WORTH WORKING FOR:
STRATEGIES FOR TURNING BAD JOBS INTO QUALITY EMPLOYMENT

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At a time when millions of Americans remain unemployed, underemployed and out of the labor force entirely, public debate has correctly focused on job creation. With more than four jobseekers for every single job opening, the nation's deep jobs deficit must be urgently addressed.

But the availability of jobs, while critical, is not enough. To realize the core American value that hard work should be rewarded, we need more jobs capable of supporting a family with a decent standard of living. Nearly a quarter of working adults find themselves in jobs that do not pay enough to support a family at a minimally acceptable level.[1] Millions of workers who are putting in more hours of work than ever find it impossible to ascend to the middle class—or are unable to stay there. The recession widened the already growing earnings shortfall: during the downturn, 60 percent of U.S. jobs lost were middle-income positions, yet the majority of jobs gained during the recovery have been in low-wage occupations.[2] This downward shift in labor costs has helped drive corporate profits to an all-time high this year, but at an enormous cost to our families' well-being and to our consumer-driven recovery.

If current trends continue and we do not act to raise the standard of our nation's jobs, the jobs of America's future will be low-wage, dead-end jobs. The Department of Labor projects that over the coming decade, the largest job growth will be in low-paying occupations, such as home health aides, food service workers, and retail salespeople.[3] Unlike the tens of millions of better-paying manufacturing jobs that America has lost over a decade, these growing service jobs can not be outsourced; they are here to stay. It is important to remember, however, that even manufacturing jobs were not "good jobs" until employers, government and unions adopted strategies to improve them generations ago. Our country now faces a similar choice.

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An economy dominated by low-wage jobs creates a host of problems for society as a whole. The nation's economic recovery is slowed when millions of Americans earning low wages in precarious jobs lack the buying power to spark economic demand. At the same time, people struggling to make ends meet and juggling the rigid and unpredictable work schedules of many hourly workers often cannot become involved with their children's education to help them succeed in school. Neither can overburdened workers inform themselves about public issues to become engaged citizens. And the public pays the price when working families earn so little that they must rely on Medicaid, food stamps, home heating assistance, subsidized school lunches, child care assistance, or housing vouchers to survive. In effect, taxpayers—and society as a whole—offer a massive subsidy to employers who offer wages and benefits too meager for their workforce to get by.

In their book, ***Good Jobs America: Making Work Better for Everyone***, Paul Osterman and Beth Shulman describe companies that have successfully bucked the trend to embrace a "good jobs" or "high road" employment model. They find that there are often substantial business benefits, including higher productivity and lower employee turnover, for firms that adopt a high-road model of employment. Yet Osterman and Shulman also detail the pressures that companies in highly competitive, low-skill industries face to follow a "low-road" in their employment practices—cutting personnel costs by offering low wages, few benefits, unpredictable schedules, and dead end jobs. In general, busy managers do not have the time to think about long term solutions to problems like low productivity and high employee turnover. Instead they "muddle through," following the course already set in the low-wage labor market.

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While individual companies may make the leap to improve job quality, Osterman and Shulman note that the status quo overall will not change unless companies are subjected to an external "shock" that forces them to rethink the way they do business. The shock can come from laws enacted at the federal, state or local levels; from workers themselves organizing a union; or from the larger community demanding better quality jobs in exchange for some public benefit. While employers often see new workplace standards as a burden, the push to raise job standards may paradoxically have beneficial effects for employers by forcing them to invent new ways of doing business that, perhaps to their surprise, turn out to be more productive than their previous path.

In this brief, we explore a variety of strategies government, communities, and far-sighted employers can pursue to raise job quality and ensure that hard-working Americans can get ahead.*

WHAT GOVERNMENT CAN DO:

- Raise the floor for all employees through legislation requiring that workers be paid a higher minimum wage, and receive non-wage benefits, such as sick leave, paid family leave, and more control over their work schedules.†
- Enact legislation more effectively protecting the right of workers to bargain collectively for improved wages and benefits.
- Enforce current laws more effectively.
- Extend legal protections to all workers by abolishing exemptions for farm and domestic workers from current labor law.
- Use government's contracting relationships to leverage better employment practices from private sector firms from which it purchases goods and services.
- Improve and expand worker training programs that help workers gain skills needed for higher-paying positions.

