.<sup>50</sup>
- Compared to the 1990s, employers are more than twice as likely to use 10 or more tactics in their anti-union campaigns, with a greater focus on more coercive and punitive tactics designed to intensely monitor and punish union activity.<sup>51</sup>

## **SUPPORT WORKERS’ RIGHTS TO FORM UNIONS.**

- Fix the National Labor Relations Act to create a fair process for workers to choose union representation and restore the freedom to bargain collectively.
- Implement strong penalties for violating labor laws. Employers routinely fire and retaliate against pro-union workers because existing labor laws offer nominal repercussions. The law must be enforced vigorously and penalties stiffened to create real incentives for compliance. Employers must be held accountable when they fail to respect their employees’ rights.
- Modernize labor law to ensure all workers have the full federal protection of the right to organize and bargain collectively. Currently, tens of millions of workers like independent contractors, temps and domestic workers and immigrants are left out of labor law or lack access to full remedies when labor laws are violated. These low-wage workers need the right to join together to improve their working conditions.

# MAKE THE MODERN WORKPLACE PRO-FAMILY 6

**B**asic standards providing earned sick days and affordable family leave are indispensable to today's workforce, our communities and economy.

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*"I have 30 employees. Not one of them has worked sick, ever. Having paid sick days creates good morale for workers, which they pass on to the customers."*

*Makini Howell, Seattle restaurant owner*

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**The rules of the workplace have not kept up with the changes in the workforce.**

- In 2010, only three in ten households (29%) with children had a parent home full time, compared with half (53%) in 1975. Two-thirds of women are either primary or co-primary breadwinners.<sup>52</sup>
- While some employers have adapted, many have not. Workers struggle to keep their jobs and make ends meet in the face of medical needs or family caregiving demands.

**Despite lip service to family values, our public policies fall completely short.**

- **Earned sick days:** Four out of ten private sector workers (42%)—44 million people—do not have any paid sick days to recover from an illness. Millions more do not have paid sick days they can use to care for a sick child or close family member. Numbers for Latinos are even higher—58% earn no paid sick time.<sup>53</sup>
- **Affordable family leave:** Only one in ten workers (12%) has paid family leave through work to care for a new child or a sick family member.<sup>54</sup> Just half of new mothers can access any wages following their child's birth, most by cobbling together vacation or sick time.<sup>55</sup> And only half of the workforce is covered by the Family and Medical Leave Act, which ensures unpaid, job-protected leave.<sup>56</sup>
- **Managing work-family conflict** is toughest on the lowest-wage workers, who most need but have least access to paid leave.
  - *Earned sick days:* Fewer than 20% of workers in the lowest-wage jobs have paid sick days, compared to 86% of the highest paid.<sup>57</sup> For those making about \$10 per hour or less, just three-and-a-half days away from work without pay jeopardizes their family's ability to buy groceries for the month.<sup>58</sup>
  - *Affordable family leave:* The highest 25% of earners are four times more likely to have paid family leave than workers in the lowest 25%.<sup>59</sup>
  - Virtually all managers have paid sick days and are much more likely to have paid family leave. But in a low-wage occupation like food service or personal care, paid sick days are the exception and paid family leave almost unheard of.<sup>60</sup>



