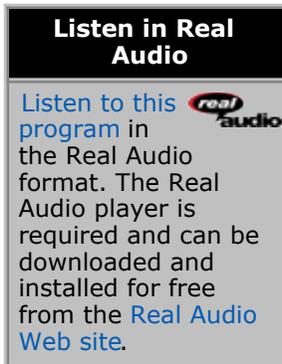


Low-Wage Workers: Challenges and Prospects

Urban Institute, Harry Holzer

KOJO NNAMDI: From WAMU at American University in Washington, this is Public Interest. I'm Kojo Nnamdi.

Now that we know that the economy has been in a recession since earlier this year, and we reflect on the aftermaths of September 11th, we hear the term low-wage workers a lot. And we hear it because those are the people we assume tend to be hardest hit by recession and by layoffs, but exactly who are America's low-wage workers. What do they do? How much do they earn? And is there a way that they can improve their situation?



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As part of our ongoing series with the Urban Institute on this edition of Public Interest we examine the issue of low-wage workers.

Joining us in our Washington studio is Harry Holzer, who is a researcher with the Urban Institute. Harry Holzer, welcome.

HARRY HOLZER: My pleasure.

KOJO NNAMDI: When we say low-wage workers in America, in what earning bracket are we generally talking about?

HARRY HOLZER: There's no exact definition, but I think most people are probably thinking about the bottom 20-25 percent, something like that, people generally earning less than \$8 or \$9 an hour.

KOJO NNAMDI: And that, of course, is above the minimum wage. It is not to be confused with the minimum wage, an issue we will get into during the course of this discussion.

You can join the conversation, by the way, by calling 1-800-433-8850, or by emailing us at pi@wamu.org.

The assumption tends to be, Harry Holzer, look, low-wage workers get laid off, however, they get unemployment benefits. How many low-wage workers are we talking about in the United States, first and foremost, and what extent, what percentage of them are eligible for unemployment benefits?

HARRY HOLZER: Well, again, depending on exactly what your definition is, you could be talking about a total of 20-30 million people. Now, of course, most of them are employed, even in a recession, most of them will be employed. But the problem is that the low-wage workers are the ones most hit by the recession, yet they're the ones least likely to be eligible for unemployment insurance. At any point in time, most unemployed workers do not get unemployment insurance. In fact, during good times, only about 30 percent of the unemployed get unemployment compensation, during recession maybe 40 percent. There's a lot of different reasons for that. Some people, obviously who quit their jobs or are discharged for cause don't get benefits, people who are part-time workers don't get benefits, some people haven't earned enough to qualify. But among all those dimensions, low-wage workers have more trouble qualifying than anyone else. So, if in this recession 40 percent of the average unemployed worker is getting unemployment insurance for the low-wage group it might be more like 30 percent. And then, if they're not getting unemployment, they have to fall back on other kinds of safety nets.

KOJO NNAMDI: How about welfare benefits?

HARRY HOLZER: Well, welfare is the obvious alternative, and in the past the welfare rolls have always risen during times of recession. What's a little different this time around is because of the welfare reform legislation that we passed, we're not sure it's going to work in quite the same way. The states have a lot more discretion over whom they let on the rolls, and for how long. The federal government has actually passed time limits,

which haven't been a big issue so far, but if we go into a long and deep recession, more and more people will hit their time limits, and the states will have to make some tough choices about the extent to which they want to enforce those time limits. And, of course, money is a big part of all this. The states are very, very crunched financially even now. And so whether they can afford, and whether they'll be willing to let a lot of people stay on the rolls a long time remains to be seen.

KOJO NNAMDI: And of course those are issues that, as you pointed out, will be worked out at the state level. But, when we talk about national policy, there is an opinion, maybe a consensus among people who favor raising the minimum wage, that raising the minimum wage is one of the keys to improving the lot and quality of life for low-wage workers. Is that necessarily true?

HARRY HOLZER: I think it helps, on average. Of course, it has nothing to do really with the recession, and the problems workers are facing in the recession. But, more broadly, one of the tools that I think is successful in helping to raise worker's wages, especially that bottom 10 percent or so—now, one thing that many economists worry about is that if you raise the minimum wage will you make it too expensive for employers to hire these workers, or will unemployment go up, as sort of an unintended harmful side effect of trying to raise the minimum [wage]. And there's been 30 or more years of research on this issue. My reading of that research says there may be some affects towards reducing employment, but those affects are relatively small. And so on net this is a good thing for those workers that are affected. And this is a policy that is only going to touch that very bottom group, it's probably not going to have much affect on the folks in the \$7 to \$8 an hour range.