WHAT EMPLOYERS CAN DO:

- Offer higher wages and benefits.
- Create career ladders in their firms.
- Expand employee stock ownership and incentive compensation beyond executives to the majority of workers.

WHAT COMMUNITIES CAN DO:

- Use techniques like community benefits agreements to pressure businesses receiving public subsidies and contracts to improve job quality.

* This brief is not intended to be comprehensive: for example, an analysis of the potential for trade agreements to increase domestic job quality is not explored, nor do we look at how immigration reform could effectively raise standards for currently undocumented workers.

† Other critical benefits, such as health care coverage and retirement plans are often tied to employment in the United States and so represent another important dimension of job quality. While a number of strategies outlined here can be leveraged to increase employer health coverage or retirement provision, addressing the complexities of these issues comprehensively is beyond the scope of this brief.

WHAT GOVERNMENT CAN DO

1. Raise the Minimum Wage

The Problem: *The minimum wage is not enough to support a family*

The Federal minimum wage was introduced in 1938 in order to guarantee a minimally decent level of income for all those who work. However, since the 1980s, the minimum wage has failed to keep up with inflation. The value of the minimum wage today is 30 percent below its peak in 1968. The minimum wage was last raised in 2009, to $7.25. Before this gradual increase was approved in 2007, it had been a decade since the last minimum wage increase.

A majority of minimum wage earners are adults living in low-income households and making significant contributions to their families' total income. Assuming a full-time work schedule of 40 hours a week and 52 weeks a year, a minimum wage job at the current rate of $7.25 an hour brings in an annual income of $15,080. This is not enough to keep a family out of poverty, much less ensure a decent standard of living.

In addition to directly boosting the wages of workers who earn the minimum, economists estimate that a minimum wage increase would elevate the pay off more than a million workers who currently earn just above the minimum, as employers raise their pay to preserve wage structures within the company.

The Solution: *Raise the minimum wage, including the tip wage, and index it to inflation*

Raising the minimum wage does not reduce employment. Study after study has found that raising the minimum wage does not lead to a decrease in employment. Indeed, the evidence is so compelling that in 2006 five Nobel Laureates and six past presidents of the American Economic Association joined hundreds of other economists to call for raising the minimum wage, finding that a higher minimum wage "can significantly improve the lives of low-income workers and their families, without the adverse effects that critics have claimed."[4]

Raising the minimum wage benefits employers. One of the reasons that the minimum wage ranks so low among the economic factors that influence hiring decisions is because wage increases bring with them benefits that can offset much of their costs. Most significantly, raising wages reduces costly employee turnover and increases productivity. When the minimum wage goes up, employers can enjoy these benefits of paying higher wages without being placed at a competitive disadvantage, since all companies in their field are required to do the same.

Raising the minimum wage boosts the economy as a whole. Raising the minimum wage is a key strategy for boosting consumer spending. According to the Federal Reserve Bank of Chicago, every $1.00 in wage increase for a minimum wage worker results in over $3,200 in new consumer spending by his or her household over the following year.[5]

In addition to a federal minimum wage increase, increases in state and even city-level minimum wages can help to boost the earnings of low-wage employees.

2. Increase Access to Job Benefits

» SICK DAYS

The Problem: ***Workers who get sick lose pay, or their jobs***

Everyone gets sick, but millions of Americans cannot afford to take time off work to care for themselves or their loved ones. While paid sick days are a basic workplace standard in nearly every developed country, the United States still does not guarantee that sick workers are able to get care without being fired or losing a paycheck.[6] As a result, nearly 40 million private-sector workers are not offered a single paid sick day to recover from common, short-term illnesses.[7] An additional 4.2 million don't have access to paid sick days because they haven't been on the job long enough to be eligible.[8] And millions more lack paid sick time to care for a sick child. At a time when families' finances are stretched thin and losing a day's pay can result in spiraling debt, eviction or foreclosure, working families need a paid sick days standard.

The Solution: ***Guarantee paid sick days***

While there is no national standard for paid sick days, the state of Connecticut and cities like San Francisco, Milwaukee, Seattle, and Washington D.C. have taken action to guarantee this basic workplace benefit. Studies examining the experience with paid sick days both internationally and in American cities find that the policy imposes minimal costs on employers and does not harm employment or business growth.[9] Abuse of the policy by employees has been infrequent. The Healthy Families Act (H.R. 1876, S. 984) would build on successful state and local laws to set an important national standard for paid sick days. It would guarantee workers the opportunity to earn up to seven paid sick days a year to be used for their own illness or to care for a loved one.