## STACEY CALVIN

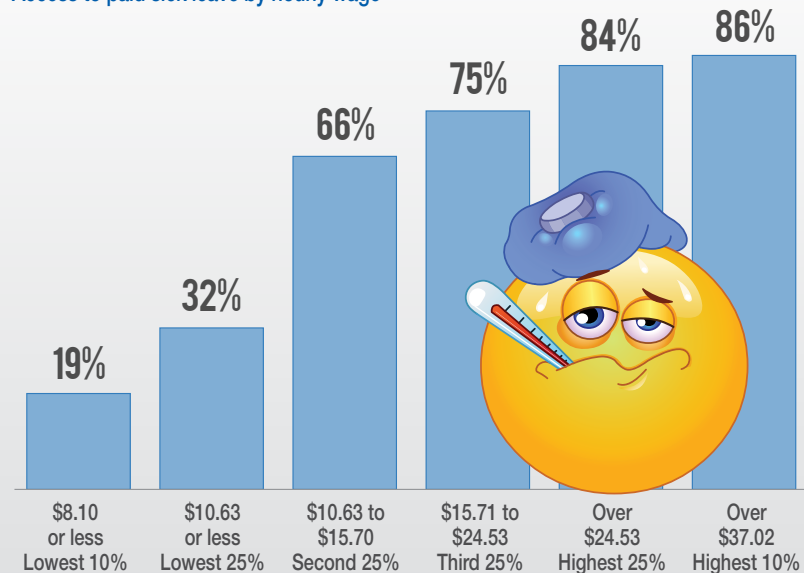
Atlanta, Georgia

*When I was eight months pregnant, my employer told me that I should stop working until after I had my child. As a single mother with one child and another on the way, that just wasn't an option. I was fired and told that I could reapply once my child was born. Earlier, my son was in a care center one floor below mine. When I went to check on him one day during my lunch break, he was sitting on the floor shivering with a temperature over 100. My boss said I could lose my job if I left to take him to the doctor.*

*I found it hard to believe that at a place where we are supposed to be caring for children, the employer was threatening my job because of my sick child and my pregnancy. I worked in a place with 15 people, so I did not even qualify for the Family Medical Leave Act. Parents need guaranteed paid sick days and affordable family leave. I need protection so that I can both work and take care of my family. I shouldn't have to choose.*

## LOW-WAGE EARNERS HAVE LITTLE ACCESS TO PAID SICK LEAVE

Access to paid sick leave by hourly wage



Source: Bureau of Labor Statistics, National Compensation Survey

## Not having paid sick days can cost you your job.

- Almost one out of four workers (23%) say they have lost a job or been threatened with losing a job because they took time off when they were sick or to care for a sick family member.
- More than half of adults (55%) without paid sick days have gone to work with a contagious disease.<sup>61</sup>

## MAKE TODAY'S WORKPLACE PRO-FAMILY, SO THAT WORKERS CAN DO THEIR JOBS AND TAKE CARE OF THEMSELVES AND THEIR FAMILIES.

- Enact the Healthy Families Act, which would give 90% of private sector workers (those in businesses of 15 or more) the right to earn up to seven paid sick days each year to deal with personal or family illness or seek medical care. Expand state and local earned-sick-day ordinances, like those in the state of Connecticut and the cities of San Francisco, Washington, D.C. and Seattle, to build momentum for a national standard.
- Expand the Family and Medical Leave Act to include smaller businesses, and expand the definition of family member to be more in line with today's families.
- Establish a national family and medical leave insurance program, similar to Social Security and successful programs in California and New Jersey, for workers to draw on when they are out on family leave.

# STOP WAGE THEFT 7

**W**e all should get paid for the work we do. We must strengthen and enforce the laws to stop employers from stealing wages by—paying workers less than the minimum wage; not paying for overtime; and sometimes not paying workers at all.

*“Wage theft is our industry’s dirty little secret. But it is not little and not really secret.”*

*Stan Marek, president and CEO of a large Texas construction company*

**Wage theft is all too common, particularly for low-wage workers, in a wide variety of jobs. The most extensive survey of wage theft in low-wage jobs found:**<sup>62</sup>

**Two-thirds (68%) of workers experienced at least one pay-related violation in the previous work week.**

- The average worker lost \$51 a week, out of average weekly earnings of \$339. *The economies of the three cities surveyed—New York, Chicago and Los Angeles—lost \$56 million a week as a result.*
- The U.S. Department of Labor has found widespread wage violations in restaurants and supermarkets, nursing homes and day-care centers, garment factories and poultry processors and firms hiring security guards.<sup>63</sup>

**Wage theft happens in all too many ways.<sup>64</sup> Workers are:**

- **Paid less than the minimum wage:** Fully 26% of workers were paid less than the legally required minimum wage in the previous workweek.
- **Not paid for overtime:** Three out of four (76%) who worked more than 40 hours in a week were not paid the legally required overtime rate.
- **Worked off the clock:** Most of the workers (70%) who came in early or stayed late after their shifts were not paid for the extra work.
- **Cheated of their tips:** 30% got less than the tipped minimum wage, and 12% had their tips stolen by their employer or supervisor. Yes, that’s illegal.

