

# RAISE THE FLOOR MILWAUKEE

TOWARD BETTER WAGES AND LABOR STANDARDS  
FOR LOW-WAGE WORKERS



JUNE 2013

COWS | BUILDING  
THE HIGH ROAD

## ACKNOWLEDGEMENTS

Development, analysis and writing of this report was led by Laura Dresser with the help of a broad team of staff at COWS including Matias Cociña, Jody Knauss, Michele Mackey, Emanuel Ubert, Trevor Young-Hyman.

We are especially grateful to the workers, named in the report and those who remained anonymous, for their willingness to describe the day-to-day reality of their jobs. Their voices strengthen the story we tell here immeasurably.

## ABOUT COWS

Based at the University of Wisconsin-Madison, COWS is a national think-and-do tank that promotes “high road” solutions to social problems. These treat shared growth and opportunity, environmental sustainability, and resilient democratic institutions as necessary and achievable complements in human development. COWS is nonpartisan but values-based. We seek a world of equal opportunity and security for all. For more information: [www.cows.org](http://www.cows.org). To reach lead author directly: [ldresser@cows.org](mailto:ldresser@cows.org).

Center on Wisconsin Strategy  
University of Wisconsin-Madison  
1180 Observatory Drive  
Madison, WI 53706  
608-263-3889  
[www.cows.org](http://www.cows.org)

**COWS** | BUILDING  
THE HIGH ROAD



Except otherwise noted, this report is licensed under [creativecommons.org/licenses/by-nc-sa/3.0/](https://creativecommons.org/licenses/by-nc-sa/3.0/)

# RAISE THE FLOOR MILWAUKEE

## BETTER WAGES AND LABOR STANDARDS FOR LOW-WAGE WORKERS

- 03 EXECUTIVE SUMMARY
- 09 INTRODUCTION
- 11 IT WASN'T ALWAYS  
THIS WAY
- 21 WORK AT THE FLOOR
- 30 A STRONGER WAGE FLOOR  
FOR A STRONGER MILWAUKEE
- 33 CONCLUSION
- 34 ENDNOTES
- 36 APPENDIX

JUNE 2013



PATRICIA OWENS *Patty works three part-time jobs. As a sales clerk at two different video rental stores, she makes \$8.50 or \$9 per hour. To help make ends meet, she also has a part-time job cleaning houses. None of the jobs offer health insurance or other benefits. Between her limited wages and her high transportation costs, she barely scrapes by.*

*"I'm basically working to put gas in my car. Because with the gas prices you put \$10 in, you put \$10 in, .... I went to pick up my check last week and it wasn't there. Start of the month. Rent's due. It was in the mail. I'm standing there and I can't even leave the parking lot. I don't have enough gas to get anywhere. I don't have two pennies in my pocket."*

## RAISE THE FLOOR MILWAUKEE!

JUNE 2013

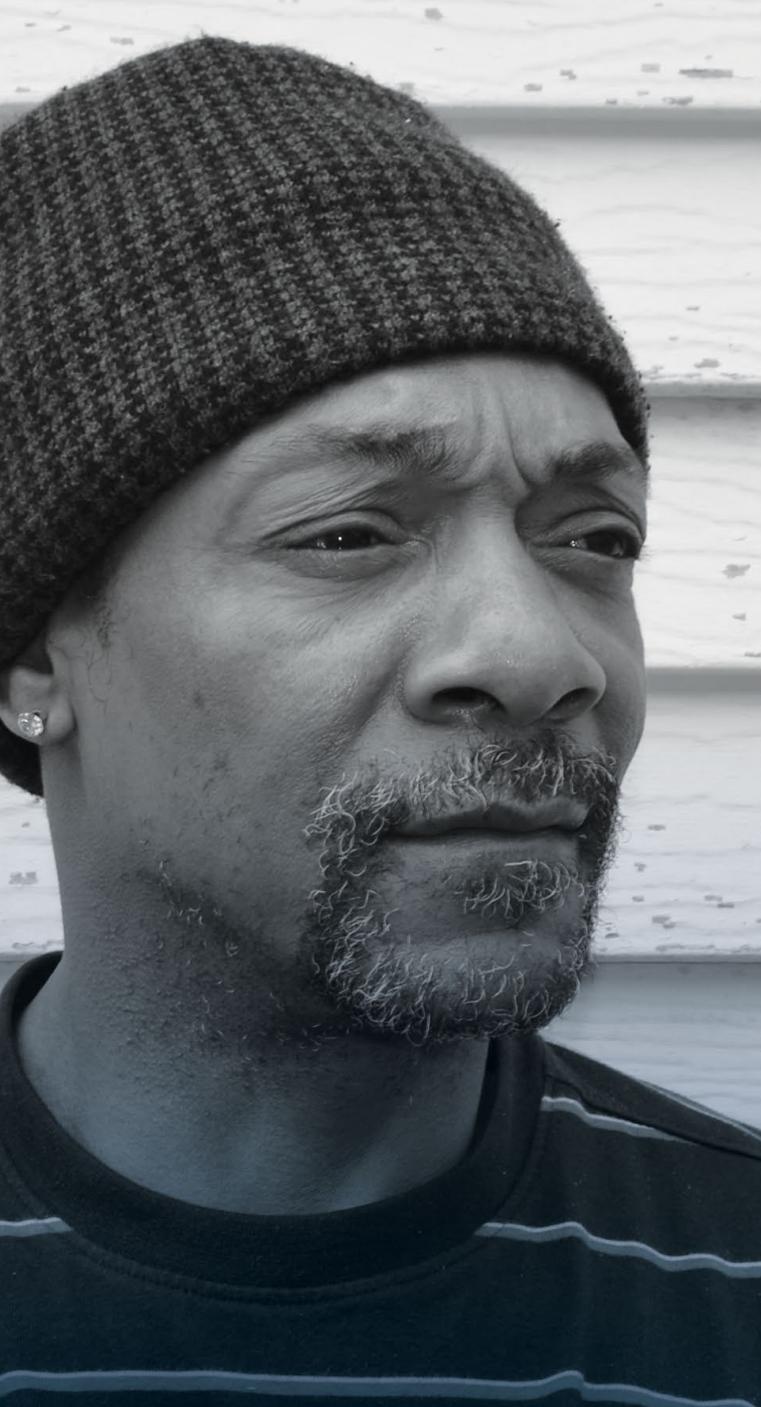
Since the start of the Great Recession, the ongoing grind of recession and anemic recovery has been difficult enough. But recent economic suffering piles on top of a generational decline for the workers of Milwaukee. This thirty-year decline has included a dramatic shift in the region's economy from manufacturing into services, declining unionization, and falling job quality. And it's been thirty years of sliding away from racial equality to the point where Wisconsin is the state with the highest incarceration rate of African American men in the nation.

As better jobs in manufacturing have gone away, poverty-wage jobs have expanded. Increasingly workers do not make enough to cover their basic expenses, cannot rely on the hours they need to get by, cannot afford or qualify for health insurance, cannot afford even to ride the bus to get to work. Health care workers go without health insurance. Food service workers rely on food pantries. Here, in the richest nation on the planet, too many workers struggle in bad jobs, working at the very floor of our labor market. And that floor is lower — the minimum wage is \$7.25 per hour, down from \$8.25 (adjusting for inflation) in 1979 — and weaker than in the past.

Milwaukee's problems — racial disparity and residential segregation, child poverty, crime and incarceration, catastrophic drop-out rates, especially for African Americans and Hispanics — are not inevitable. They are the product of an economy that has isolated the central city away from economic opportunity even as the economy has grown. And they are the product of trends that increasingly isolate everyone but the wealthiest from the real rewards of economic growth. Workers at the middle and bottom of the labor market who contribute to that growth see very little from it. Solving the crisis of job quality requires that we raise and strengthen the floor under this labor market. The labor market floor is created by laws on wages and minimal standards for work. The floor is strengthened when wage standards are raised, when laws setting standards are broadened and more actively enforced, when workers know their rights and advocate for themselves.

Raising and strengthening the floor is a step toward more broadly shared prosperity. Raising the floor will improve income and security for workers who toil in our lowest paying sectors, but it will also help build a stronger foundation under the economy, and a stronger city as well.

*In April 2013, we conducted interviews with a number of workers in retail, food service and fast food, and residential and home health care jobs. Quotes throughout the report are based on those interviews.*



*“I’ve trained two managers and the store manager keeps telling me that he’s putting in for my raise, but I haven’t seen a raise. It’s been months and months and months gone by, and I ain’t seen no increase nowhere. But I’m still busting my butt.”*

## WORK AT THE FLOOR: POVERTY WAGE WORK SNAPSHOT

- Poverty wage in 2012 = \$11.19 per hour. Below this wage a worker cannot keep a family of four out of poverty, even with full-time year round work.
- 196,000 workers — 26 percent of metro Milwaukee workers — in poverty-wage jobs in 2012 (up from 20 percent in 1979)
- Nearly 100,000 workers — 35 percent of city of Milwaukee workers — in poverty-wage jobs in 2012
- Poverty-wage workers are about half as likely to get health insurance through work as workers in better jobs. **Just 37 percent of workers in poverty-wage jobs get health insurance through work.** Nearly one-third of poverty-wage workers go without any form of health insurance.
- **Hours can be as big a problem as wage.** Poverty-wage work is often formally or functionally part-time. Just-in-time scheduling is an increasing norm. Bad weather or bad traffic can send workers home mid-shift.

## WORK AT THE FLOOR: DEMOGRAPHICS

- 28 percent of white workers hold poverty-wage jobs
- 38 percent of African American workers hold poverty-wage jobs
- 50 percent of Hispanic workers hold poverty-wage jobs
- 64 percent of workers who speak little or no English hold poverty-wage jobs
- The median age of workers in these jobs is 28 years.