» PAID FAMILY LEAVE

The Problem: ***Workers can't afford time off for a new baby—or a medical crisis***

Currently, the Family and Medical Leave Act (FMLA) is the only federal law that helps America's workers meet the dual demands of work and family when they have a new child or are faced with a medical crisis. The law provides 12 weeks of job-protected leave to employees of large or medium companies, but does not guarantee pay. Without some form of wage replacement, the FMLA's promise of job-protected leave is out-of-reach for millions of hard-working women and men who simply cannot afford to take the unpaid leave it provides. A Labor Department study found that 78 percent of workers who qualified for and needed to take FMLA leave did not do so because they could not afford to go without a paycheck.[10] More than one-third of workers (34 percent) who take FMLA receive no pay during leave, and another large share of the population has only limited paid leave available to them.[11]

When a personal or family medical crisis strikes, workers frequently have no choice but to take unpaid leave or quit their jobs. As a result, for many workers the birth of a child or an illness in the family forces them into a cycle of economic distress. Twenty-five percent of all poverty spells begin with the birth of a child.[12] The lack of paid family and medical leave hits low-income workers hardest: almost three in four low-income employees who take family or long-term medical leave receive no pay, compared to one in three middle income workers and one in four workers with high incomes. In addition, nearly one in three workers who receive less than full pay while on leave end up borrowing money to make ends meet; another 38 percent put off paying bills; and nine percent go on public assistance to cover lost wages.[13]

The rest of the world has been providing paid family leave for years. A study by the Project on Global Working Families at Harvard University found that the U.S. lags far behind other nations in providing paid family leave, with 168 nations guaranteeing paid leave to women in connection with childbirth. The United States is the only industrialized country without paid family leave.

The Solution: *Establish a system of family leave insurance*

The states of California, Washington, and New Jersey have successfully implemented family leave laws that can serve as models for a national bill. One national prototype, the Family Leave Insurance Act (H.R. 1723 in 2009) would provide 12 weeks of paid benefits to employees who need time off work to care for a new child, a sick family member, or their own illness. Benefits are tiered so that the lowest income workers have a higher proportion of their wages replaced. These benefits are paid out of a trust funded by premiums paid equally by employees and employers, with the average worker contributing just $7 a month. All full- and part-time employees who have worked for their current employer and paid into the Trust for at least six months would be eligible for coverage.

» FLEXIBLE/PREDICTABLE SCHEDULING

The Problem: *Hourly workers struggle with rigid, unpredictable schedules*

More than 75 million Americans—58 percent of all wage and salaried workers—are paid by the hour, and hourly jobs are concentrated in the retail and hospitality industries that also disproportionately pay low wages. Hourly workers often face schedules that are rigid, unpredictable and unstable.

Nearly half of low-wage workers experience some form of rigidity in their work schedules, such as the inability to have input into their schedules.[14] Between 20 and 30 percent of low-wage hourly workers are regularly required to work overtime with little or no notice. Fifty eight percent report that they cannot refuse overtime. One in five full-time workers in jobs with non-standard hours experience reduction in hours or layoffs when work is slow.

Through a practice known as just in time scheduling (JIT),[15] employers are attempting to carefully match the number of workers on a shift to some measure of consumer demand, such as sales volume. Some work places are doing this on an hour-by-hour basis. This practice is being used in the retail, hospitality, restaurant, transportation and financial services industries. For the employee, JIT scheduling creates a more extreme form of unpredictability. It is a system that leads to more last minute schedule changes for workers, in which they are told they are not needed after showing up for a scheduled shift, or asked to stay beyond their scheduled shift with no notice.

Rigidity and lack of predictability cause havoc for workers' lives, particularly for those having to patch together child care arrangements or transportation on a low-wage income. Without predictability in their schedules and incomes, economically hard-pressed families do not know from month-to-month if they will be able to pay their bills and already difficult child care arrangements and public transportation schedules become even more challenging.

The Solution: *Give workers predictability, stability and flexibility in their schedules*

- Amend the Fair Labor Standards Act to include a right to refuse overtime. Currently the law provides for overtime pay but does not guarantee workers the right to refuse overtime.