KOJO NNAMDI: Indeed, when we talk about what probably is the overwhelming majority of low-wage workers, we're not talking about minimum wage workers, because it's found that a lot of minimum wage workers are not necessarily poor, many are teenagers.

HARRY HOLZER: That's right. Minimum wage workers, depending on the demographics of the labor force, and depending on whether or not you've just been through a baby boom or a baby bust, teenagers or youths generally account for some large fraction of those minimum wage workers. They might be living in middle class families, and in fact, most poor workers when they're working at all are usually working in the \$6 to \$7 to \$8 an hour range right now. And some of them will be affected by the minimum, but not all of them by any means.

KOJO NNAMDI: And in some cases trying to support a family of three or four people on the basis of that income, which is what renders them poor.

HARRY HOLZER: That's right. I mean, we have other supports in place, the Earned Income Tax Credit is the most important new mechanism of support for low-income families, that can actually be worth almost \$4000 when it's fully phased in. But not everybody is eligible for that, and we can talk about that a little more.

KOJO NNAMDI: Indeed, as we talk about how low-wage earners can move from the status of being low-wage earners is one of the aspects of the issue we'd like to discuss. And joining us from the studios of KSTX in San Antonio, Texas is Mary Peña, executive director of Project Quest.

Mary Peña, welcome.

MARY PEÑA: Thank you so much.

KOJO NNAMDI: Also joining us by telephone is William Grinker, who is president and CEO of Seedco.

William Grinker, welcome to you.

WILLIAM GRINKER: Thank you very much.

KOJO NNAMDI: Could you tell us exactly what Seedco is?

WILLIAM GRINKER: Seedco works with nonprofit organizations. We're called an intermediary organization. We don't do services directly, but we work to help nonprofits in low-income communities provide higher quality services to individuals, including employment services, workforce development, economic development, home ownership, and that kind of activity.

KOJO NNAMDI: Well, it's my understanding that at Seedco you have a kind of spin off organization, is that correct?

WILLIAM GRINKER: We do. We created a separate corporation called Earn Fair, a limited liability corporation, which is a kind of a flexible staffing corporation designed to create more viable work opportunities for low-wage workers.

KOJO NNAMDI: Mary Peña, and about Project Quest, what it is, what it does?

MARY PEÑA: Project Quest is a nationally recognized employer-driven, community-supported workforce program that connects poor people to good jobs. We use several strategies, but around the strategies primarily training for either low-income, or unemployed individuals. We look at two methods of training, one directly through a community college here in San Antonio, or we look towards the employers to help build mobility programs within their organizations. And as you were talking about the low-wage worker, a lot of times at the bottom rung, those individuals really need skills to move forward.

And employers are so interested in having their employees move up the ladder, because number one, they know the culture, they don't have to go through that whole orientation, and they get a better employee,

because the employee is now a little bit more loyal to that company, because of the opportunities that they have been given to move up the ladder. And what we do is we work with the employers, we work with the citizens in San Antonio, and try to bring the two together to provide the best opportunities.

KOJO NNAMDI: For upward mobility in this case. But Mary Peña, you've often heard people refer to a certain type of job as a "dead end job." At the same time others have said, there is no such thing as a dead end job. You seem to be suggesting, however, that there are jobs on which upward mobility is either nonexistent or fairly limited, without additional skills?

MARY PEÑA: And I think that if we look at those areas, especially the areas that we work with in San Antonio, we work in three industries. Our primary industry is the health industry. And in order to move up the ladder within the health field you have to have additional skills. A person who is, for example, a person that works as a dietician aide in the kitchen preparing the food can't possibly move into becoming an LVN, or a licensed vocational nurse, or LPN, as they are called, without having additional skills. So what we look for is that mobility. And I believe when you say dead end jobs, well, there are dead end jobs, these are jobs that reach a peak, and it's a peak at a very low level. And in order to be able to sustain a family, be able to take care, support your family, feed your family, then you need to move into the next level. And at least for us, what we've seen is that training is really key to that.

KOJO NNAMDI: Harry Holzer, the assumption here is that you simply can't raise worker's wages in order to make a low-income worker a moderate income worker. That there has to be some training or additional skill for that worker. In other words, we're always going to have low-wage workers, you just don't have to be one of them forever.