**Women and people of color in low-wage jobs are most likely to have their wages stolen.**

- 30% of women were paid less than minimum wage, compared to 20% of men.
- African-Americans were more than two times as likely as whites not to be paid minimum wage—19% vs. 8%.



## WAGE THEFT—COUNT THE WAYS

*In just one week:*

|                          |     |
|--------------------------|-----|
| Paid below minimum wage  | 26% |
| Overtime violations      | 19% |
| Off the clock violations | 17% |
| Meal break violations    | 58% |

Percentage of workers surveyed who had wages stolen in the week prior to the survey

Source: Broken Laws, Unprotected Workers



## **JOEL CORONADO**

Seattle

*Joel Coronado worked for a building services business in Seattle, Washington from April 2009 through July 2010, cleaning offices. He was paid for fewer hours than he actually worked cleaning the buildings and did not receive his first check until mid-July 2009. Beginning at that time, Mr. Coronado's paychecks were constantly delayed. By July 2010, Mr. Coronado was not paid at all. When he asked for his pay, the employer threatened him.*

*In November 2010, with the help of a local workers' center, CASA Latina, Mr. Coronado filed a wage claim with state and federal authorities and testified before the Washington State legislature about his own experiences with wage theft. Mr. Coronado's story resulted in a strengthened wage theft law in Seattle, but he underwent further retaliation from the employer. The U.S. Labor Department assessed over \$100,000 in unpaid wages against the employer, but Mr. Coronado has yet to receive any of the roughly \$8,000 that the company owes him.*

- Latinos were most likely to have their wages ripped off. One-third (33%) of Latino workers were paid less than minimum wage.
- Immigrants were most often cheated of their wages: 37% of unauthorized immigrants were paid less than minimum wage, and 21% of immigrants authorized to be in the U.S. were paid less than they were owed.

### **The laws on the books aren't enforced and aren't tough enough to deter dishonest employers.**

- The average employer has just a 1 in 100,000 chance of being investigated by the U.S. Labor Department's Wage and Hour Division or the Occupational Safety and Health Administration in any given year.<sup>65</sup>
- More than a dozen federal agencies are responsible for enforcing laws protecting workers wages, safety and health. There are too few inspectors, and inspectors from one agency are not trained to look for violations across the board, leading to piecemeal enforcement at much higher cost.<sup>66</sup>
- State laws fail to protect workers from wage theft. In an exhaustive review of state law, 44 of the 50 states got failing grades on measures such as penalizing employers who break the law, stopping employers from retaliating against workers who complain when they are not paid, and requiring employers to keep pay records.<sup>67</sup>

### **Weak laws reward dishonest employers and give them an advantage over law-abiding businesses. The lack of effective legal protections allows employers to retaliate against workers who assert their rights.**

- Since the most common penalty for wage violations is to pay back the stolen wages, dishonest employers have little to lose by cheating workers of their wages.
- Four out of ten workers (43%) who complained faced retaliation, including being fired or suspended or threats to cut their hours or pay. Half of the workers who did not complain were afraid of losing their job.<sup>68</sup>

#### **TO STOP WAGE THEFT:**

- States should enact comprehensive measures to stop wage theft, including stiff penalties to raise the cost of stealing wages, tough measures against employers who retaliate when workers assert their rights, and requirements that employers keep complete records of workers' hours and pay.<sup>69</sup>
- The federal government should strategically focus enforcement on employers in high-violation industries and prioritize actions against employers who retaliate.<sup>70</sup>
- Protect all workers against wage theft. Allowing unscrupulous employers to cheat undocumented immigrants out of the wages they have earned makes it easier for those employers to cheat all their workers. Enact provisions such as in the Power Act, which would ensure that immigrant workers who try to exercise their basic civil and labor rights are protected from retaliation.



# REQUIRE THAT YOUR BOSS BE YOUR EMPLOYER 8

**S**top employers from escaping responsibility for paying their workers decent wages and benefits by stopping the use of hiring permanent temp workers and the misclassifying of employees as independent contractors and by directing public dollars to employers who hire worker directly.