- Pass federal minimum hour legislation. This would prevent employers from keeping more employees on their payrolls than they can actually use. Part-time workers would be guaranteed a certain number of hours per week when hired and would be paid a minimum number of hours if they report to work but are sent home.
- Use tax incentives to encourage employers to guarantee that certain proportion of employees' hours will be fixed. Research shows that while there is variability, about 80 percent of businesses' labor needs are stable from month-to-month. Tax incentives could be used to encourage employers to make the majority of their workers' schedules predictable. This would make it easier for workers to cope with the remaining unpredictability.

3. Protect the Right of Workers to Organize

The Problem: *Employers prevent their workforce from organizing*

There is no question that unions promote improved job quality for their members. Among workers in similar jobs, unionized employees are significantly more likely to earn middle-class wages;[16] and have sick, family, and vacation leave, health care, and retirement plans.[17] Unions also improve wages and job quality even for those who are not members: in areas and industries with a high degree of union representation, unions can exert upward pressure on industry standards across the board.[18]

In surveys, 53 percent of non-managerial, non-union workers say they would likely vote for a union in their workplace.[19] Yet only 11.9 percent of the nation's wage and salary workers were union members in 2010.[20] Employer obstruction explains much of gap between the number of workers who are represented by a union and the number who would like to be represented.

Enacted in 1935, the National Labor Relations Act was aimed at encouraging the formation of unions and promoting collective bargaining. Today, the system meant to defend the rights of employees to form unions no longer functions. Weak and slow-moving enforcement of labor rights allows employers to routinely violate the law, threatening and harassing employees who attempt to organize. Illegal threats, bribes, and even the firing of union organizers are commonplace.[21]

While government can set a floor for wages, health coverage, or paid leave across the board, workers negotiating for themselves through unions offer a far more flexible means of increasing job quality, tailored to the aspects of employment that are most important to a specific group of workers and to the capacities of an individual business or group of employers.

The Solution: *Protect the right to organize*

Enact the Employee Free Choice Act, which includes the following provisions to protect workers' right to choose to collectively bargain their wages and benefits with their employer:

- Automatic recognition for a union as the legitimate bargaining representative in a workplace when a majority of employees provide signed authorizations stating that they want to be represented by that union. This is often referred to as "card-check."
- To facilitate agreement on a first contract for employees after the union is recognized, enable either the union or management to refer any disputes about the contract to mediation if an accord has not been reached within 90

days after bargaining begins. If the mediator is unable to reach a deal within an additional 30 days, the dispute will go to binding arbitration.

- Increase penalties for violations of labor law: raise fines to a maximum of $20,000 per violation for employers who have willfully or repeatedly violated employees' rights during an organizing campaign or first contract drive; triple the amount of back wages employees can receive if they are illegally fired or discriminated against for exercising their labor rights; require the courts to seek injunctions against employers, as well as unions, that violate labor laws.

4. Extend Labor Laws to Workers Who Are Currently Unprotected

The Problem: *Entire categories of workers are excluded from labor protections*

Domestic workers and farm workers are among the employees who have been deliberately excluded from the protections of federal and state labor laws, originally due to the demographic makeup of these sectors (predominantly women and people of color). Many domestic workers (a category that includes nannies, housekeepers, and elderly caregivers) do not have a right to overtime pay, protection from discrimination on the job, or an opportunity to collectively bargain. Farm workers are specifically excluded from the provisions of the 1938 Federal Fair Labor Standards Act which guarantees overtime pay, and from the Wagner Act's protections of the right to bargain collectively. Both industries now have a predominantly immigrant workforce and are generally low paid: a survey of domestic workers in New York found 26 percent earn below the poverty line.[22] Farm workers experience poverty rates more than double that of other wage and salaried workers.[23]

The Solution: *Extend federal and state laws to protect excluded workers*

In 2010, New York State enacted landmark legislation extending workplace rights to domestic employees, guaranteeing such basic standards as overtime pay, minimal time off work, and protection against workplace discrimination and harassment. Domestic workers have also advocated for the right to form unions. Similar legislation is pending for farmworkers in New York State, and these bills should become federal and state models, bringing currently excluded workers under the full protection of the nation's workplace laws.

