



100 DAYS FOR AMERICA'S WORKERS

Policies to Jump-Start a Living Wage Recovery

DECEMBER 2012

NELP
National Employment
Law Project

For too long, policymakers have relegated America's workers to the federal policy backburner. Rising poverty, falling wages, growing economic insecurity, and workplace abuses like wage theft are just some of the consequences of policies that sanction squeezing workers to boost corporate profits while largely shunning "interference" in business—except when businesses need bail-outs.

We have an opportunity to change this dynamic, to move the well-being of America's workers front and center on the policy agenda.

Introduction

Putting America's workers front and center on the federal policy agenda requires that we get serious about the urgent **jobs crisis** facing the nation. Simply put, **we do not have enough jobs** for all who want and need to work, and increasingly, **our jobs do not pay the living wages and provide the benefits** needed for a recovery that extends economic security and opportunity to all of America's workers. The jobs crisis is already devastating millions of working families while keeping the economy weak, and unless we intervene now, it promises to reap dividends of despair in the future too.

In this document, NELP lays out five straightforward and concrete policy proposals for the first 100 days of the new term—100 Days for America's Workers—that will improve the lives of millions, while giving the economy a sustained boost. Specifically, our leaders should:

- 1 | **Renew Federal Unemployment Insurance**
- 2 | **Protect Home Care Workers on the Job**
- 3 | **Invest in Creating Good Jobs**
- 4 | **Raise the Minimum Wage**
- 5 | **Strengthen Enforcement of Workplace and Civil Rights**

This is not a comprehensive policy agenda; it does not dig deep into a number of essential reforms. We know, for example, that ending workplace exploitation requires **comprehensive immigration reform** with a path to citizenship, as well as new measures to **restore the freedom of workers to join together and bargain collectively**; we are deeply committed to these and other crucial workplace reforms and will fight for their swift enactment. In this agenda, however, we focus on five discrete policies that are already well developed and ripe for immediate action. We urge the President and Congress to move quickly on these proposals, which address some of the most urgent problems facing America's low-wage and unemployed workers today.

The first 100 days will reveal whether Congress and President Obama can truly put partisanship aside and work in the best interests of America's working men and women. Our policy proposals offer a route into that collaboration, a way to begin to restore the promise of opportunity, mobility, and security through work.

The jobs crisis is immediate, and solving it is urgent. As President Obama has said, "We can't wait."

NOTE ON SOURCES

Data for this agenda come from various public sources, including the Economic Policy Institute, PHI, the Political Economy Research Institute, the U.S. Bureau of Labor Statistics and other federal agencies. Please contact us at nelp@nelp.org if you have questions regarding sources for specific items.

ABOUT NELP

The National Employment Law Project is a non-partisan, not-for-profit organization that conducts research and advocates on issues affecting low-wage and unemployed workers. For more than 40 years, NELP has sought to ensure that work is an anchor of economic security and a ladder of opportunity for all working families. In partnership with national, state, and local allies, NELP promotes policies to create good jobs, strengthen upward mobility, enforce hard-won workplace rights, and help unemployed workers regain their footing. To learn more about NELP, visit www.nelp.org.

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Renew Federal Unemployment Insurance

Unemployment insurance provides crucial support for jobless workers and their families. It prevents millions from falling into poverty and keeps jobless workers plugged into the job search, while boosting the economy. But if Congress fails to renew the federal unemployment program before it expires on December 29, 2012, more than two million unemployed workers will suffer an abrupt cut-off from this vital and effective aid. Economic conditions do not warrant this premature end to the federal unemployment program:

- **Not Enough Jobs.** Our nation's unemployment rate remains high at 7.7 percent. More than 12 million Americans are officially unemployed, but there are typically three-to-four million job openings in any given month.
- **Record Long-Term Unemployment.** Around 4 in 10 jobless workers—nearly five million people—have been out of work for more than six months. The average length of unemployment is roughly 40 weeks.

THE POLICY

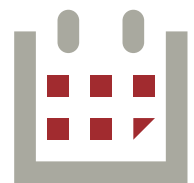
Congress should reauthorize the Emergency Unemployment Compensation (EUC) program. The EUC program provides 14 to 47 weeks of federal unemployment insurance to jobless workers who have completed their state's unemployment insurance program and still cannot find work.