***“Misclassification is bad for business, government and labor. Law-abiding businesses are in many ways the biggest fans of increased enforcement.”***

**Richard Cordray**, former Attorney General of Ohio, Director of the U.S. Consumer Financial Protection Bureau

**More and more companies are shirking responsibility for directly employing the people who get the job done.**

- A recent survey of 200 large companies estimates that the modern “contingent umbrella”—including temps, independent contractors, subcontractors and other nontraditional work roles—accounts for 22 percent of the average company workforce.<sup>71</sup>

**Temp workers:** The number of temporary workers has more than doubled<sup>72</sup> in the past 20 years as a growing number of industries rely on temporary workers to permanently fill positions, usually at lower pay.

- Temporary workers are paid lower hourly wages than directly-hired employees in 46 out of 48 occupations.<sup>73</sup>



The greatest number of “temp” jobs is in warehouses, where workers hired by temporary service firms get paid an average of \$8.69 an hour, almost \$2.00 less than regular employees.<sup>74</sup> A survey of temps<sup>75</sup> who worked at more than 150 warehouses found:

- 31% of these “temps” had worked at the same warehouse for 3 to 12 months, and 21% for more than a year.
- The median wage of temp workers was \$9.00—\$3.48 less than directly hired employees. Some temps were paid by piecework and appeared to be getting less than the minimum wage.



## **MUHAMMAD JAMIL HUSSAIN**

**New York City**

*I started driving a yellow cab in New York City 25 years ago. Every day, I begin at a negative because I have to pay a lease to the company and for gas and other expenses. I have to earn back sometimes \$150 in a 12-hour shift just to break even. The garages always get their money. Even during storms or street closures, they get the lease from us. In 2003, I was brutally attacked during my shift. My jaw was wired shut for four months and I had multiple procedures. I had no savings from my job, or disability insurance. The same job I worked overtime every day since I was 22 left me near death, impoverished, and alone. The law says we can't unionize, but that didn't stop us. In July 2012, our union, the New York Taxi Workers Alliance, won a raise that will give us a livable income and a first-ever Health and Disability Fund for drivers.*

**Phony Independent Contracting:** By forcing workers to become “independent” contractors, companies have dramatically lowered their labor costs. Forcing drivers of diesel trucks at the nation’s ports to become independent contractors resulted in:<sup>76</sup>

- Contracted drivers averaged earnings of \$28,783 a year. The average workweek was 59 hours. By comparison, drivers treated as employees averaged \$35,000 a year.
- The contracted drivers were two-and-a-half times less likely than employee drivers to have health insurance and almost three times less likely to have retirement benefits.
- “Independent contracting” at ports is bad for public health, as drivers usually own and operate the only equipment they can afford—the oldest and most polluting diesel trucks on the road.

**Contracting Out:** Major employers in a growing number of industries—construction, poultry processing, hospitality, retail and many more—are contracting out significant parts of their work to other firms, and shirking responsibility for pay and working conditions.<sup>77</sup> For example, at the Seattle airport, where low-wage employees work for firms that provide contracted services like handling baggage to the major airlines:<sup>78</sup>

- Contracted workers are paid an average of \$9.70 an hour or \$20,176 if they work full-time all year.
- Airline contract firms appear regularly on the list of the companies in Washington State that have the largest number of employees receiving publicly funded health coverage.

### **ENSURE COMPANIES TAKE RESPONSIBILITY FOR EMPLOYEES WHO ARE REALLY WORKING FOR THEM:**

- Vigorously enforce the laws that are meant to stop employers from treating actual employees as independent contractors. The Department of Labor and IRS should target industries where abuses are rampant.
- Hold “joint employers”—multiple firms that effectively share control of workers—responsible for the wages and working conditions of their employees.
- Stop excluding independent contractors and temporary workers from access to organizing and bargaining rights under the National Labor Relations Act and from protections guaranteed under other labor laws.
- Provide public contracts and tax incentives, including for job creation and environmental programs, only to employers who directly hire workers, or use contractors who provide decent wages and benefits.
- Ensure temps are genuinely temporary, by requiring employers to hire regular workers as permanent employees after six months.