HARRY HOLZER: Well, it's not necessarily either/or. And there's no reason why it has to be either one strategy or the other. What we've heard is absolutely correct. In the so-called new economy that we live in, and that economy has changed a lot in the last 20 years, skills are very, very important, and it's very hard to progress without improving skills. And there's a lot of different ways of doing that, and I think that point is correct. But, there are other ways of providing additional supports for people that are stuck with whatever low skills they have. Minimum wages are one example of that. Subsidies for child care and health care, and other kinds of benefits like that are a second way of doing that. Unionization, traditionally the union movement has helped raise the earnings of people at the bottom of the ladder. There are several different strategies, but improving skills is certainly an important one.

KOJO NNAMDI: And one of them, William Grinker, which Seedco apparently provides, is trying to provide benefits for low-wage earners that their employers don't or can't provide.

WILLIAM GRINKER: That's exactly right. As Harry said, there are very different ways to skin a cat here. Clearly, training for upgrading of skills is one important aspect of it. But, of course, that's always limited, because you have a kind of a job pyramid where there are more workers at the lower levels, generally, than there are at the higher levels. And to my mind we're always going to have a certain number of workers at relatively low-wages. And so one of the things that we have focused on is accepting that premise, building skills training in, but also developing a package of fringe benefits that help sustain a lower wage worker. Harry mentioned health benefits, child care benefits, earned income tax benefits, which now many workers take advantage of, but very few take advantage of the advance earned income tax benefit, so that they don't have cash flow problems. So we help workers with that.

Many workers are entitled to transitional benefits, especially if they're coming off of welfare, healthcare, daycare, food stamps, assuring that the benefits that are available to these lower wage workers are actually received by them. And we also have created something called IDA accounts, Individual Development Accounts, to provide small savings for people so that they can purchase a home, or have a down payment, or further their education and training. There are a variety of benefits that generally workers at the lower end don't—either can't or don't take advantage of, or that many employers of low-wage workers—

KOJO NNAMDI: William Grinker, we're going to have to take a short break, we'll be right back to continue our discussion of low-wage workers.

(Commercial break.)

KOJO NNAMDI: Our conversation on low-wage workers on Public Interest today is a part of our ongoing series in collaboration with the Urban Institute, and joining us is Harry Holzer, researcher with the Urban Institute. He joins us in our Washington studio; Mary Peña, executive director of Project Quest joins us from the studios of KSDX in San Antonio, Texas; and William Grinker, president and CEO of Seedco joins us by telephone. You, too, could join the conversation by telephone at 1-800-433-8850, or you can join it by email at pi@wamu.org.

William Grinker, I guess a lot of people would feel Seedco sounds good, but just how many kinds of organizations are there like this around the country, and are you undergoing a particular kind of strain right now because of both the recession and the aftermath of September 11th?

WILLIAM GRINKER: Maybe Harry knows better, but I don't know of many organizations, or any really, that do the kinds of things we're doing in terms of new kinds of initiatives focusing on fringe benefits and skills training and the like. I'm sure there are some that are out there, I just don't know of them. Of course, in New York, we are now—not only have the recession, but we have the direct results of the September 11th attack, and one of our initiatives is to work in downtown Lower Manhattan, in the Chinatown area of Manhattan, to provide these kinds of resources I've been talking about in combination with loans and grants to very small

businesses, and wage subsidies, and fringe benefits, to keep those businesses operating while we hopefully wait for a turnaround. And so, that is one of our strategies, is to link a lot of different resources together to enable low-wage workers to continue to work rather than to go on unemployment or welfare.

KOJO NNAMDI: Harry Holzer, that seems more like a maintenance system for low-wage workers than a system that helps them to emerge from low to moderate wages, shall we say. I would be interested in hearing your comments.

HARRY HOLZER: Again, organizations like Seedco and Project Quest can do a lot of different things, and some, I suppose, put relatively more emphasis on training and advancement than others. I think all those services are valuable. But some programs put more emphasis on maintaining benefits. And, by the way, when you do that, you also help people stay in the labor force and give them more incentive to go out on their own and get that job. Some organizations put more effort just into helping people find that job, building the links between unemployed workers and employers who may not find each other on their own, and then other organizations will provide more of the direct training, especially of the kind that employers find useful. So a mix of all these things is really appropriate, and different organizations do different pieces of them.