5. Better Enforcement of Labor Laws

» WAGE THEFT

The Problem: *Low-wage workers are routinely paid less than the law requires*

Across the country, workers in the low wage labor market routinely see their wages stolen and their basic workplace rights violated. A rigorous 2009 National Employment Law Project study drawing on in-depth interviews with 4,387 workers in Los Angeles, Chicago and New York City found that 26 percent of low-wage workers were paid less than minimum wage in the week prior to the survey, and 76 percent of those who worked more than 40 hours were not paid the legally required overtime rate.[24] Based on this sample, the study authors estimate that low-wage workers lose an average of $2,634 annually due to workplace violations, out of total annual earnings of just $17,616. Illegal paycheck deductions, failure to provide meal breaks, and requirements that employees work "off-the-clock" without pay were also rampant. Violations of this scale indicate that systematic business strategies are in play involving explicit decisions by employers. Yet the study's author caution that not all employers in low-wage industries violate the law—in fact, law-abiding businesses are harmed by having to compete with companies willing to break the law to get ahead. Wage theft also harms the public more broadly: employers who fail to pay their workforce property often also fail to contribute full payroll, unemployment insurance, and other taxes, shortchanging the public. Local economies also lose the spending power of low-wage workers, who would quickly spend increased earnings on basic necessities in their communities.

The Solution: ***Strengthen government enforcement of employment and labor laws and give workers a private right to sue for violations***

While the overall number of United States Department of Labor (DOL) inspection staff should be increased, case by case resolution of individual complaints will always be inadequate to address a problem of this magnitude. DOL must engage in industry- and employer-wide targeting in low-wage sectors where wage theft is rampant, in partnership with community organizations that workers trust. At the same time, penalties for violations of workplace standards should be increased.

Congress should pass the Wage Theft Prevention Act (HR 3303) so that DOL can more effectively protect workers. The bill will eliminate the statute of limitations that has limited DOL to two years to resolve wage complaints. It also would allow workers to file private lawsuits while DOL is investigating a complaint.

» WORKPLACE SAFETY VIOLATIONS

The Problem: ***American workers are killed or injured on the job***

In 2009 (the latest figures available), 4,340 workers were killed on the job—an average of 12 workers a day—and an estimated 50,000 died of occupational diseases.[25] More than 4.1 million workplace injuries and illnesses were reported in private and state and local workplaces.

The Solution: ***Better enforcement of occupational safety laws***

The Occupational Safety and Health Administration needs additional resources to adequately protect American workers. OSHA has just 2,218 inspectors to keep tabs on the 8 million workplaces under OSHA's jurisdiction. This means that the chances of any particular business being inspected are low. OSHA should also have the authority to levy significant penalties against employers who willfully violate the law. Current penalties for employers that violate safety and health laws are too small to deter violations, with an average fine of just $1,052 per serious violation. Even in cases involving worker fatalities, the typical total penalty was just $5,600.

6. Use Government Purchasing to Drive Better Employment Practices

» LIVING WAGE LAWS

The Problem: *Many companies that receive public subsidies pay poverty wages*

While raising the minimum wage offers a means to boost the pay of the lowest wage workers, cities and states that offer special benefits to particular companies—whether these are economic development subsidies and incentives, government contracts, or other preferences—have a right to expect more in terms of job quality. Yet in many cases, this does not happen: local governments exacerbate the plight of the working poor by contracting out services to firms that pay lower wages and offer fewer benefits than public employment. They channel tax incentives to businesses who promise to create jobs, without regard for the quality of the jobs businesses will offer.

The Solution: *Pass living wage laws*

Since the early 1990s, more than 120 municipalities across the country have enacted living wage laws to restore the wage floor at the local level.[26] Living wage laws establish wage standards for businesses that receive contracts or subsidies from local governments and some also require that companies provide key benefits, such as health coverage. They provide a practical way for cities to ensure that public dollars generate quality jobs for local residents. With wage rates ranging from $9 to $16 per hour and higher, living wage laws raise the minimum wage closer to a level that allows low-income workers to meet their families' basic needs.

Living wage ordinances have not resulted in significant job losses nor have they had an adverse impact on city budgets. In a review of the evidence, the Economic Policy Institute finds that the impact of the laws has been small, generally less than one-tenth of 1 percent of the overall city budget.[27] Studies in Baltimore, Boston, Los Angeles and San Francisco have shown that firms forced to pay higher wages by living wage ordinances have benefited from lower employee turnover.