GEAN SMART *For the past year, Gean has worked in fast food, moving from cook to porter, a position combining maintenance and janitorial duties. He made the change to learn new skills with an ultimate goal of managing a restaurant and possibly running his own franchise. Yet he has seen no promotions and no raises and still makes the minimum wage, \$7.25 per hour. He knows that the managers see his contribution to the company, but they don’t reward him for it.*

## WHERE IS WORK AT THE FLOOR? POVERTY WAGE SECTORS

Three sectors stand out for their contributions to poverty-wage jobs in Milwaukee:

1. **Food Service:** two-thirds of food service jobs pay poverty wages
  - 18,100 poverty-wage workers
2. **Retail:** over half of retail jobs pay poverty wages
  - 12,400 poverty-wage workers
3. **Residential and home health care:** half of residential and home health care jobs pay poverty wages
  - 6,400 city of Milwaukee poverty-wage workers

These three sectors account for the employment of roughly 37,000 of Milwaukee's 100,000 poverty-wage workers.

Any strategy to raise the floor will need to pay attention to conditions and standards in these sectors.

## WANT TO IMPROVE THESE JOBS? RAISE THE FLOOR!

- Raise the minimum wage;
- Expand prevailing wage and living wage policies;
- Establish minimum wage and benefit standards for firms that contract with, sell to, or otherwise receive benefits from local government;
- Actively combat wage theft through information campaigns to employers and workers, and increase enforcement of wage and hour laws, including the prosecution of employers that steal workers' wages; and
- Improve wage, hours, and benefit expectations for all workers through outreach, organizing, and advocacy.

Raising the floor is good for workers and for the community. That's what makes it so popular. Polling consistently shows strong majority support for higher minimum wages from conservatives and liberals alike.

### FOOD SERVICE



MEDIAN WAGE  
\$8.60/HR



**68%**

*of workers earn  
poverty wages*

### RETAIL



MEDIAN WAGE  
\$10.75/HR



**51%**

*of workers earn  
poverty wages*

### RESIDENTIAL & HOME HEALTH CARE



MEDIAN WAGE  
\$10.85/HR



**50%**

*of workers earn  
poverty wages*



## WHO WINS WITH A STRONGER FLOOR? WORKERS, THE COMMUNITY, THE ECONOMY

### RAISING THE WAGE FLOOR IS NOT BAD FOR BUSINESS

Raising the floor is often opposed by many employers and met with skepticism by others. This is “bad for business” they say. But the facts tell a different story:

1. Raising minimum wages **does not increase unemployment.**
2. Raising wages at the bottom **reduces turnover** and **raises worker productivity.**
3. **Large firms making healthy profits employ most low-wage workers, and they can afford to pay their workers more.**

### RAISING THE WAGE FLOOR IS GOOD FOR WORKERS AND THE COMMUNITY

Making work pay more can have dramatic **positive effects on workers, their families and communities, and the overall economy:**

- Higher incomes for substantial numbers of adult workers;
- A stronger local and regional economy; and
- The strongest impact for the low-wage workers who need it most, putting some equity back into our economy.

In Milwaukee, raising the floor will improve quality of life for the 100,000 workers in poverty-wage jobs in the city, and for a roughly equal number of poverty-wage workers outside the city but in the metro region. These workers toil in restaurants and fast food. They stock the shelves of our stores and check out purchases. They take care of the old and the frail and the disabled, allowing them the dignity and independence they deserve. Raising the floor is about dignity and independence for workers.

Raising and securing the floor under the bottom of the labor market is the right thing to do. It is also long overdue. Milwaukee’s worst news — of racial disparity, of poor health outcomes for children, and violent crime — are rooted in a lack of decent jobs. Raising the floor is a step toward changing economic headlines.

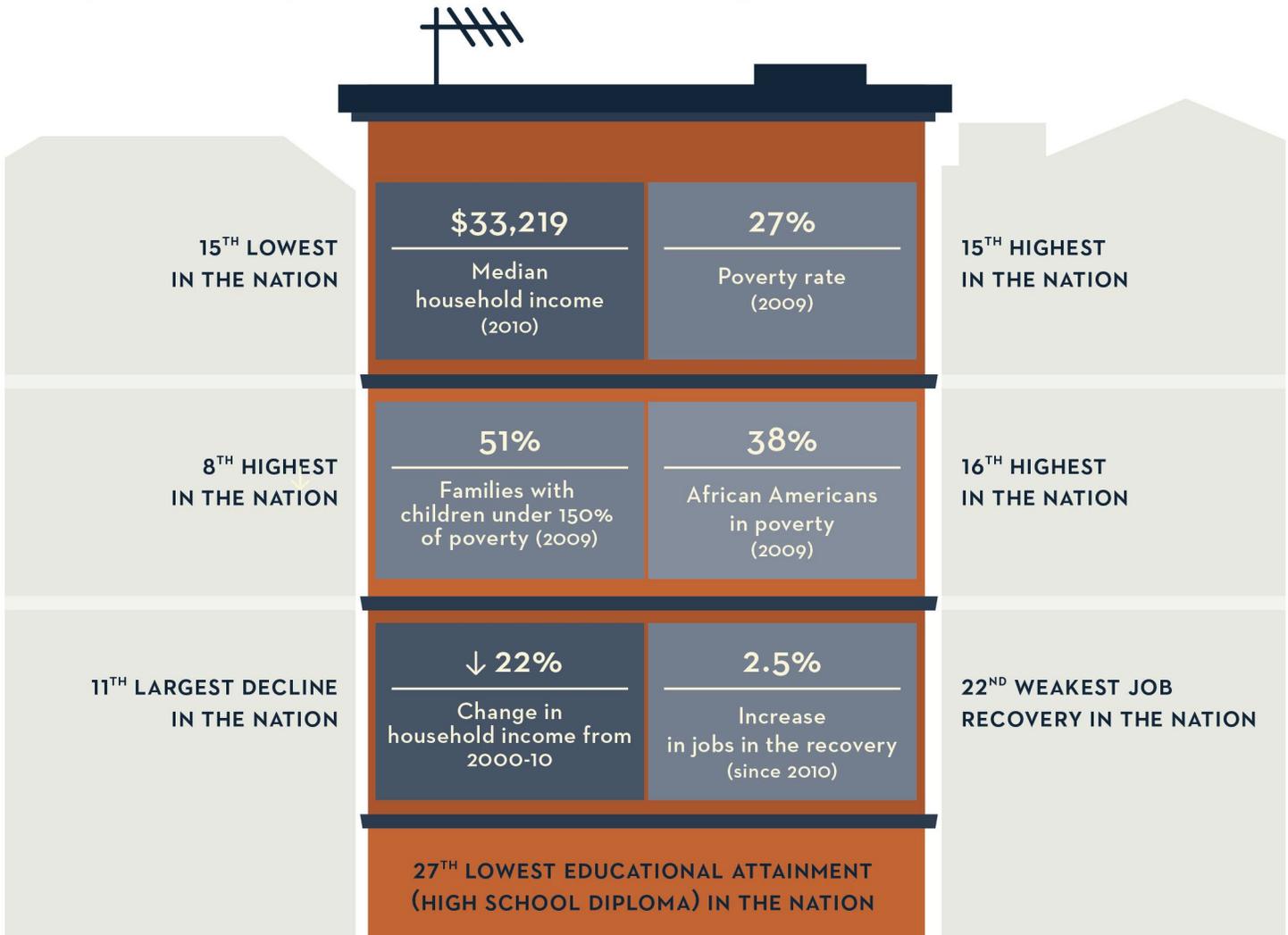
For the past six years, the Great Recession and our weak recovery from it have dominated national economic news. In Milwaukee, the picture is all too familiar: high unemployment, extreme racial inequality and central city economic isolation, too few **decent** jobs, and public infrastructure — from schools to parks to social services — stressed to the breaking point.

Data comparing metro Milwaukee to the nation's 100 largest metro areas confirms these issues.<sup>1</sup> Just a few examples paint a familiar and grim picture: Milwaukee poverty for families with children and for African

Americans are both 8th worst in the nation. And Milwaukee is falling further behind: from 2000–10, Milwaukee posted the 10th largest decline in household income.

But Milwaukee hasn't always been this way. In the post-WWII period up through the 1970s, Milwaukee's economic prosperity was built on a diverse, vibrant, and substantial manufacturing sector. Good manufacturing jobs were the region's economic engine and built the city's middle class. As a result, the working people — black and white — earned higher wages and had higher living standards in Milwaukee than elsewhere in the nation.

## LOW INCOME AND HIGH POVERTY: City of Milwaukee Compared to Primary Cities in the Nation's 100 Largest Metro Areas



Source: Brookings Institution. Metropolitan Policy Program. State of Metropolitan America. [<http://www.brookings.edu/about/programs/metro/stateofmetroamerica>]  
Jobs Recovery figure from Brookings Institution Metro Monitor

---

*“The manager, he recognizes, he knows that I’m doing 100% great job, but if only he was compensating me like he should, it could be better. I ain’t asking for a whole arm and a leg, I just want to be shown the appreciation for the work I do, and the quality that I give...”*

---

Those days are gone. Milwaukee’s manufacturing sector has fallen while service jobs have boomed. As good manufacturing jobs have disappeared — jobs that provide good wages and benefits, predictable schedules and, often, the union membership that helped secure them — they have been replaced by jobs in the service economy. The service sector is diverse, with some very good jobs, but it is also home to many jobs at the bottom of the labor market — jobs that offer poverty wages, weak benefits, and few routes up the economic ladder. Jobs like retail checker and fry cook and home health care aide have boomed. But these booming jobs are substantially worse in terms of wages and benefits than the manufacturing jobs they replace.

Many of the elites who have gained in the new economy find this shift the necessary and even beneficial result of the natural operation of labor markets. To them, there is nothing to be done. Even many workers believe that frontline service-sector jobs simply must be low quality. But this is not true. Exceptional employers in every sector prove it is possible to compete even in the lowest wage sectors with a higher wage strategy. Regional and international experience also consistently demonstrates that it is possible to have both a strong wage floor and a vibrant service economy. And public policy, institutions, and worker activism all directly influence wage standards.