KOJO NNAMDI: Mary Peña, is there a lot of pressure on Project Quest right now, given all of the things we've been talking about, to essentially train more workers in different fields because more workers are being laid off? It's my understanding that you have served, what, about 1,500 people?

MARY PEÑA: That's correct, about 1,500 people. There is that pressure. I think that two reasons, one, of course, the state of our economy, and being in the recession certainly drives more people to come to our doors looking for employment and training and just being able to connect to better jobs.

The other is that San Antonio still has quite a large number of people who are at poverty level, or just above poverty level. So to strengthen San Antonio, we really need to be able to move more folks into a different level of employment, and for them to become participating citizens. So, there is quite a bit of pressure. You know, we've served, as you mentioned, 1,500 since the inception of our program in 1992. However, we have increasingly increased our enrollments through the years, and we hope to be able to do 1,500 in one year over the next couple of years, to get to that level. I believe, you know, what we've done is good work, and the folks that have graduated from our program are doing exceedingly well. However, it's a drop in the bucket.

KOJO NNAMDI: Allow me to go to the telephones and start with Doug in Jacksonville, Florida. Doug, you're on the air, go ahead please.

CALLER: Hi, Kojo, how are you doing.

KOJO NNAMDI: Fine.

CALLER: My question is probably for Mr. Grinker, perhaps Ms. Peña. I was just wondering whether either of you have heard of the Clemente Course of the Humanities, and if so if you believe that that is a viable component of the welfare to work transition, or just incorporating poor people into mainstream life in general.

KOJO NNAMDI: Well, I'm not familiar with it, Doug, can you tell us a little bit more?

CALLER: Yes. It's a program that was started about five years ago by a man named Earl Short who is a writer for Harper's Magazine. And his basic contention was that one of the main reasons why people are poor is because they live outside of the cultural or the civic mainstream of American life in terms of not having the skills of being able to articulate, reason, and reflect. And instead they live in what he calls a surround of force, in which is a life of confrontation with, you know, landlords, police, drug dealers, what-not. And he just thinks if you teach people traditional academic skills like rhetoric, poetry, history, literature, things like that, you can actually give them some surprisingly tangible, useful skills.

KOJO NNAMDI: Making a relationship, therefore, between low-wage earners and cultural issues?

CALLER: Yes, in a sense.

KOJO NNAMDI: Okay. Allow me to have Mary Peña respond.

MARY PEÑA: Well, I'm not familiar with the program at all. However, I think that when we look at cultural issues, I'd go back and maybe in a more simple fashion, at least for me, look at communicating skills, you know, rhetoric, and poetry reading, and just being able to communicate, I think, moves people from one stage to the other. And it sounds like, you know, as far as that's not just the only issue, but certainly part of what we do is to try to help people communicate at all different levels. I mean, you have your superiors, you have your directors of supervisors, and then you have your co-workers. And this to me, and I could be completely off-base here, would be more towards communicating skills.

KOJO NNAMDI: Indeed.

WILLIAM GRINKER: Can I respond to that, Kojo, also?

KOJO NNAMDI: Sure.

WILLIAM GRINKER: You know, one of the problems that we've had over the years with training programs of one sort or another, or remedial programs, is that they don't link people to real jobs. And the Congress has, in fact, said on a number of occasions, you know, this doesn't work, this training, and we're spending a lot of money on nothing. But programs like Project Quest, which actually link an individual to a work situation, so that the skills training that goes on is what the employer needs, and employer is a part of, that structuring of

the program itself, those are the programs that work in terms of training. And those are the programs that I think pay off in terms of actually getting people into better jobs.

KOJO NNAMDI: Harry Holzer, I think, however, that Doug's call raises also a larger issue, and that is the participation of immigrants in the low-wage earning community. It would appear that there is a significant participation of immigrants in that community who have to deal with a range of issues. Could you talk about that for a little bit?

HARRY HOLZER: Sure. Immigrants are an increasingly large part of this low-wage labor market. And it's interesting, when you compare them to native born low-wage workers, immigrants actually have some advantages and then some disadvantages compared to those folks. If anything, their skills problems are generally worse, they come with lower levels of education, lower levels of skill, including obviously communication skills, which keeps them out of a wide range of jobs that require those skills. On the other hand, employers, for a job that really doesn't require any skill, and there are a lot of them, cleaning hotel rooms, and doing labor work in a construction yard, and things like that, caring for somebody's lawn, in general for those kinds of jobs employers seem to have a better impression of immigrants than a lot of native born workers. Now, these perceptions may or may not be accurate, they may be prejudicial, but a lot of employers believe that immigrants come with a better work ethic, and they're appreciative of any job that they get. And employers will hire on that basis, and often try to set up a network, and hire relatives of immigrants that they've been happy with on the job. So, for getting certain kinds of employment, immigrants often do better and have some advantages over native born poor folks.