» HIGH ROAD FEDERAL CONTRACTING

The Problem: *Many companies that receive federal contracts pay poverty wages*

Currently, most federal contracts are awarded based on a "best value" approach, in which the government considers price along with a number of non-cost factors. The primary aim of this evaluation process is for the federal government to obtain the best value. But the factors also serve to advance larger goals, such as promoting small business or directing contracting to underserved areas. Unfortunately, today this evaluation process places too little weight on a company's labor practices. An estimated 80 percent of the 5.4 million federally contracted service workers are low-wage earners.[28] A 2006 study of federal apparel contracts found that workers commonly had to supplement their meager incomes with government assistance.[29] Federal contractors are bound by current laws that specify that they must pay the "prevailing wage." But these laws are not as effective as they could be. Many employees are exempted from these laws, and even though violations of the law are widespread, enforcement is lax. Finally, the law sets a wage floor that is not a living wage. Indeed, courts have determined that for workers engaged in the production of goods for sale to the federal government, the "prevailing wage" is the minimum wage.[30]

The Solution: ***Require that the federal government evaluate contract bidders on the quality of their labor and workplace practices***

Along the same lines as municipal living wage laws, the federal contracting process should be used to encourage companies to follow good labor practices, including higher wages, provision of health benefits, and giving hourly workers more control over their schedules. Contractors could be encouraged to guarantee their employees the ability to request a certain schedule without fear of retaliation, self and team scheduling, work sharing, shift swapping, and choice on overtime.

The federal government spends more than $500 billion per year employing a massive contracting workforce. Companies that have contracts with the federal government employ 22 percent of the entire American workforce. The Obama Administration proposed a high-road contacting initiative in 2010, but the policy was never enacted. It should be revived.

7. Worker Re-training and Job Ladders

The Problem: ***Efforts to train workers for better jobs are underfunded***

For the 6.2 million Americans out of work for 27 weeks or longer as of July 2011,[31] deterioration of job skills is a serious concern. Job training can make it possible for these workers—as well as millions of others who would otherwise be trapped in dead-end jobs—to qualify for positions that offer good wages but require education and training beyond high school.[32]

More than 8 million Americans accessed occupational training and workforce development programs under the Workforce Investment Act in the 2009 program year.[33] That program injected $4 billion into worker retraining. But that one year increase failed to reverse the long-term shortfall in federal job training resources: in real dollars Workforce Investment Act funding has fallen almost 30 percent over the past decade, while funding for other adult education and workforce preparedness programs has also declined.[34]

The Solution: ***Improve the Workforce Investment Act***

Based on recommendations developed by the National Skills Coalition:

- To respond to the continuing demand for worker retraining produced by high unemployment, the Workforce Investment Act formula funding for adult, youth, and dislocated worker programs should be increased to match its peak level under the American Recovery and Reinvestment Act.
- Shift the focus of the Workforce Investment Act from short-term training and swift reemployment to also allow for longer-term training and certificate programs that will enable workers to qualify for middle-class jobs.
- Establish a grant program to invest in industry partnerships that connect multiple businesses and educational institutions in order to tailor job training programs to demand in a region's growing industries.
- Support state efforts to establish career pathways by encouraging states to maximize the number of participants taking advantage of both job training and basic adult education programs and allowing states greater flexibility to blend various job training funding streams.
- Make the attainment of industry-recognized credentials a core performance indicator for the Workforce Investment Act in order to assist workers in qualifying for jobs with the potential to lift them into the middle class.

WHAT EMPLOYERS CAN DO

In ***Good Jobs America: Making Work Better for Everyone***, Paul Osterman and Beth Shulman demonstrate that employers have some choice about whether to follow a "low-road" or a "high-road" in their employment practices. On the whole, firms in highly competitive, low-wage industries follow a low road. But, as Osterman and Shulman points out, there are exceptions: companies that are profitable and also offer workers a better place to come to work than their competitors. These high-road companies pay higher wages, offer solid benefits, invest in training, and offer their workers more say in their schedules.

1. Raise Wages and Benefits and Make Schedules More Predictable for Hourly Workers

Costco is one of the most widely cited cases of a company that pursues a high road in a very competitive industry that is generally low-wage. Costco employees enjoy higher wages than the firm's biggest competitor, Walmart. It also has a higher proportion of full-time employees, posts schedules at least a week in advance, and makes an effort to accommodate employee scheduling requests.

2. Create Career Ladders

Many employers of low-wage workers have found that investing in their employees' development can benefit both the firm's profitability and their employees.

Employers in the health care field confront a particular set of circumstances that make the creation of career ladders especially sensible for them. Health care organizations, including hospitals and nursing homes, face critical shortages in applicants for frontline positions that are so acute that they result in positions going vacant. This has led some employers in the health care field to begin recruiting from within their organizations among employees in low-wage positions.