Yet it is not easy to move to a higher wage floor, especially when so many employers focus only on reducing labor costs and when elites are indifferent or convinced of the necessity of miserable work. Unfortunately, that’s bad for workers, for the community, and for the firms struggling to compete against the low-wage companies that are driving down labor standards. The result is a weaker floor. When the wage floor is undermined, work is more precarious for all workers on or near it.

It may not be easy to raise the floor, but it is possible and, for the sake of this city, necessary. Just as deregulation, deunionization, and other policy failures have undermined our wage floor, progressive policies and new organizing can raise it. Policies that raise the job quality floor — increasing minimum wages, establishing minimum hours or benefit standards for all workers, strengthening enforcement of wage and hour standards, and directing public purchases toward better employers — all put more money in the pockets of the hard-working, but low-income, folks in these jobs. That’s real progress for low-wage workers who have had so little good economic news over last three decades. Raising the floor helps build Milwaukee’s economy for goods and services that those higher wages can support. And higher-wage employers benefit, as the competitive playing field is leveled, and they can take on competitors on more equal terms.

## IT WASN'T ALWAYS THIS WAY: GENERATIONAL SLIDE IN JOB QUALITY

The Great Recession and its aftermath have exacerbated and amplified longer-term economic trends that have undermined job quality over the last thirty years. This generational slide is evident in Table 1 on jobs in metropolitan Milwaukee (here and throughout the report, “metro Milwaukee” covers Milwaukee, Washington, Ozaukee, and Waukesha Counties). Adjusting for inflation, the median wage in metro Milwaukee fell from \$17.68 per hour in 1979 to \$17.00 per hour in 2012. The median Milwaukee worker in 2012 has more education today than in 1979, and the Milwaukee economy produces 40 percent more income per person than it did in 1979. Even so, this more educated and productive worker brings home a **lower wage** than the (less educated, less productive) median worker did more than 30 years ago.

Table 1

### DECLINING ECONOMIC PROSPECTS FOR METRO MILWAUKEE WORKERS

	1979 or closest available	2012 or most recent available
Median wage (2012 dollars)	\$17.68	\$17.00
Manufacturing share of total jobs (%)	33	18
Manufacturing median wage (2012 dollars)	\$20.60	\$19.75
as % of median wage in MKE (%)	117	116
Service share of total jobs (%)	27	47
Share of workers in unions* (%)	24	10
Share of workers in poverty-wage jobs (<\$11.19/hour) (%)	20	26
Minimum wage** (2012 dollars)	\$8.25	\$7.25

Source: COWS calculations from CPS data provided by the Economic Policy Institute

\*Source [unionstats.com](http://unionstats.com). Earliest data corresponds to 1986.

\*\* Source Wisconsin Department of Workforce Development. “Historical resume of minimum wage regulations in Wisconsin.”

This divergence of wages and the overall economy shatters the fundamental American economic promise of progress for each new generation. All across the nation, median wage stagnation stands in stark contrast to the wage growth that the economy generated up to the 1970s. But over the last thirty years, workers across the country have seen wages stagnate, even as the economy and productivity grow. Why? Because the rewards of economic growth increasingly accrue only to those at the top of the wealth pyramid. For the vast majority, economic growth no longer secures higher wages or greater opportunity.

---

*“You find yourself doing 10 different things besides what you're supposed to be doing. I'll be bagging orders, stocking the kitchen, cleaning the parking lot, unloading the truck. If I told him I could cook, I'd be on that grill plus doing my job. Come on man, I'm black but I ain't a real slave. Sometimes I feel like that.”*

---

While Milwaukee wages crept down, manufacturing and unions both plummeted. In 1979, manufacturing accounted for the jobs of one of every three workers in metro Milwaukee (33 percent). By 2012, after serious decline in the 1980s and a brutal decade from 2000–10, manufacturing's share of total jobs had fallen almost by half, to just 18 percent. As manufacturing fell, the share of metro Milwaukee workers in unions also plummeted, from over 24 percent to just 10 percent by 2012.

As manufacturing fell, the service sector nearly doubled, from 27 to 47 percent of jobs from 1979–2012. Jobs in the service sector run the gamut from highly paid doctors and lawyers to those at the very bottom of the labor market, like fast food workers and home health aides. The largest part of the sector is in those lower-wage categories so the shift to services pushes wages down. While the gap between the two sectors has narrowed a bit, manufacturing jobs still pay above the Milwaukee median and over \$4.00 per hour more than the median service-sector job.

All this has resulted in expansion of the bottom of the labor market as more workers toil in jobs that offer very low wages. To get a sense of Milwaukee's bad jobs problem, we set the benchmark poverty-wage jobs at the hourly wage required to keep a family of four out of poverty with full-time, year-round work. In 2012, a worker needed to bring in \$11.19 per hour to clear the poverty

threshold. We use the same method to set the poverty wage for 1979. In 1979, just one in five (20 percent) of metro Milwaukee workers held a job that paid poverty wages. By 2012, 26 percent of workers were in poverty-wage jobs, more than one in four of the region's workers.

### RESTRUCTURING INTO EXTREME RACIAL DISPARITY

These shifts have undermined the standards of living for workers throughout the region, but the restructuring of work in Milwaukee has been particularly devastating to the African American community. In 1979, the region offered jobs that exceeded opportunities that African Americans could find in other states. And as shown in Table 2, the median wage of African American workers in Milwaukee was 94 percent of the median for whites in 1979. That's not perfect equality, but it is a stark reminder of how much things have changed.

Economic restructuring over the decades of deindustrialization tore at African American opportunity and earnings, undermining the near equity that had been achieved. By 2012, the black median wage had fallen to just 61 percent of the white median.

And as made clear in *Race and Male Employment in the Wake of the Great Recession*, not only wages but even the ability to get a job has diverged by race, with especially negative effects on black men. We present data from the report in Table 3. In 1970, more than half of employed African American men in Milwaukee held production jobs. That has fallen to just fifteen percent of

Table 2

### THE RISE OF BLACK/WHITE INEQUALITY IN METRO MILWAUKEE

	1979	2012
Black worker median wage as % of white worker median	94	61
Black/White ratio for male workers (%)	76	62
Black/White ratio for female workers (%)	100	64

Source: COWS calculations from CPS data provided by the Economic Policy Institute

---

*“It sucks to work at a company where you feel like you’re unappreciated, but it sucks even more to work at a company [a residential care facility] where you feel like the people they’re supposed to take care of, they’re not taken care of.”*

---

black men. And while in 1980, 75 percent of black men had jobs, by 2010 just 53 percent of working-age black males did. Attachment to work has fallen for prime age whites and Hispanics as well, but much more gradually than the collapse of employment rates of African American men.

What has replaced employment? From the report: “More Milwaukee African American males were admitted to Wisconsin correctional facilities in an average year in the 2000s than were employed at the end of the decade as production workers in factories in the city of Milwaukee.”<sup>2</sup> Milwaukee County currently accounts for 17 percent of the state population, but fully 37 percent of the prison population. And the recently released *Wisconsin’s Mass Incarceration of African American Males: Workforce Challenges of 2013* shows **that Wisconsin posts the highest rate of incarceration of African American men in the nation** with 12.8 percent of working-age black men behind bars in state prisons and local jails.<sup>3</sup>

Table 3

### RACIAL DISPARITIES IN EMPLOYMENT RATES FOR METRO MILWAUKEE MALES

Employment rates for working-age males (25-54)	1980	2010
Black	75	53
Hispanic	90	73
White	92	85

Percentage of employed males holding production jobs	1970	2007-09
Black	54	15
Hispanic	47	23
White	23	13

Source: Tables 2 & 5 in Levine, Marc V. 2012. *Race and Male Employment in the Wake of the Great Recession: Black Male Employment Rates in Milwaukee and the Nation’s Largest Metro Areas 2010*. UW-Milwaukee Center for Economic Development Working Papers.

Milwaukee’s problems — racial disparity and residential segregation, child poverty, crime and incarceration, high drop-out rates, high unemployment, especially among the African Americans and Hispanics — are not inevitable. They are the product of an economy that has isolated the central city away from economic opportunity even as the economy has grown. And they are the

product of trends that increasingly isolate everyone but the wealthiest from the real rewards of growth. Workers at the middle and bottom of the labor market who contribute to that growth see very little from it. Solving the crisis of job quality is a step toward more broadly shared prosperity. Raising workers' standard of living strengthens the economy as well.

## POVERTY-WAGE WORK IN MILWAUKEE TODAY AND INTO THE FUTURE

For insight into the distribution of jobs and wages in the Milwaukee economy, we use “poverty-wage jobs” in a relatively simple characterization of employment structure. We divide metro Milwaukee jobs into three categories based on the wage earned: poverty-wage jobs (paying \$11.19 per hour or less), low-wage jobs (above poverty, but only up to 1.5 times the poverty wage, or \$16.79 per hour) and good-wage jobs (with wages above \$16.79). The threshold for “poverty-wage jobs” is a very minimal standard mentioned earlier, the wage needed to keep a family of four out of poverty. Keep in mind that work at this wage pays just over \$23,000 annually, and that is if you are lucky enough to work full-time all year (which can be difficult in these jobs). With income below \$23,000 annually, even single people will struggle to pay for housing and food, and secure reliable transportation to work. As we’ll see later, many will go without health insurance; it is simply too costly at these wages in the instances when coverage is even available. Saving for retirement at such low wages is nearly out of the question. Adding the cost of childcare and other family needs makes it clear just how minimal this standard is. Often 1.5 or even 2 times the poverty line is considered a more acceptable and manageable standard of living. For this reason we create the “low-wage” category from poverty to 1.5 times poverty. The good-wage jobs are the remainder. The Milwaukee median wage of \$17.00 per hour is just slightly above the threshold we use for a good-wage job. The first two categories, poverty- and low-wage jobs, account for roughly half of all Milwaukee jobs.

Figure 1 shows metropolitan Milwaukee’s employment structure across those three categories. A few things stand out. First, in the metro area, nearly 196,000 workers are working in poverty-wage jobs (that’s 26 percent of all metro workers). There are more poverty-wage jobs than slightly better-paying jobs in the middle category — just over 175,000 workers hold jobs in the \$11.19 to \$16.79 range. Just over half of metro Milwaukee’s jobs pay \$16.79 per hour or more.