# GIVE UNEMPLOYED WORKERS A REAL, FRESH START 9

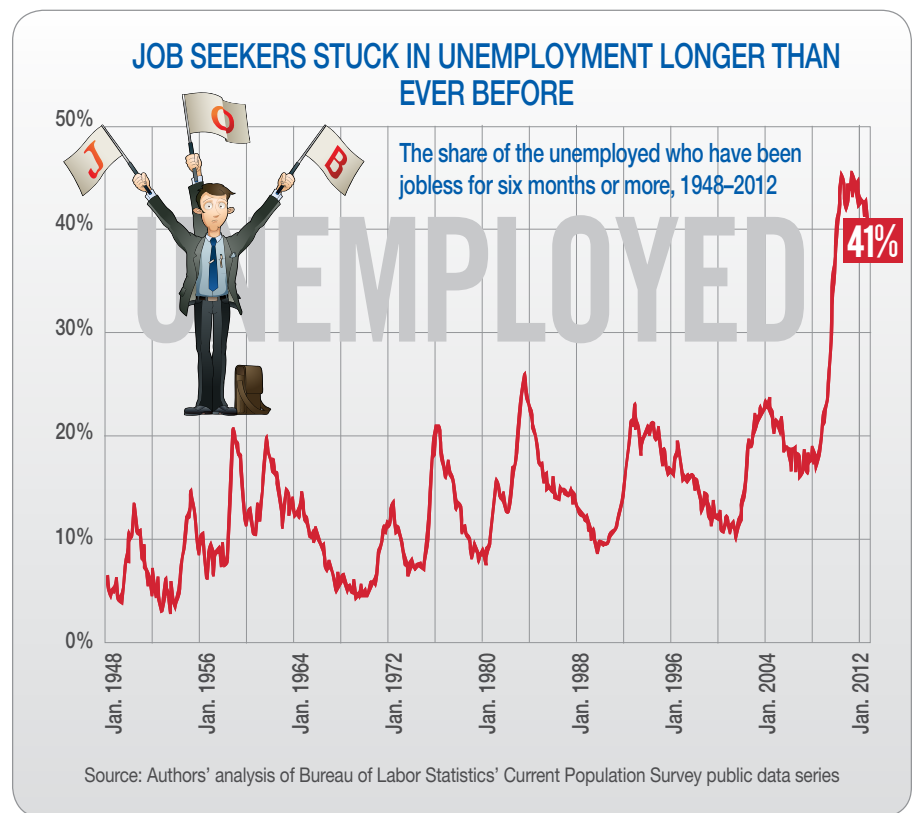
**I**t is tough enough to be out of work, without having to face discrimination because you are unemployed and the fear that you will lose your unemployment insurance before finding a job. We should stop hiring discrimination against unemployed job seekers and instead, help them get good jobs and keep them solvent while they are looking for one.

*“There was arguably no more effective form of government support during the recession than the emergency UI benefits provided to workers. Emergency UI provides an especially large economic boost, as financially stressed unemployed workers spend any benefits they receive quickly.”*

*Mark Zandi, chief economist and co-founder, Moody's Analytics*

**In the wake of the Great Recession, a huge swath of Americans are long-term unemployed or so discouraged they've dropped out of the job market.**

- In July 2012, five million workers—41% of the 13 million unemployed Americans—were long-term unemployed (out of work for 27 weeks or more).<sup>79</sup>
- In May 2012, there were 3.5 unemployed job seekers for every job opening<sup>80</sup>—and that understates the ratio; there were four million jobless workers who were not counted because they have become so discouraged they dropped out of the workforce.<sup>81</sup>



**Unemployment insurance is covering fewer and fewer of those out of work—and it's getting worse.**

- Of the nearly 13 million Americans who are currently unemployed, less than half (46%) are currently receiving any form of unemployment insurance.<sup>82</sup>
- State unemployment programs have been cut drastically in some states, even as federal jobless aid is being substantially shortened. In the highest unemployment states, unemployment insurance is being shrunk from a maximum of 99 weeks to 73 weeks. And all federal unemployment