Good Samaritan Hospital in Baltimore, MD, for example, has pioneered this approach by consciously creating a career ladder for employees in positions that previously had been seen as "dead-end jobs." Good Samaritan recruits personnel who work in food service and patient transportation and offers them the opportunity to train for higher paying positions. Training takes place on the job so that employees can still meet their family commitments. Trainees are assigned a coach, who is often a nurse. Coaches work with students to create an individual development plan that lays out a clear track leading to credential, certification, and/or competencies resulting in higher paying jobs. Coaches help trainees solve problems that often prevent low wage workers from sticking with a job and moving up, such as unreliable transportation and child care.

Good Samaritan has benefited from this program. It has achieved significant savings by reducing turnover and decreasing reliance on temp agencies. It also enjoys the benefits of a more motivated workforce, which leads to better patient care.

How can model employer practices spread throughout an industry? Osterman and Shulman note the role that industry associations can play in supporting high-road firms by lifting up the example being set model employers. They can also provide technical assistance to firms interested in pursuing a high road strategy.

3. Expand Employee Stock Ownership and Incentive Compensation Beyond Executives to the Majority of Workers

Since the early 1970s, average workers have shared less and less in the productivity gains of U.S. companies.[35] Executive pay, however, has risen tremendously during this period—from an average of 25 times the average employee to a peak of nearly 300 times before the financial crisis.[36] One way to return a fundamental fairness principle to our economy—the link between worker productivity and pay—would be to include more rank-and-file workers in the types of incentive compensation programs that have inflated the incomes of executives in recent decades. Such stock options, stock grants and bonuses amounted to $29.6 billion in 2006, the latest year for which data is available, according to a report by the Center for American Progress.[37] This report proposes that employers expand incentive compensation programs so that the bottom 80 percent of workers receive as much as the top 5 percent of workers. The authors highlight broad employee stock ownership at Wegman's, a retail grocery store whose labor costs are accordingly 33 percent higher than their competitors, but whose turnover rate is 68 percent lower. The CAP report recommend that government encourage companies to adopt this policy by only allowing firms to deduct incentive compensation from their tax liability if it meets this 80 to 5 equity principle.

WHAT COMMUNITIES CAN DO

1. Pressure Employers into Offering Higher Wages and Better Benefits

One tool to accomplish this goal is the Community Benefit Agreement (CBA). A CBA is a project-specific, negotiated agreement between a developer and a broad community coalition that outlines the project's contributions to the community and ensures community support for the project. As part of a CBA, community groups will generally demand that developers hire locally and pay a living wage.

The principal selling point for developments is often that they will bring jobs to impoverished areas of a city. However, simply locating a business in a particular area does not guarantee that residents of that neighborhood will be the ones hired by those businesses or that the jobs created will be good ones. CBAs generally include a requirement that developers target their hiring in the neighborhood where they will be building and require that some minimum percent of those employed are local residents. They also generally require that employers pay a living wage.

In one exciting example of how community pressure can force even the largest corporation to make some changes, in 2010 Walmart agreed to enter into a CBA as a condition of opening a store in Chicago. Up until that point, community groups had long resisted the entry of the big box retailer into the city. This example illustrates both the power and limits of what community activism can accomplish. While activists have not been able to achieve their ultimate goal, forcing Walmart to allow its workers to unionize, they were able to force it to agree to some improvements. In addition to the legal agreement, Osterman and Shulman argue that public community pressure on Walmart has led the company to take some steps to improve its labor practices.

CONCLUSION

For the vast majority of Americans, good jobs are not a naturally occurring phenomenon—they must be made that way. Unfortunately, over the past two generations, employers have increasingly chosen not to offer good jobs, and our government has failed to recognize the consequences for our nation. The labor institutions that once helped transform dangerous, low-paying jobs in factories and mines into middle-class jobs have been deliberately weakened. It is time for employers, policymakers and communities to commit to broadly raising the standard of American jobs if we are to remain a middle-class nation.

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Dēmos is a non-partisan public policy research and advocacy organization. Headquartered in New York City, Dēmos works with advocates and policymakers around the country in pursuit of four overarching goals: a more equitable economy; a vibrant and inclusive democracy; an empowered public sector that works for the common good; and responsible U.S. engagement in an interdependent world. Dēmos was founded in 2000.

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