### POVERTY-WAGE JOBS:

Jobs paying \$ 11.19 per hour or less  
(in 2012 dollars)

### LOW-WAGE JOBS:

Jobs paying at least \$11.19 per hour,  
but less than \$16.79 per hour

### GOOD-WAGE JOBS:

Jobs paying \$16.79 per hour  
or more

Figure 1 also shows the way that years of education relate to these different job categories. Unsurprisingly, education is clearly linked to earnings. The majority of high school dropouts (over 70 percent) hold poverty-wage jobs, and almost two-thirds of high school graduates (63 percent) hold poverty- or low-wage jobs. Two in three workers who have taken some college classes but not completed two- or four-year degrees hold poverty- or low-wage jobs.

But education is no guarantee of better wages. Completion of a college degree — either an Associate's (two-year) or Bachelor's (four-year) degree — generally secures access to better-paying jobs. Even so, one of every four workers with a Bachelor's degree holds a job paying wages at or below \$16.79, our low-wage threshold.

But just as education does not guarantee decent wages, there are some jobs that pay well for workers without college degrees. High school graduates can be found with roughly equal probability in each of the three earnings groups. One reason for this is that construction and manufacturing both tend to offer decent wages even for workers without college degrees. And one reason these sectors tend to offer higher wages is that workers in these jobs organized and agitated for improvements in the wage and working conditions of these sectors. That's an important reminder for jobs that are assumed today to be permanently low-wage. People said the same about manufacturing in the past.

Poverty-wage work is the reality for some 196,000 workers throughout the metro region. And while education helps secure better wages, even workers with college degrees find themselves in low-wage jobs.

Figure 1

## EMPLOYMENT IN SPECIFIC WAGE CATEGORIES, METRO MILWAUKEE, BY WORKERS' EDUCATION, 2012



## LOOKING FORWARD: MORE GROWTH IN POVERTY-WAGE JOBS

Two different ways of assessing job growth indicate that neither the economic recovery nor projected growth will solve the problem of poverty-wage work in Milwaukee.

First, the Wisconsin Department of Workforce Development offers occupational projections for metro Milwaukee over 2008–2018. We classify the ten occupations with largest projected job growth in terms of the wage paid in the occupations in to poverty-wage, low-wage, and good-wage jobs (as defined in Figure 1). The coming boom in poverty-wage jobs is evident. Three of the four occupations with largest job growth — personal and home care aides, home health aides, and food prep and serving workers — pay poverty wages to the median worker in those jobs.

Second, a national analysis of the impact of the recession and weak recovery shows strong growth of low-wage jobs and losses of middle-wage jobs as well. The National Employment Law Project (NELP) analyzed jobs lost in the Great Recession and gained in the recovery, documenting that the labor market tipped toward lower wages over the last five years. The NELP analysis is shown in Figure 2 which makes clear the devastating effect of the recession

Table 4

### POVERTY- AND LOW-WAGE OCCUPATIONS AMONG THE TEN OCCUPATIONS WITH LARGEST EXPECTED ABSOLUTE JOB GROWTH, 2008-2018

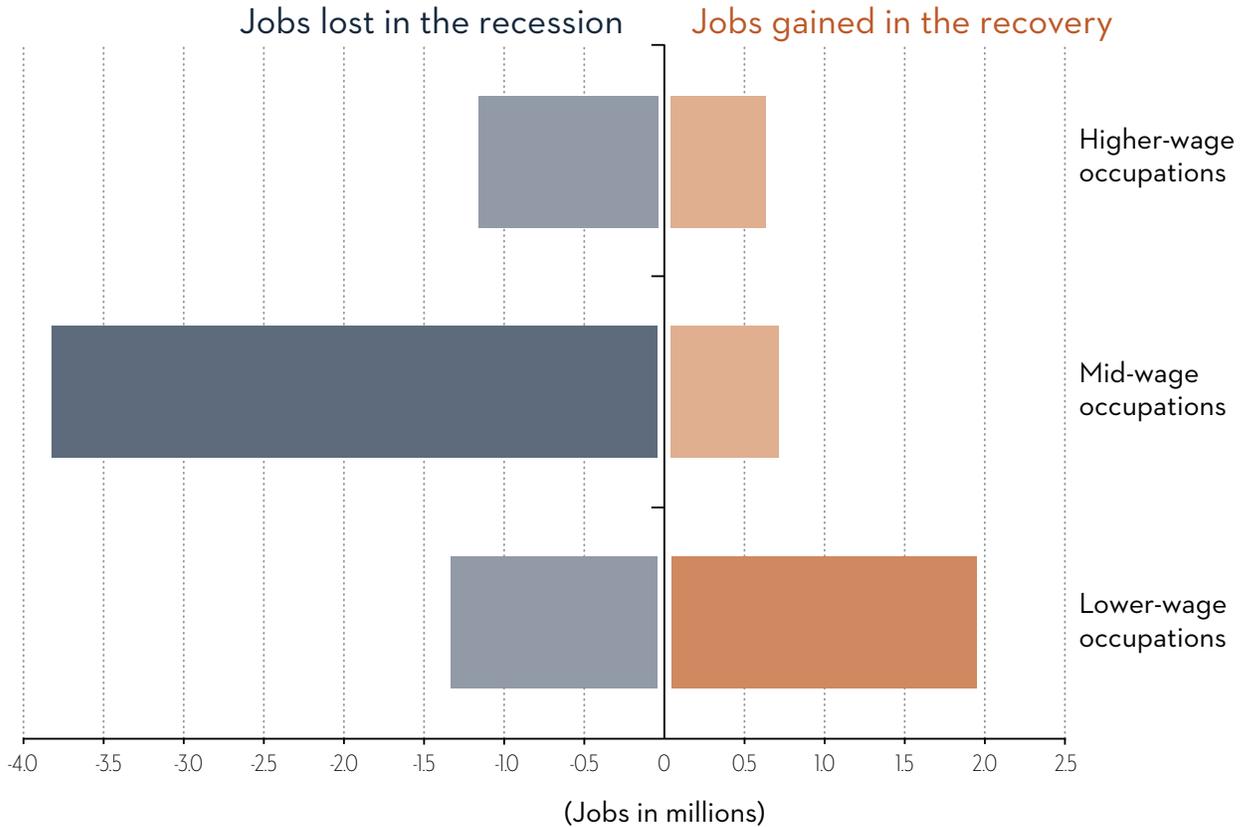
Occupation	Poverty-Wage	Low-Wage	Good-Wage
Personal and Home Care Aides	X		
Registered Nurses			X
Home Health Aides	X		
Combined Food Preparation and Serving Workers, Including Fast Food	X		
Customer Service Representatives			X
Nursing Aides, Orderlies, and Attendants		X	
Preschool Teachers, Except Special Education	X		
Network Systems and Data Communications Analysts			X
Correctional Officers and Jailers			X
Office Clerks, General		X	

Source: Milwaukee-WOW Workforce Development Areas Occupational Projections, 2008-2018; Wisconsin Department of Workforce Development – Worknet

Note: Occupations ranked by absolute projected job growth; poverty-wage occupations are those in which the median hourly wage was less than \$11.19 in 2012; good-wage occupations are those in which the median hourly wage was higher than \$16.79 in 2012; occupations with median wages between \$11.19 and \$16.79 in 2012 are low-wage.

Figure 2

NET CHANGE IN OCCUPATIONAL EMPLOYMENT DURING AND AFTER THE GREAT RECESSION



During the recession, employment losses occurred throughout the economy, but were concentrated in mid-wage occupations. By contrast, during the recovery, employment gains have been concentrated in lower-wage occupations, which grew 2.7 times as fast as mid-wage and higher-wage occupations.



on jobs in the middle of the wage distribution. Job gains in the recovery have been concentrated at the bottom of the distribution. The result is a significant good jobs deficit.

Milwaukee's poverty-wage job problem is significant and projected to grow. This is a national problem and a ruinous one. One in four workers throughout the metro region struggle to make ends meet, struggle to get the regular hours they need, toil in sometimes dangerous conditions with no hope of health insurance or even paid sick leave.

---

*“See, the thing is, you really don't know how much money you'll be making the following week because the schedule is always changing... Even if you want to be full-time, your schedule is going to be jumping around unpredictable just like the part-timers. Even if you're full-time, they might just throw you in 3 days in a week.”*

---





## WHERE HAVE ALL THE GOOD JOBS GONE?

Good jobs are too hard to find. The problem, in Milwaukee as the nation, is the declining bargaining power of workers, especially workers at the bottom of the labor market. Recently, economists at the Center for Economic and Policy Research asked *Where Have All the Good Jobs Gone?* **Their answers:**

- The share of private-sector workers who are unionized has fallen from 23 percent in 1979 to less than 8 percent today.
- The inflation-adjusted value of the minimum wage today is 15 percent below what it was in 1979.
- Several large industries, including trucking, airlines, telecommunications, and others, have been deregulated, often at a substantial cost to their workers.
- Many jobs in state and local government have been privatized and outsourced.
- Trade policy has put low- and middle-wage workers in the United States in direct competition with typically much lower-wage workers in the rest of the world.
- A dysfunctional immigration system has left a growing share of our immigrant population at the mercy of their employers, while increasing competitive pressures on low-wage workers born in the United States.
- And all of these changes have played out in a macroeconomic context that has — with the exception of the last half of the 1990s — placed a much greater emphasis on controlling inflation than achieving full employment.

These policy decisions, rooted in politics, are the main explanations for the decline in the economy's ability to generate good jobs.\*

\*<http://www.cepr.net/documents/publications/good-jobs-2012-07.pdf>

## WORK AT THE FLOOR: THE REALITY AND CHALLENGES OF MILWAUKEE'S POVERTY-WAGE JOBS

For the one in four metro Milwaukee workers in poverty-wage jobs there is nothing abstract about the day-to-day grind of this work. The daily reality is stressful, even punishing, with workers struggling to squeeze value out of small paychecks, desperate for more hours or raises that are promised but never materialize, and making impossible choices daily between the demands of their jobs and the needs of their children. In this section, we paint a more concrete picture of life at the bottom of Milwaukee's labor market by focusing on key poverty- and low-wage jobs sectors.