## **KIM KEOUGH**

*Bethel, Connecticut*

*Kim Keough, 47 of Bethel, Connecticut, was laid off from her human resources job with a ship-tanker company in July 2008 as the financial crisis hit. A human resources professional with 20 years of experience, she was at first confident she'd find similar, full-time employment within a few months. But she was stunned by the lack of response from employers and recruiters for the jobs she saw posted, for which she was clearly qualified. One recruiter told her, "My client only wants to look at employed candidates." Kim says, "Recruiters have told me not to bother sending in a resume if I'm not currently employed." She describes such job market practices as "blatant discrimination," so she's grateful to Connecticut Congresswoman Rosa DeLauro and Senator Richard Blumenthal for sponsoring the Fair Employment Opportunity Act, which would prohibit such practices. "Those of us who are unemployed did not choose to be in this situation, nor did our families," she said. "Something needs to be done."*

programs—which are the only support for the long-term unemployed—are scheduled to expire at the end of the year.<sup>83</sup>

- Unemployment benefits, while averaging only about \$300 per week, provide a potent economic stabilizer. According to the Census Bureau, unemployment insurance helped keep 3.2 million people out of poverty in 2010, on top of 3.3 million kept out of poverty in 2009.

### **Employers turn their backs on the unemployed, discriminating against people because they are out of work.**

- Employers, staffing firms and online job sites have run ads limiting jobs to the "currently employed,"<sup>84</sup> and recruiters have told unemployed candidates that they can only refer people who are already working. Job market practices that exclude qualified but unemployed job seekers from employment opportunities have become pervasive.

### **And when the unemployed do get a job, it's often at lower pay.**

- Half of those who found a job after exhausting their unemployment insurance saw their pay cut at least 25% in their new job.<sup>85</sup>
- Six out of ten (58%) of new jobs coming out of the Great Recession pay low wages.<sup>86</sup>

### **GIVE UNEMPLOYED PEOPLE A REAL, FRESH START.**

- Reauthorize federal unemployment insurance for 2013: With the average unemployed worker's job search lasting about 40 weeks, Congress must maintain this crucial assistance while jobless workers look for the good jobs they need.
- Pass the Fair Employment Opportunity Act to end job market practices that discriminate against unemployed job seekers.
- Ensure that employers, recruiters and staffing firms remove unfair barriers to job opportunities that keep qualified workers from obtaining employment.
- Provide expanded, high-quality reemployment services to assist unemployed workers in obtaining good jobs, as well as subsidized employment programs targeted to assist the long-term unemployed.

# TOUGHEN LAWS PROTECTING WORKER SAFETY AND HEALTH 10

**W**ith millions of workplace injuries and illnesses each year, the law must be strengthened to punish employers that create unsafe work conditions and retaliate against workers who speak up. In addition, injured and ill workers need a stronger social insurance program that is transparent and unbiased, and ensures immediate access to health care for workers and adequate compensation for lost wages.

*“Existing systems fail to adequately compensate or rehabilitate injured workers, leaving them to their own devices to deal with their losses, medical or otherwise.”*

*Michael Lax, M.D. and  
Rosemary Klein, nurse  
practitioner*

**Millions of workers are injured or made sick on the job every year, and thousands die.**

- In 2010, more than 3.8 million workers had work-related injuries and illnesses that were reported by employers. The true toll is estimated to be between 7.6 million to 11.4 million injuries and illnesses a year.<sup>87</sup>
- 4,690 workers were killed on the job in 2010 and an estimated 50,000 died from occupational diseases.<sup>88</sup>

**Workers in many low-wage occupations have high injury rates.**

- More than six in ten workers (63%) at warehouses in central California were injured on the job.<sup>89</sup>
- 60% of housekeepers in Seattle hotels report severe back pain, twice the rate of the general population.<sup>90</sup>

**The workers' compensation system is falling far short of providing adequate support for millions of workers hurt on the job.**

- Studies indicate that a very substantial proportion (by some estimates more than 50%) of workers who are injured or made ill on the job, do not receive workers' compensation benefits.
- Only one in 20 workers with an occupational illness receives workers' compensation benefits. For occupational cancer, the number is fewer than 1 in 100.<sup>91</sup>
- The total cost of illness and injury on the job in 2007 was estimated to be \$250 billion. The workers' compensation system absorbed only 25% of those costs, shifting the rest onto the public and injured and sick workers and their families.<sup>92</sup>