But then, again, one of the disadvantages is that during a downturn, their access to safety net programs, like welfare and food stamps, is more limited, and has especially been limited since 1996, since we passed a lot of the welfare reform legislation. So, during a downturn, I think, a lot of their other advantages disappear.

KOJO NNAMDI: The number to call is 1-800-433-8850. Doug, thank you very much for your call.

CALLER: Okay, thank you.

KOJO NNAMDI: You can also email us at pi@wamu.org.

On to Nick in Ozark, Arkansas. Nick, you're on the air, go ahead please.

CALLER: Hi. Thank you for taking my call.

KOJO NNAMDI: You're welcome, Nick.

CALLER: Thank you. I have a comment about the last call before I get to my real comment.

KOJO NNAMDI: Okay, go right ahead.

CALLER: While it's true that immigrants do make up a large part of our low-income workers, their children very seldom are in that same part because they stress education so well. And my first comment was that as a professional manager, the training programs that I have seen really are the best way to move people up into the higher income levels, because it shows initiative and empowerment rather than joining a group like a union or something like that. As a manager, you want to see somebody take initiative and go from there to increase their wages rather than have them join a group.

KOJO NNAMDI: Mary Peña, can you comment on that, please?

MARY PEÑA: That's what we hear from our managers here as well. Give me a person who is trained well, knows that they need to come to work, and we'll be able to put them to work. I mean, Texas is relatively a low union state, and so we don't have that union influence in Texas as much as in other parts of the country. And so, as far as what Nick is saying, I think it is absolutely true. People do show initiative, that's one of the things that we see, because training is—I mean, you go to training for a year or two years, and someone who can accomplish that certainly has the initiative and has the ability to move into a job. And employers can be guaranteed that the individual is going to work hard, and produce for them. So, I think that I certainly agree with what Nick is saying, and we hear it from a lot of people we work with.

KOJO NNAMDI: Harry Holzer?

HARRY HOLZER: Just a couple of comments in response to Nick, and of course, you can't argue with the fact that initiative is very important, and that employers look for that and often reward it. Just two caveats I'd raise, or small worries about that.

Number one, there's a lot of workers out there with initiative who work very, very hard and still aren't progressing depending a lot on what kind of skills they've already brought to [the] job, also the nature of the employer and the establishment they work for, and what kinds of opportunities are available. Some employers are much better than others at providing training and advancement opportunities for the people and their establishments.

So, initiative is certainly very important, but by itself it doesn't always solve the problem. And, secondly, I guess I would just take a little bit of issue with this. Nick's comment seems to suggest that employees who want to join a group that's somehow that's always a bad thing, or a negative thing, and unions only represent less than 10 percent of the private sector workforce in the United States right now, and that's way down from what it was in earlier decades. But to somehow say that joining a union is a sign of a lack of initiative, or a lack of interest in advancement and training, I think would just be a little inaccurate, and lots of unions have good programs, apprenticeship programs and training programs to try to give workers more skill, and I don't

think we want to discount those completely as well.

KOJO NNAMDI: This is Public Interest. I'm Kojo Nnamdi.

Nick, as an employer—are you there?

CALLER: I'm here.

KOJO NNAMDI: Does it scare you when you hear a worker talk about joining a union, is that in your view a negative option?

CALLER: No. Of course, I'm in Arkansas, which is a right-to-work state. We don't have that much union representation. But I have managed in union shops before, and I don't have a problem with unions per se. It's just, you want to reward—I have worked in places that do have good training programs, and I've worked in some that don't have real good training programs. And in both places, if somebody shows the initiative of wanting to do better in their circumstances, they have been given the opportunity to advance in training programs. You just like to see that initiative – I'm not discounting the fact that unions work, I just want to say that the initiative is the primary way that people take charge of their own circumstances to get ahead.

KOJO NNAMDI: Okay, Nick. Thank you very much for your call.

Joining us now is Stephen Lerner, director of Building Services Division with the Service Employees International Union. Stephen Lerner, welcome.

STEPHEN LERNER: Thank you. How are you today?