In terms of data, we now narrow our geographic focus to the city of Milwaukee. (Earlier data sources covered metropolitan Milwaukee — the four-county area including Milwaukee, Ozaukee, Washington, and Waukesha counties.) Turning to the question of the present reality in low-wage occupations allow use of the American Community Survey, with which we can focus more carefully on issues within the borders of in the city of Milwaukee. We consider the city's workforce (ages 18–64), using the same wage threshold for a poverty wage job: \$11.19 per hour.

**Poverty-wage work is a regional problem with high impact in the city of Milwaukee. More than one of every three workers in the city of Milwaukee is earning wages that cannot keep a family of four out of poverty,** a rate of poverty-wage employment well in excess of the 26 percent we found for the region. Remember that this threshold for poverty-wage work is set assuming that the worker can work full-time, year-round. We'll see below how difficult it is to secure regular full-time hours in many of these jobs.



# WORKING AT THE WAGE FLOOR: THE WORKERS...

## DEFINING JOB QUALITY

**\$11.19**  
AN HOUR

*Wage required for a full-time/year-round worker to keep a family of four out of poverty.*



**POVERTY-WAGE JOBS**  
*pay \$11.19/hr or less*



**BETTER JOBS**  
*pay more than \$11.19/hr*



## DEMOGRAPHICS OF POVERTY-WAGE WORKERS

*Share of workers in poverty-wage jobs for key demographic groups*

**28%**  
OF WHITE WORKERS

**38%**  
OF AFRICAN AMERICAN WORKERS

**50%**  
OF HISPANIC WORKERS

**64%**  
OF WORKERS WHO SPEAK  
LITTLE OR NO ENGLISH

## HOURS WORKED PER WEEK

36

40

## MEDIAN HOURLY WAGE

\$7.47

\$19.10

## SOURCE OF HEALTH INSURANCE

### EMPLOYER/UNION

37%

71%

### PUBLICLY FUNDED

25%

12%

### PRIVATE PURCHASE

6%

4%

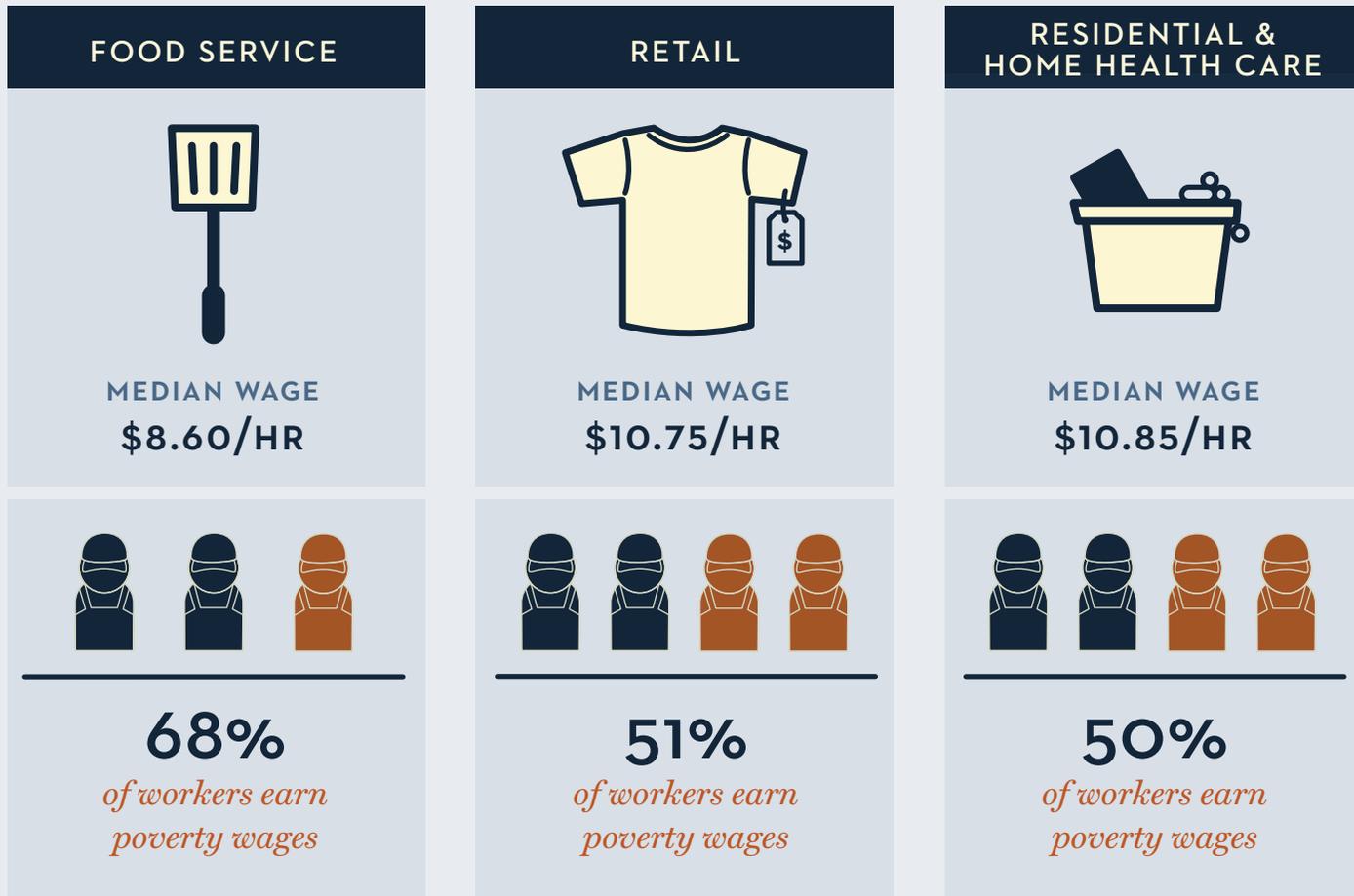
### NO INSURANCE

32%

13%

# 37,000

*of the city's 100,000 poverty-wage workers work in these 3 sectors.*





**TERRY O'KELLY** *Terry is a nursing assistant at a residential facility in South Milwaukee. Although he's held the job for five years, he makes \$9 per hour without benefits. He entered the field because he wanted a stable career path and the opportunity to help others. Instead he finds himself stuck in an exhausting job earning poverty wages with little chance of moving up.*

## WAGES AREN'T THE ONLY PROBLEM IN POVERTY-WAGE JOBS

Wages aren't the only problem in poverty-wage jobs. The entire compensation structure in these jobs is stunted. Bad jobs in terms of wages also tend to offer very few benefits and low and unpredictable hours of work.

Work schedules are perhaps as difficult as wages for many workers. In these sectors, work is often formally or functionally part-time. Offering limited and volatile hours, jobs simply cannot be relied upon to produce a sufficient or even predictable income. Increasing reliance on just-in-time scheduling contributes to this problem as companies adjust work hours in response to customer demand. Bad weather or bad traffic can be

---

*“We do so much extra stuff for our residents. We show so much love and dedication, you would think that our employer would show us the same love and dedication back. In most cases, that’s not the case. We’re scratching up change just to provide for our families and our kids. The only fulfillment or enjoyment we get is from the residents.”*

---

enough to send workers home mid-shift. With irregular and fluctuating hours, a second job — a traditional strategy for dealing with low wages — is even harder to manage (especially if both jobs post schedules just days before the week begins). Also hours can be hard to secure in instances where managers are seeking to hold workers below the hours thresholds that allow access to benefits.

Access to benefits, especially health care benefits, is another significant problem in these jobs. More than 30 percent of workers in poverty-wage jobs have no health insurance. In jobs above the poverty-wage threshold, only 13 percent of workers have no health insurance. And while 71 percent of workers in jobs above the poverty-wage threshold get health insurance through their employer, just 37 percent of Milwaukee’s poverty-wage workers receive health insurance benefits at work. Sick leave, pensions, and other benefits are all much less common in poverty-wage work as well.

## FOOD SERVICE, RETAIL, AND RESIDENTIAL AND HOME HEALTH CARE: 3 SECTORS DOMINATE POVERTY-WAGE JOBS

Specific industrial and occupational sectors contribute more than their share to poverty-wage work. In fact, just three sectors — food service, retail, and residential and home health care — account for nearly 40 percent of the city of Milwaukee’s poverty-wage jobs. Raising the floor will necessarily involve raising wage standards in these sectors. To refine the picture of these sectors, we focus on the lower-wage occupations in them throughout this section. Formally, we exclude managerial, professional, and technical occupations from the following analysis. We call this “frontline” in the sense that we have excluded more elite occupations from the analysis. Workers in these occupations are at the frontline of production and services, but not necessarily at the front counter. (See appendix on data and methods for details.)

Milwaukee’s key poverty-wage occupation/industries are: clerks and cashiers in the retail trade sector; health care aides and assistants and other frontline caregivers in home health and residential long-term care; and all non-managerial jobs in the food service and entertainment sector including fast food. In Milwaukee, nearly two in five poverty-wage workers are employed in those groups.

---

*“The grease is popping and you’re getting burned. And then the floors get mopped and they’re not dry yet but you have to get back to the fryer because those beepers are going off.”*

---

**Food service and entertainment** is a significant and growing industry. The work here is familiar — preparing food, waiting tables, bussing and washing dishes, taking orders at fast food counters, cleaning and maintenance of the facilities — and is primarily in restaurants and fast food. This work is dominated by poverty-wage jobs — more than two-thirds of jobs in the frontline occupations in this sector pay poverty wages. Given the sector's size, and the preponderance of poverty-wage jobs in it, it is the single greatest contributor to poverty-wage work: of the city's nearly 100,000 poverty-wage workers, 18,100 hold frontline jobs in food service. The median wage of Milwaukee's frontline food service worker is just \$8.60 per hour, only slightly above the national wage floor of \$7.25. The hours of work per job in the industry are also low — with a median of just 30 hours per week. Nearly one in three frontline food service workers go without any form of health insurance.