**Retaliation against workers for reporting job safety and health problems is rampant.**

- Half (50%) of low-wage workers in one large survey reported that when they told their employer about the injury, they experienced an illegal employer reaction—including firing the worker, calling immigration authorities, or instructing the worker not to file for workers' compensation.<sup>93</sup>
- In a recent GAO study, 67% of occupational health care providers reported workers fear disciplinary action for reporting an injury or illness.<sup>94</sup>







## **MARTA MEDINA**

Ontario California

*Marta Medina works at an NFI Industries warehouse, handling boxes of apparel that read “Wal-Mart.” Says Marta, “The work here is hard. When I was pregnant and asked for lighter work, they told me ‘we didn’t hire you to have children. Work faster or leave.’” Marta began taking health and safety trainings at the Warehouse Worker Resource Center in 2010, where she learned about her rights and that her workplace was out of compliance with Cal/OSHA regulations: Boxes were stacked 12 feet and higher without restraints; forklifts and other machines were operated dangerously because the company did not adequately train the drivers; and the employer closed doors on workers as the heat repeatedly topped 100 degrees.*

*Marta joined with her co-workers and filed a complaint with Cal/OSHA. At first the company retaliated against vocal workers, including moving Marta to unfamiliar assignments without training and reducing her hours. But slowly she is seeing improvements; the company has started training workers and purchasing new equipment.*

**Enforcement of laws protecting safety and health are weak and the laws on the books levy puny fines, with little incentive for employers to comply or stop retaliating against workers who raise job safety concerns.**

- The ratio of Occupational Safety and Health Act (OSHA) inspectors per 1 million workers in 2010 was half that of 30 years ago. Federal OSHA can inspect workplaces on average once every 131 years; the state OSHA plans can inspect them once every 73 years.<sup>95</sup>
- The average penalty for a serious violation of OSHA was \$2,107 in 2011. The median penalty in the case of a death was \$7,900.<sup>96</sup> Monetary penalties have been increased only once since OSHA was enacted in 1970.<sup>97</sup> When a worker was killed in an oil refinery explosion, the fine imposed for the deaths of fish and crabs was 50 times higher than the OSHA fine for the dead worker.<sup>98</sup>
- Since OSHA was enacted in 1970, only 84 criminal cases have been prosecuted. By comparison, in 2011 alone there were 371 criminal enforcement cases under federal environmental laws.<sup>99</sup>
- The maximum criminal penalty for a worker death associated with a willful violation of an OSHA standard is a *misdemeanor* with up to six months in jail; yet harassing a wild burro on federal land is a *felony* with a sentence of up to a year.<sup>100</sup>
- The Occupational Safety and Health Act does not cover 8.1 million state and local public employees.<sup>101</sup>

## **TOUGHEN THE LAWS PROTECTING WORKER SAFETY AND HEALTH**

- Enact the Protect American Workers Act, which would modernize the Occupational Safety and Health Act by:
  - Increasing civil and criminal penalties and update the standard to bring criminal cases.
  - Extend OSHA to cover all public employees.
  - Strengthen protections for workers who report safety and health violations and provide safeguards for whistleblowers.
  - Require that employers correct serious, willful and repeated work hazards even while claims of violations are being contested.
- Improve legal and administrative protections such that all injured and ill workers, regardless of status, classification, or type of employment, have access to patient-oriented, quality health care, and adequate compensation for lost wages.
- Institute safeguards to ensure that processes for providing benefits to injured and ill workers are timely, transparent and fair.
- Strengthen penalties against employer fraud in workers' compensation and prohibit the stigmatization of injured and ill workers.

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**10 WAYS TO  
REBUILD  
THE  
MIDDLE  
CLASS  
FOR HARD WORKING  
AMERICANS**

**MAKING WORK PAY IN THE 21ST CENTURY  
ECONOMY**

- 1** Make every job a good job
- 2** Fix the minimum wage
- 3** Save good public and private jobs
- 4** Assure health and retirement security
- 5** Remove barriers to unionization
- 6** Make the workplace pro-family
- 7** Stop wage theft
- 8** Assure that your boss is your employer
- 9** Give unemployed people a real fresh start
- 10** Protect workers' safety and health

**[www.nelp.org/10WaysToRebuildMiddleClass](http://www.nelp.org/10WaysToRebuildMiddleClass)**