KOJO NNAMDI: Pretty good. You may have heard a little bit about what Nick was saying, suggesting that it is individual initiative of the employee that tends to help that employee advance rather than joining a group that is looking at the group's best interest, or is advocating for the group's best interest, as somebody who is affiliated with a union, I would be interested in hearing your response to that?

STEPHEN LERNER: Well, our experience has been, in the industry we represent, which is janitors that work for cleaning contractors, it's an incredibly competitive industry with employers competing for work based on who is the cheapest. And when we have been successful, as we recently have been in New Jersey, and Philadelphia, in organizing all the workers into the union, we have been able to dramatically increase wages and benefits, and really lift people out of poverty. In the case of Newark, New Jersey, we just signed a contract where janitors were working part-time for minimum wage with no benefits will see their income go from \$9,000 a year to \$20,000 a year over the life of the agreement because we raised standards for the entire industry.

KOJO NNAMDI: Stephen Lerner, talk a little bit about what you feel it takes to get low-wage workers out of their situation besides organizing as a union. We've heard before about skill training, we've heard talk of providing fringe benefits from an organization like Seedco But what, outside of negotiating for better wages and working conditions, does a union do for them?

STEPHEN LERNER: Well, first, we should be clear that the negotiating is,—we have this very radical solution to poverty, which is pay people enough to live on. And so, as a starting point, we think that people who are working two and three jobs and doing dirty and not very pleasant jobs, like being a janitor, demonstrates a huge amount of initiative. But in addition to negotiating wages and benefits increases, we work with employers on doing joint training.

So, in New York and New Jersey, we do English as a Second Language, which is critical for immigrants. We have a whole variety of training ranging from high school equivalency, and then a whole series, you can become a locksmith, and promotions that you can win by getting the training to advance in your job. But the way this is done is, we negotiate with the employer to establish a fund and a center that trains people.

We negotiated in New York City a fund that has purchased computers for 50,000 of our members, and then trained them on how to use them, so that they could advance into new jobs.

KOJO NNAMDI: Stephen Lerner is the director of the Building Services Division of the Service Employees International Union. He joins us along with Mary Peña, executive director of Project Quest; William Grinker, president and CEO of Seedco; and Harry Holzer, researcher with the Urban Institute.

We're going to take a short break. Stephen Lerner, if you can stay with us for just a few minutes more, I've got a couple more questions I would like to ask you. The phone number, of course, for those of you who want to join the conversation, 1-800-433-8850. The email address pi@wamu.org. We'll be right back.

(Commercial break.)

KOJO NNAMDI: We're talking about low-wage workers in the American economy, as a part of our ongoing series with the Urban Institute. Stephen Lerner is with the Service Employees International Union.

Stephen Lerner, earlier in the broadcast Harry Holzer pointed out that maybe less than 10 percent of workers in the private economy in the United States are organized. Is there a particular problem organizing low-wage workers by the Service Workers International Union, and if so, what is it?

STEPHEN LERNER: We've been incredibly successful in our organizing. Just this year we organized about 10,000 low-wage, service employees on the East Coast. One of the critical issues we face is the question of immigration. Right now there are millions of hard working, tax-paying immigrants who are doing dirty, important jobs, who don't have legal status. And this allows employers to exploit them and take advantage of

them. So our union, like a lot of unions, thinks it's critical that we legalize people who are working and paying taxes so that they can have the full benefits of working here, and not be susceptible to unscrupulous employers threatening them because of their legal status.

KOJO NNAMDI: Allow me to go to Bill in Cleveland, who has a related question or comment.

Bill, you're on the air, go ahead please.

CALLER: Yes, thanks for taking my call, Kojo.

One of the things that I wanted to just point out, and then ask, is as far as low-wage workers, for example, here in Cleveland there are a number of organizations, agencies, and employers that you cannot work in a workplace without being a part of the union. And in many of these instances the unions might actually exist, but many times the union workers, the workers who are in the unions have very little contact with the union workers, and stewards, and management of the union.

KOJO NNAMDI: Are you talking particularly about the construction trades, Bill?

CALLER: No, this is in the service area. And one of the things that's disturbing about that, it's almost as if the employees who are in those unions are paying dues and they're not getting the kind of representation that they would like to have. And, again, I'm not sure why that happens. And, again, surely in the history of this country unions have been very important to workers, and I'm sure they will continue to be to a certain extent.