In **retail**, cashiers, clerks, stockers and other low-wage occupations are the core of the industry. Just over half of the frontline workers in retail earn poverty wages. These frontline retail jobs account for some 12,400 poverty-wage jobs. The median wage for all frontline retail workers is just \$10.75 per hour. Median work hours in retail are low as well, just 35 hours per week, well below the

Table 5

### FRONTLINE OCCUPATIONS IN MILWAUKEE: ALL INDUSTRIES AND KEY POVERTY-WAGE SECTORS

	All Industries	Retail	Food Service & Entertainment	Residential & Home Health Care
Number of workers	269,135	24,444	26,679	12,739
Number of workers in poverty-wage jobs	97,796	12,379	18,103	6,374
as percentage of total number workers in sector	36	51	68	50
as percentage of poverty-wage jobs in the city		13	19	7
Median hourly wage (among frontline occupations)	14.03	10.75	8.60	10.90
Median hours worked per week	40	35	30	40

Source: COWS analysis of American Community Survey (ACS), for this table the sample is limited to non-managerial, non-professional, non-technical occupations which we call "frontline" occupations. (See technical note [HERE](#) for details.)

broader norm of full-time (40 hours) work at the median in most industries. Retail is one place where just-in-time scheduling has become more dominant, meaning that workers get sent home mid-shift if managers see too little demand. Many retail workers don't know how many hours they will get to work in a week until they have actually finished their shifts. One in five retail workers go without any form of health insurance.

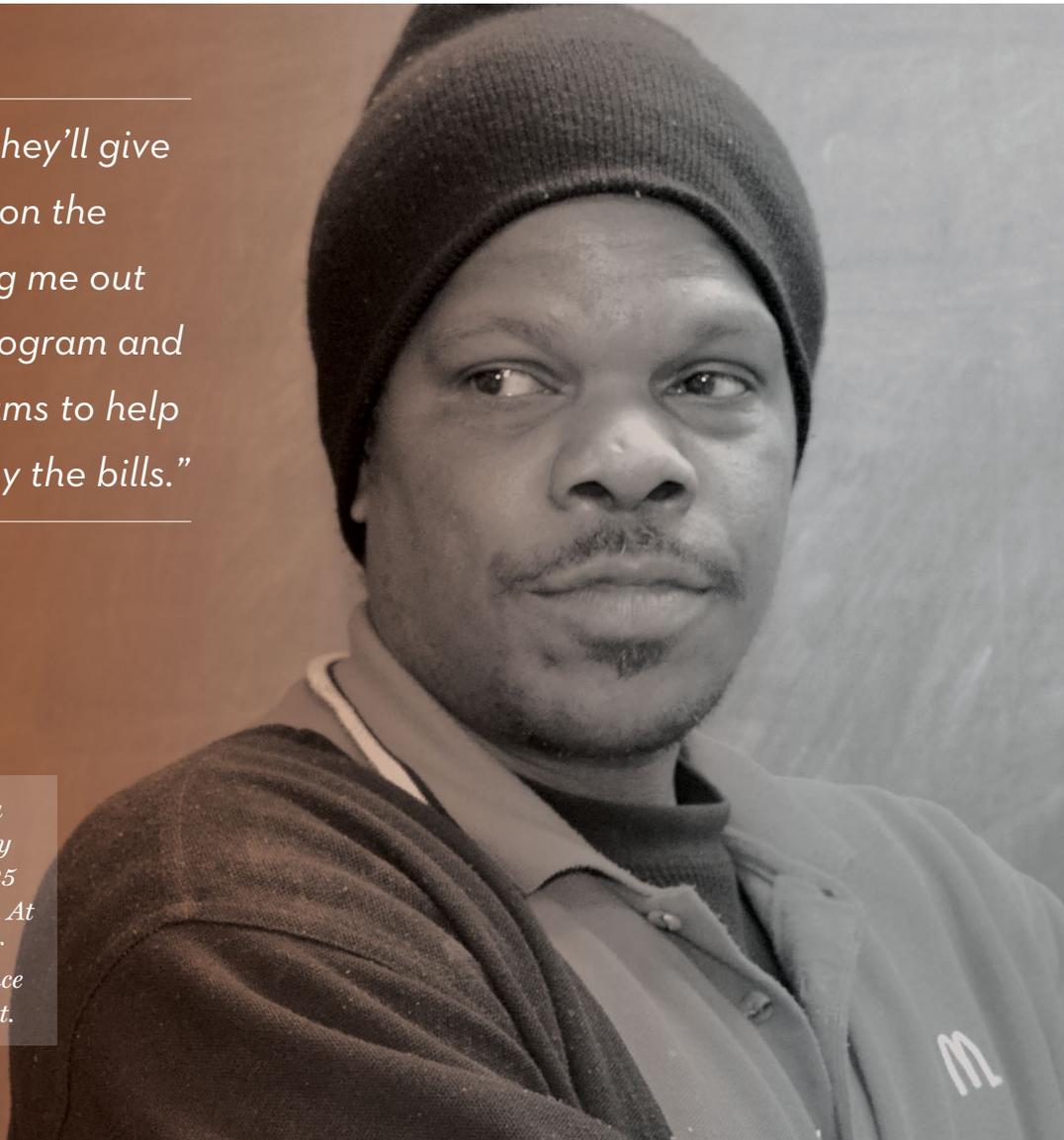
**Long term/residential care and home health** are booming sub-sectors of health care and they offer some of the lowest-paying jobs in health care. The growing low-wage jobs here include frontline caregiving in long-term care (nursing homes and other residential facilities) and home health care. As the population ages, and as health care restructuring pushes down

---

*“I work as many hours as they’ll give me but I have to depend on the City of Milwaukee helping me out and on the FoodShare program and energy assistance programs to help bring food in and help pay the bills.”*

---

**MARVIN JONES** *Marvin has worked as a janitor in a fast food restaurant for nearly a year. He earns the minimum wage, \$7.25 per hour, and has no meaningful benefits. At this wage, it is impossible for him to cover his family’s basic needs so public assistance programs provide a necessary supplement.*



the cost of care, the continued growth of this work is guaranteed. The median wages of frontline caregivers in long-term care and home health is \$10.89 per hour, almost the same level as retail jobs. And as in retail, half of the frontline jobs in these sectors are poverty-wage jobs held by 6,400 workers in frontline caregiving. Overall, the hours of work are more consistent and higher here: average hours per week in the sector matches the standard 40 hours per week. But stability in hours is more characteristic of residential care. In home health, workers often struggle to secure sufficient hours of work, or find themselves without work (and pay) when clients go on vacation or to the hospital. Health care coverage is also a problem: 23 percent of frontline caregivers go without any kind of health insurance. The frontline work of hands-on caregivers remains both dynamically growing and woefully compensated.

## THE REALITY OF POVERTY-WAGE JOBS

---

*“I haven’t bought slip-resistant shoes yet because they’ll come out of my paycheck if I want them. Some jobs will pay for them or will help you, but I can’t afford them on my salary. Not with my salary. I can’t pay for them right now. I mean, you have to pay \$60 a month just to get health insurance. And I can’t even afford to take the bus to work sometimes.”*

---

To offer some perspective on how far short of the cost of living these jobs fall, we provide data on basic expenses in Milwaukee (updated data from the Economic Policy Institute on Basic Family Budgets). The distance between minimal costs of living documented here and the wages offered in retail, food service, and health care jobs confirms with data the voices of workers. To keep up with expenses, a single parent with one child needs to earn \$19.31 per hour to meet basic needs. That’s more than the regional median wage and is inaccessible given the current employment structure, even for most workers with a two-year college degree.

If both parents in a four-person family work full-time year-round, they each need to earn \$13.85 per hour to meet basic needs. Food service and retail jobs very rarely meet this standard. Workers described how their wages are insufficient to even cover their basic living expenses, leaving them with no savings. As one worker explained:

*“I don’t even live paycheck to paycheck; it’s less than that. When I get that paycheck, within the first three days of that week, it’s pretty much gone. Can’t even hold on to it. If you want to hold on to any of it, you have to skip transportation and stuff.”*

Table 6

#### BASIC FAMILY BUDGETS FROM MONTHLY COSTS, METRO MILWAUKEE 2012

	One parent & one child	One parent & three children	Two parents & two children	Two parents & three children
Housing	\$880	\$1,110	\$880	\$1,110
Food	\$351	\$682	\$712	\$859
Child Care	\$774	\$1,863	\$1,318	\$1,863
Transportation	\$353	\$353	\$494	\$494
Healthcare	\$242	\$377	\$413	\$460
Other Necessities	\$296	\$431	\$383	\$473
Taxes	\$450	\$819	\$598	\$775
<b>Total monthly expenses</b>	<b>\$3,347</b>	<b>\$5,634</b>	<b>\$4,800</b>	<b>\$6,033</b>
<b>Total annual basic budget</b>	<b>\$40,160</b>	<b>\$67,606</b>	<b>\$57,602</b>	<b>\$72,401</b>
<b>Hourly wage required (with full-time, year-round work)</b>	<b>\$19.31</b>	<b>\$32.50</b>	<b>\$13.85</b>	<b>\$17.40</b>
	wage needed by parent in FT- YR work	wage needed by parent in FT-YR work	wage needed if both parents work FT-YR	wage needed if both parents work FT-YR

Source: data retrieved from EPI's Basic Family Budget Calculator [<http://www.epi.org/resources/budget/>]. 2007 budget, inflated to 2012 dollars using BLS' CPI-U [<http://ftp.bls.gov/pub/special.requests/cpi/cpiiai.txt>]

## A STRONGER WAGE FLOOR FOR A STRONGER MILWAUKEE

Raising the floor under Milwaukee’s low-wage labor market would not only improve income for low-wage workers, it would also help strengthen the local economy, help high-road businesses that pay decent wages and invest in their workers, and promote more inclusive economic prosperity.

Strategies that could build a stronger wage floor under the Milwaukee labor market include:

- Raising the state or federal minimum wage;
- Expanding municipal prevailing wage and living wage programs;
- Raising minimum wages (living wages) and employment standards (paid sick leave, overtime after 40 hours per week, etc.) for firms that contract with, sell to, or otherwise receive benefits from local government;
- Actively combating wage theft through information campaigns to employers and workers, and increasing enforcement of wage and hour law, including the prosecution of employers that steal workers’ wages; and
- Improving wage, hours, and benefit expectations for all workers through outreach, organizing, and advocacy.

All of this would be good for workers and for the community. Most people get this — raising job standards is hugely popular with the general public. Polling consistently shows strong majority support for higher minimum wages from conservatives and liberals alike.

Broad support for raising the floor rarely translates into actual increases. In order to help bolster the case to raise wages and labor standards we provide here the best evidence on two points. First, we offer data showing that raising the minimum wage is not a job killer. And second we offer the best evidence of how a higher minimum wage is good for workers and good for the community.

## 1 RAISING THE MINIMUM WAGE IS NOT BAD FOR BUSINESS

Strategies to improve job quality at the bottom of the labor market are generally opposed by many employers and often met with skepticism by other community leaders because they are said to be “bad for business.” Economic arguments against raising minimum wages have been consistent and unrelenting over the last 100 years. They have also been consistently wrong.<sup>4</sup>

- Raising minimum wages **does not increase unemployment.**
- Raising wages at the bottom **reduces turnover** and **raises worker productivity.**
- **Large firms making healthy profits** employ most low-wage workers, and they **can afford to pay their workers more.**

## A RAISING THE WAGE FLOOR DOESN'T DESTROY JOBS

The effect of minimum wages on employment has been at the center of economic debate for a very long time. Simple economic models based on the logic of supply and demand predict that raising the minimum wage will lead to job losses for workers whose productivity is too low to justify being paid the higher minimum. Of course, corporations and their lobbyists promote this view. Real world evidence does not.

Over the last twenty years, numerous studies have confirmed that minimum wage increases do not reduce overall employment levels.<sup>5</sup> When New Jersey increased its minimum wage above that of Pennsylvania, researchers found no employment effect in fast food establishments on either side of the state line. When the federal minimum wage was raised in 2007, the restaurant industry continued to expand sales and employment despite the predictions of mass layoffs made by industry representatives.<sup>6</sup> Other studies since then have consistently shown the same outcome: increasing the minimum wage does not destroy jobs.<sup>7</sup>

## B RAISING THE WAGE FLOOR CAN BE GOOD FOR BUSINESS

One reason that higher minimum wages can have so little effect on employment is that higher wages tend to lead to higher productivity and lower turnover. Workers are simply less likely to quit a job that pays more, thereby reducing hiring and training costs. And employees are more likely to invest in improving their job skills when they see a decent future ahead for themselves. In other words, **employers can actually gain from minimum wage increases** in ways that they may not even be able to predict. Some evidence:<sup>8</sup>

- A 2003 study at the San Francisco Airport found **annual turnover among security screeners plunged from 95 percent to 19 percent when their hourly wage rose from \$6.45 to \$10 per hour**. After the “living wage” increase, 35 percent of employers reported improvements in work performance, 47 percent reported better employee morale, 44 percent reported fewer disciplinary issues, and 45 percent reported that customer service had improved.
- A 2006 article in the Harvard Business Review found that higher wage rates at Costco resulted in **less turnover** and employee theft, and **greater productivity** compared to competitors.
- A 2005 study of San Francisco’s minimum wage increase found workers in fast food restaurants **remained employed for longer periods of time** (an average increase of 3.5 months) and were **more likely to have full-time jobs** after the increase.
- A 2005 study of home care workers in the Bay Area found that **turnover fell by 57 percent** following a mandated increase in wages.
- And a 2005 study of the effect of a living wage policy for firms that contract with the city of Los Angeles found that **staff turnover** rates at firms affected by the policy **averaged 17 percent** lower than at firms that were not affected.

More than 1000 business owners and executives, including small business owners from all 50 states, as well as Costco CEO Jim Sinegal and U.S. Women’s Chamber of Commerce CEO Margot Dorfman, supported the most recent increase in the federal minimum wage. As their letter of support stated, “Higher wages benefit business by increasing consumer purchasing power, reducing costly employee turnover, raising productivity, and improving product quality, customer satisfaction and company reputation.”<sup>9</sup>

## C RAISING THE FLOOR LEVELS THE PLAYING FIELD

Some businesses do gain from low wages and declining standards — those whose competitive advantage comes from cutting wages and standards. But these are the worst businesses for a community to encourage. In addition to providing the worst jobs, they offer the least worker training, provide the fewest career opportunities, and put the least back into the local community.

Higher-wage businesses that invest in their workers and offer quality products do not compete through low wages. Raising the wage floor actually helps these businesses by making life more difficult for wage-cutters. Wage increases and stronger enforcement of standards help to level the playing field for the businesses that already pay more and comply with the law.<sup>10</sup>

## D MANY EMPLOYERS CAN ALREADY AFFORD TO PAY MORE

Recent research shows that **two-thirds of America’s lowest-paid workers are employed by firms with 100 or more workers**. These businesses can afford to pay higher wages. Among the 50 largest low-wage employers, 92 percent were profitable in 2011 and 63 percent earned higher profits in 2012 than before the recession.

Perhaps most revealing, **executive compensation at these firms averaged \$9.4 million last year**. And instead of paying their workers better, **these same firms chose instead to pay \$174.8 billion over the past five years in dividends to shareholders and to buy up shares of their own stock**.<sup>11</sup>

## 2 RAISING THE FLOOR HELPS WORKING PEOPLE, THE COMMUNITY, AND THE ECONOMY

While raising wage and labor standards does not result in the negative employment effects employers often claim, making work pay can have dramatic **positive effects on workers, their families and communities, and the overall economy**. The positive effects of raising the wage floor include:

- Higher incomes for substantial numbers of adult workers;
- A stronger local and regional economy; and
- A disproportionately positive impact for the low-wage workers who need it most, thereby putting some equity back into our increasingly unequal economy.

## A THIS ISN'T ABOUT TEENAGERS WORKING PART-TIME JOBS

Increasing the minimum wage would improve the earnings picture for tens of thousands of adult Milwaukee workers. According to one recent study, the recently proposed federal minimum wage increase, from the current level of \$7.25 to \$9.80 per hour, would raise wages for some 585,000 workers in Wisconsin, including 410,000 workers who currently earn less than \$9.80 per hour, and another 176,000 workers who make slightly more but would likely benefit from the upward ripple effect on their wages.<sup>12</sup> Of those 585,000 Wisconsin workers who would benefit from a higher minimum wage, **83 percent are over 20 years old**. Fewer than one in five are teenagers.

Minimum wage earners are also not just working a few hours a week. Fully 43 percent of workers who would gain from the proposed federal minimum wage increase are working full-time (more than 35 hours per week) and another 33 percent work more than 20 hours per week.

The Economic Policy Institute (EPI), a respected analyst of economic policies for working people, summarizes:

*The overwhelming majority of low-wage earners who would receive a raise by restoring the minimum wage to its historic value are adults who spend their careers in frontline low-wage industries that make our economy run.*

## B RAISING THE WAGE FLOOR GIVES THE ECONOMY A BOOST

Higher minimum wages are also an effective way to boost spending and stimulate the economy. Unlike the very wealthy, people working low-wage jobs will recycle higher wages right back into their local community. The Federal Reserve Bank of Chicago estimates that “following a \$1 minimum wage hike, household income rises on average by about \$250 per quarter and spending by roughly \$700 a quarter.”<sup>13</sup> The Economic Policy Institute found that raising the minimum wage from \$7.25 to \$10.10 per hour would result **in a net increase in economic activity of about \$33 billion and create approximately 140,000 new jobs**.<sup>14</sup>

A number of leading economists, including a Nobel Laureate and a former Secretary of Labor, have recently appealed to the president and congressional leaders for a minimum wage increase: “...a higher minimum wage at this juncture will not only provide raises for low wage workers but would provide some help on the jobs front as well”<sup>15</sup>. Even some conservative economists believe that corporate wage cutting has gone too far. A former managing director at Salomon Smith Barney told The New York Times, “Corporations are taking huge advantage of the slack in the labor market... to cut benefits and wages, and to shorten hours” — a strategy that “very much jeopardizes our chances of experiencing a real recovery.”<sup>16</sup>

## C RAISING THE WAGE FLOOR HELPS THE COMMUNITIES THAT NEED IT MOST

Decades of research have demonstrated the links between low wages and a variety of other problems in low-income communities.

- Low wages are associated with higher crime rates and lower social cohesion (in other words, less “looking out for each other”).<sup>17</sup> Neighborhoods with concentrated poverty “isolate their residents from the resources and networks they need to reach their potential and deprive the larger community of the neighborhood’s human capital.”<sup>18</sup>
- There is increasing evidence of a link between low family income and worse health outcomes.<sup>19</sup> For example, residents of high-poverty areas exhibit a disproportionately high death rate from early onset of chronic diseases.<sup>20</sup>
- And poverty has devastating effects on children, with negative long-term effects on health, cognitive and emotional development, educational attainment, and economic achievement.

Raising the wage floor can help reverse these trends — improving health outcomes, increasing social cohesion, and improving the life prospects of children raised in low-income communities.<sup>21</sup>

## CONCLUSION

Raising and strengthening the floor under the bottom of the labor market is long overdue. The national economy generates growth in this recovery, but the benefit of that growth is landing at the highest reaches of the income distribution.

In Milwaukee, raising the floor could make a significant difference in the quality of life for the 100,000 workers in poverty-wage jobs in the city, and for a roughly equal number of poverty-wage workers in the metro region. These workers toil in restaurants and fast food. They stock shelves of our stores and check out purchases. They take care of the old and the frail and the disabled, allowing them the dignity and independence they deserve. They work in health care but cannot afford health care. They cook and serve food, but make too little to keep food on their families’ tables. They sell items they could never afford to buy.