KOJO NNAMDI: Bill, are you saying that the unions are unresponsive, and that by being unresponsive to workers they hinder their ability to advance on the job?

CALLER: Yes.

KOJO NNAMDI: Okay. Allow me to have Stephen Lerner respond.

STEPHEN LERNER: I guess I'd respond in two ways which is, one, unions are not perfect, and there are times where unions may not be doing a good job. In our union, the Service Employees International Union, we've been working especially in the janitors part to rebuild the strength, and to activate members, and to get them involved. The results have been in the last couple of years that we've been winning significant increases, winning health insurance. And one of the most important things we've won is taking part-time jobs and transferring them into becoming full-time jobs, which is critical to people getting lifted out of poverty.

The only way I could respond on the specific circumstance is where we find the union is not working right, then it's our job, and our member's job to make it work so we can achieve the kind of things we have in other places.

KOJO NNAMDI: Stephen Lerner, thank you very much for joining us.

STEPHEN LERNER: Thank you.

KOJO NNAMDI: Stephen Lerner is director of the Building Services Division with the Service Employees International Union.

Bill, thank you for your call.

CALLER: Thank you, Kojo.

KOJO NNAMDI: Harry Holzer, we have heard issues having to do with immigration among low-wage workers. But, are there issues also having to do with race and gender that you may want to address?

HARRY HOLZER: Absolutely, race and gender are important determinants [of] who gets hired into different sectors of the economy, and how much money people make when they are hired. And in particular there's an interesting—one of the interesting developments in the last five to ten years is that if you look strictly at employment rates as opposed to wages, minority women, and especially African American women, have actually made very significant advances in the last five years. It seems to me the combination of welfare reform pushing a lot of women into the labor market, but then a very strong economy and a very tight labor market drawing many of those people in, and then these enhanced benefits, like the earned income credit, and extensions of Medicaid and other programs. That whole combination has really drawn a lot of minority women into the market, again, often working at lower wages than we would like to see, but at least gaining that first step.

If anything, the opposite has happened for young minority men, less educated minority men, especially African American men. They have continued to drop out of the labor force, and out of the regular economy, if anything, at an increasing rate despite the boom. And that's really a major source of concern, and I think in a lot of our discussions of welfare to work, and training programs and other things, we need to start thinking more seriously about this very important group that's been left out that's critically important for the success of families, and why we're not doing a better job of reaching them, and how we can include them in the progress, as well.

KOJO NNAMDI: William Grinker, care to comment on some of these race and gender issues?

WILLIAM GRINKER: I would agree with what Harry Holzer says. Minority women, especially African American women, have done quite well comparatively in the recent labor market. But, the minority males, especially African American males, are falling further behind. And I guess that's partly because the government's programs, the welfare-to-work and the like, and education system, are not geared to providing

the kinds of resources that are needed by that population. And if we're going to be successful in terms of getting more minorities into the labor force, and into an upwardly mobile situation, we really have to redirect some of our government resources toward that population, it seems to me.

KOJO NNAMDI: And, Mary Peña, of Project Quest?

MARY PEÑA: Only to concur with what has been said.

KOJO NNAMDI: Okay. Then allow me to go to Colleen in Cleveland, Ohio.

Colleen, you're on the air, go ahead please?

CALLER: Hi.

KOJO NNAMDI: Hi, Colleen.

CALLER: Thank you for taking my call.

KOJO NNAMDI: You're welcome.

CALLER: I have only one comment. I am a widely experienced Caucasian woman with a college degree, who has made the horrible move into that never-never land that nobody talks about after they're there. I'm over 50. I don't look it, I don't act it, and I don't think it, but I'm over 50. I have accepted a job in the—I think the last bastion, the last place where women like me are sought out and that is retail. Retail, hello Christmas. I have recently accepted a position, seasonal, because I'm desperate, at \$5 an hour, plus commission. I got my first paycheck, working very hard. I'm averaging \$7.21 an hour. Okay. I'm selling fine jewelry for a major retailer who, when I took the position the human resources woman said, when I tried to get the money up a little bit, she said, we don't pay for experience. That is a direct quote of an official employee of this major national chain. No full-time workers on the floor in this store, this particular branch. Of over 120 workers only four of them are full-time. The rest of us work 38-1/2, 39 hours, but we cannot be put on for more than 6 weeks for 40 hours or more.

KOJO NNAMDI: Allow me to get some responses to your situation. Harry Holzer, just how common is that story?