These poverty-wage workers, faced with the grinding struggle of making ends meet and meeting demands of work and family, these poverty-wage workers stand to gain perhaps the most from a stronger wage floor. But our economy stands to gain as well. As workers’ jobs get better, they become better at their work (because they stay longer) and they can spend more to boost the local economy. Raising the floor in Milwaukee is about choosing more inclusive growth and ensuring all of the community thrives when the economy grows. Milwaukee’s worst news — of racial disparity, of poor health outcomes for children, and violent crime — are rooted in the lack of decent jobs. Raising the floor is a critical first step toward turning that news around.

- 1 State of Metropolitan America, interactive data map, Brookings Institute: <http://www.brookings.edu/research/interactives/state-of-metropolitan-america-indicator-map>
- 2 Marc Levine. *Race and Male Employment in the Wake of the Great Recession: Black Male Employment Rates in Milwaukee and the Nation's Largest Metro Areas 2010* (January 2012, University of Wisconsin-Milwaukee, Center for Economic Development.)
- 3 John Pawasarat and Lois Quinn. *Wisconsin's Mass Incarceration of African American Males: Workforce Challenges of 2013*. (April 2013, University of Wisconsin-Milwaukee, Employment and Training Institute.)
- 4 NELP, *Consider the Source: 100 Years of Broken-Record Opposition to the Minimum Wage* (Cry Wolf Project, March 2013)
- 5 David Card and Alan B. Krueger. 1997. *Myth and Measurement: The New Economics of the Minimum Wage*. Princeton University Press.
- 6 Consider the Source: *100 Years of Broken-Record Opposition to the Minimum Wage* (National Employment Law Project/ Cry Wolf Project, March 2013)
- 7 John Schmitt, *Why does the Minimum Wage Have No Discernible Effect on Employment?* (CEPR, February 2013).
- 8 <http://www.raisetheminimumwage.com/pages/business-case>
- 9 <http://www.businessforafairminimumwage.org/statement>
- 10 *A Strong Minimum Wage Can Help Working Families, Businesses and Our Economy Recover* (NELP, January 2011)
- 11 <http://www.raisetheminimumwage.com/pages/corporate-profits>
- 12 Doug Hall and David Cooper, *How Raising the Minimum Wage would Help Working Families and Give the Economy a Boost* (EPI, August 14, 2012).
- 13 Daniel Aaronson et al. 2011. "The Spending and Debt Response to Minimum Wage Hikes." *Federal Reserve Bank of Chicago* WP 2007-23 (revised)
- 14 *Raising the Federal Minimum Wage to \$10.10 Would Give Working Families, and the Overall Economy, a Much-Needed Boost* (Economic Policy Institute, March 2013)
- 15 <http://www.epi.org/publication/raise-minimum-wage/>
- 16 Quoted in: *Raising the Federal Minimum Wage to \$10.10 Would Give Working Families, and the Overall Economy, a Much-Needed Boost* (EPI, March 2013)
- 17 Robert J. Sampson et al. 2002. "Assessing 'Neighborhood Effects': Social Processes and New Directions in Research. *Annual Review of Sociology* 28:443-478 *Fight for the future: the case for raising wages to save lives* (Stand Up Chicago, February 2013)
- 18 U.S. Department of Housing and Urban Development: <http://www.huduser.org/portal/periodicals/em/winter11/highlight2.html>
- 19 Richard G. Wilkinson. 1992. "National Mortality Rates: The Impact of Inequality?" <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1695749/pdf/amjph00545-0020.pdf>
- 20 Arlene T. Geronimus. 2011. "Excess Black Mortality in the United States and in Selected Black and White High-Poverty Areas, 1980-2000.: *American Journal of Public Health* 101(4):720-729
- 21 Gary W. Evans et al., *Stressing Out the Poor: Chronic Physiological Stress and the Income-Achievement Gap* (Pathways, Winter 2011)



## METHODS AND DATA

This report relies heavily on figures and analysis generated by scholars and organizations we consider provide the best available picture of the reality that workers and their families face in Milwaukee. In several parts of the argument, though, we also generate our own figures and graphs. In those cases we use the best available data at the Metropolitan and city levels. In producing these figures we have made a series of methodological decisions involving basic questions of data, and definitions regarding population, wage thresholds to group workers, and industries and occupations of interest.

### DATA SOURCES AND GEOGRAPHIC AREAS

In the first section of the report we compare statistics for 1979 and 2012 (Table 1). For this, we use data from the Current Population Survey (CPS) provided by the Economic Policy Institute (EPI). The CPS is a representative survey at the national and state levels. CPS data goes back several decades into the Twentieth Century. The survey allows, thus, for the kind of long-term comparisons we provide in this report.

The sample size in the CPS does not allow for analysis at the city level, but it provides “reliable estimates [...] for 12 of the largest metropolitan statistical areas,”<sup>1</sup> which includes Milwaukee and its surrounding suburbs and towns. Thus, the first section of this report refers to “Metro Milwaukee.” For 1979, the figures correspond to the Standard Metropolitan Statistical Area (SMSA) “Milwaukee, WI”, which included Milwaukee County, Waukesha County, Ozaukee County, and Washington County. For 2012, the figures correspond to the “Milwaukee-Waukesha-West Allis” Metropolitan Statistical Area (MSA), composed by the same set of counties.<sup>2</sup>

In the second section, we wanted to analyze work and labor market conditions for specific industries and groups of workers in the city of Milwaukee, excluding the more affluent suburbs. For this we need a larger sample size. Since in this case we are not trying to make long-term comparisons, we utilized the American Community Survey (ACS), which is also provided by the Census Bureau. The ACS does not allow for long term comparisons (it started in the early 2000s), but it is based in a much larger sample than the CPS. In our analysis, we focus on the Milwaukee Super-Public Use Microdata Area (Super-PUMA), composed by four Public Use Microdata Areas (PUMAs) that coincide with the city borders. The Milwaukee Super-PUMA is thus a subset of the Milwaukee County. It is important to note that this geographical area is much smaller than the one covered by the Milwaukee MSA, containing the city of Milwaukee and excluding the richer suburban counties as well as the parts of Milwaukee County that are not part of the city of Milwaukee. We use the latest 3-year estimate provided by the Census Bureau, which pulls together data from the 2009, 2010, and 2011 surveys.

#### “WORKER” SAMPLE POPULATION AND WAGE GROUPS

In analyzing labor markets in the city of Milwaukee, we include all workers in the Milwaukee Super-PUMA who received at least some wage on the year before they were surveyed. We thus exclude workers with zero wages during the year prior to the interview; even if they are counted as part of the labor force (i.e. we exclude those unemployed for one year or more). People working in the Armed Forces are also excluded from our sample.

#### WE CLASSIFY WORKERS IN THREE GROUPS:

- Jobs paying a wage that is insufficient to lift a full-time (40 hours a week), year-round (52 weeks a year) worker to the poverty line for a family of four with two children, are classified here as **poverty-wage jobs**. In 2012 dollars the poverty wage threshold was \$11.19 an hour. The annual earnings for these workers would be \$23,275 or less.
- Sometimes we split jobs above poverty into two groups:
- Jobs paying less than 1.5 the poverty wage (\$16.79 per hour in 2012 dollars) but more than the poverty wage are classified as **low-wage jobs**.
- Finally, worker earning wages above 1.5 the poverty wage are classified as working in **good-wage jobs**.

#### INDUSTRIES AND OCCUPATIONS

In order to better understand the reality of workers at the bottom of the pay distribution, we analyze three critical industries: retail, food services and entertainment, and residential and home health care. In all cases, we restrict our universe of analysis to workers who do not work in top-tier occupations. We thus exclude around 11,000 workers in the following occupations: Management, Business, and Financial Occupations; and Computer, Engineering, and Science Occupations. The industry-level figures represent then the set of workers (around 95–98 percent of all workers in each industry) working in those occupations that are more likely to concentrate low-wage and poverty-wage jobs.<sup>3</sup>

#### THE OCCUPATIONS PRESENTED IN THE TABLES ARE DEFINED AS FOLLOWS:

- The **All industries** category is used as a reference group, and includes workers in all industries who are not in top-tier occupations
- The **Retail** sector includes all retail sales subsectors (furniture, house appliances, computer stores, hardware stores, grocery stores, pharmacies, gas stations, etc.) Because of its particular nature, we exclude automobile and other motor vehicle dealers. We also exclude electronic shopping, electronic auctions, mail-order houses and vending machine operators, since these sectors usually do not involve frontline work. For the same reason we exclude fuel dealers other than gas stations.
- The **Food Services & Entertainment** industry includes Bowling centers; Restaurant and Food services; Drinking places; Museums and galleries; and Gambling and other amusement centers.
- The **Residential and Home Health Care** sector includes the following: home health care services; nursing care facilities; and residential care facilities without nursing. It also includes home health jobs, defined as particular occupations —nursing, psychiatric, and home health aides, as well as personal and home care aides- within specific sectors, namely, home health services, and private households.

1 <http://www.census.gov/cps/about/faq.html>

2 Statistical Policy Office. 1994. "Metropolitan Areas 1994". *Draft of Chapter XI, Part A: Changes in Metropolitan Areas 1950-114*. Statistical Policy Office, Office of Information and Regulatory Affairs, Office of Management and Budget, Executive Office of the President. <http://www.nber.org/cps-basic/metrochg.pdf> [Retrieved:4/10/2013 ]

3 Education, Legal, Community Service, Arts, and Media occupations; Healthcare Practitioners and Technical Occupations; Service Occupations; Sales and Office Occupations; Natural Resources, Construction, and Maintenance Occupations; and Production, Transportation, and Material Moving Occupations.



*This report was designed by Kristin Girvin Redman and Peggy Frain with illustrations by Christina King at Cricket Design Works in Madison, Wisconsin.*

*The text face is Miller Text Roman from Font Bureau. The fonts used for subheads and headers include Neutraface 2 Display Medium and Bold from House Industries.*