HARRY HOLZER: I think most workers in Colleen's situation are more fortunate than she is. They don't have to be looking for entry level work. If they've been in the work force for 20 or 30 years with some experience piled up they are either with an employer who already rewards that experience, with a company, and they've already made some advancement and hopefully have some job security, or they can move on to other jobs, maybe, where that experience is more heavily rewarded. Now, of course, that's not true of everybody. And we have seen a decline in the economy in terms of job security, and your ability to stay with one employer over time. And for those individuals I think Colleen has hit on another problem, that employers don't like real young workers at the entry level, but they also don't like workers beyond a certain age, let's say 50. They generally like workers in the early to middle part of their working lives, in whom they can invest some training and watch some advancement occur. So it's a problem. It's a problem for those groups that, especially in this economy, have to be looking for new work at that point in their lives.

KOJO NNAMDI: Mary Peña, what advice can you give to someone like Colleen?

MARY PEÑA: Well, I think that what has been said, and definitely Harry hit it right on the nail, for some of the older workers that's not really a problem, because they've been in the workforce, they're set in their jobs, and they can move from one company to the other. As far as someone from Colleen, and unfortunately we do have people that come to our doors that are in her situation, is to have an intermediary like our organization, and perhaps there's one in her area, that can identify those employers that like, or would rather hire the older worker. I know in San Antonio we have companies that we can call on that have told us they prefer the more mature worker, someone who has been in the labor force, someone who understands what it is to come into work.

And it's just looking for a needle in a haystack, if you will, but I believe that looking at different options, maybe the workforce centers in those areas, or other organizations that might be able to connect her, as well as to get some training. I think that if she's open to that type of thing, is to get some training in areas that are crying for workers. And I'll go right back to the health, I know in San Antonio you could walk into a hospital, and really age doesn't matter. They have over 160 positions available for nurses. And if someone could walk in, at any age, they would be hired. So it's just really looking, exploring, and trying to find the right people to work for.

KOJO NNAMDI: Colleen, thank you very much for your call.

This is Public Interest, I'm Kojo Nnamdi.

On to George in Kansas City, Missouri.

George, you're on the air, go ahead please.

CALLER: Hi, thank you for taking my call, Kojo. I've listened to your show for a number of years.

KOJO NNAMDI: Thank you.

CALLER: I just wanted to maybe turn the discussion into something a little deeper. The sort of problems between the marketplace creating pressures, downward pressures on prices, and employers needing to cut

back here and there, and usually they'll cut back the employees' wages and benefits first, it's been going on since the industrial revolution. It may have been in existence even before then. We haven't really been aware of it before then.

I just want to ask the people there if they've thought about maybe some other solutions to the problem. We know socialism doesn't work. We know capitalism doesn't work, because both systems don't have an incentive built into them. You need competition for people to think about being more efficient, to try and improve things. If you don't have that incentive people kind of slip off.

KOJO NNAMDI: Allow me to have Harry Holzer respond on whether or not there are alternatives.

HARRY HOLZER: First of all, I would hesitate to agree with the statement that capitalism doesn't work. It probably works better at some things than others. It certainly works better than any alternative economic system that we've come up with. I think the one thing that our caller overlooks is that if you look at wages over time, over 100 or 200 years, they haven't declined, they've grown, they've grown fairly consistently, because of productivity growth. With new technologies being introduced, and worker's skill levels rising, on average in a competitive system employers need those skills, and they need that labor, and they tend to reward it. The value of a unit of labor goes up with those kinds of changes, and productivity growth then gets reflected in wages.

So over time people have progressed, workers have progressed under capitalism. But, not always, and not for everybody at equal paces. The last 20 to 30 years have not been such a great time for less skilled workers. The economy has shifted so rapidly in the direction of needing a new set of skills and competing more with overseas markets, and at the same time that our unions and other support mechanisms have eroded. So I guess my answer would be, we have a capitalist system, let's figure out ways of improving the education and training mechanisms and support for workers within that system, on top of the productivity growth that many of them enjoy much of the time.

KOJO NNAMDI: George, thank you very much for your call.

That's going to have to be it for this discussion. Harry Holzer is a researcher with the Urban Institute, and this discussion on low-wage workers was a part of our ongoing series with the Urban Institute. William Grinker is president and CEO of Seedco Mary Peña is executive director of Project Quest. Thank you all for joining us.

(End of program.)

Other Publications by the Authors

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