THE IMPACT

Reauthorizing the EUC program will:

- + Provide unemployment insurance for more than two million unemployed workers hunting for a new job and another one million in the first quarter of 2013. Jobless workers who receive unemployment insurance are more likely to be proactive in seeking work than those who do not receive it, devoting more hours to the job search.
- + Pump up to **\$30 billion** into the national economy in 2013 and up to twice that in resultant economic activity. Unemployment insurance offers tremendous “bang for the buck” to the economy: every **\$1** the government spends on it creates **\$1.61 to \$2** in economic stimulus—money that saves and creates jobs in communities across the country.
- + Reduce economic hardship. In 2011, unemployment insurance kept **2.3 million** unemployed workers and their families out of poverty.
- + Help more workers stay attached to the labor market long enough to find employment with wages that they and their families can rely upon to live.
- + Deliver particularly crucial aid to African American and Latino workers, who continue to experience unemployment rates much higher than the rest of the workforce, and older workers, who are disproportionately represented among the long-term unemployed.

40



Average number of weeks unemployed

2

Protect Home Care Workers on the Job

Home care workers provide care and services to the elderly and disabled in their homes. But these essential caregivers have long been excluded from federal minimum wage and overtime protections enjoyed by most of America's workers. Excluding 2.5 million home care workers from these basic protections undermines the value of their work, the care and services individuals receive, and the economy.

Home care is one of our nation's fastest-growing but lowest-paid occupations. The average national wage of \$9.40 per hour for this demanding job means that one in five workers lives below the poverty line. In 34 states, the average hourly wages are low enough to qualify workers for public assistance. But demand is high, and home care jobs are projected to increase by nearly 1.3 million between 2010 and 2020 as our population ages.

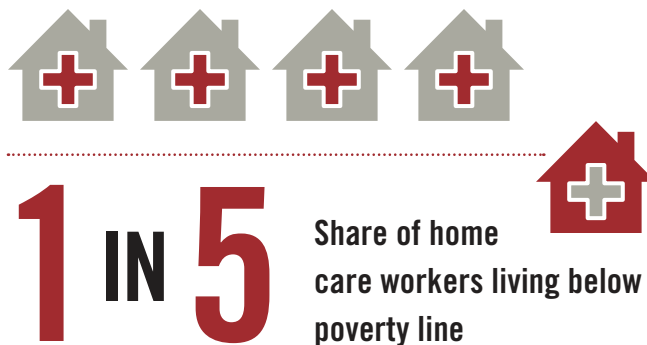
Employers are struggling to attract and retain qualified caregivers in the face of low pay, poor working conditions, and high rates of injury. Without prompt action to improve conditions, worker shortages are likely to worsen at the same time that the demand for home care skyrockets.

THE POLICY

The Obama administration should finalize new Labor Department rules that will apply federal minimum wage and overtime laws under the Fair Labor Standards Act to our nation's home care workers. The new rules would also institute simple wage-and-hour recordkeeping requirements for live-in domestic workers.

THE IMPACT

- + Approximately **2.5 million** home care workers who currently do not have rights to minimum wage or overtime protections under federal law would finally be covered.
- + The federal standards would help reduce the high turnover rate that plagues the industry—estimates range from **50 to 80%** annually—and in turn improve the quality of care by retaining skilled and dedicated workers.
- + Fears that costs will become prohibitive are unfounded. **15 states** already cover home care workers under state minimum wage and overtime laws, and an additional six states and the District of Columbia cover them under minimum wage laws. None have suffered any disruptions to their long-term care systems.
- + The new rules would help prevent employers from failing to pay workers their earned wages, or paying workers less than the minimum wage—abuses that compromise this vital sector.



3

Invest in Creating Good Jobs

Creating more good jobs is one of the greatest challenges facing our nation. Despite modest growth over the last two years, we still face a deep deficit of around nine million jobs. Almost 12 percent of construction workers remain unemployed. And we continue to see layoffs in the public sector, which has shed 627,000 jobs—including teachers, firefighters, nurses, engineers, and many other vital public service jobs—since June 2009.

At the same time, America's aging infrastructure is in desperate need of repair. The American Society of Civil Engineers gives America's infrastructure a grade of "D" and warns that without increased investment, we face catastrophic failures of our roads, bridges, rails, dams, and waterways. Trains and roads aren't the only concern. In 2008, the EPA estimated that the nation needed nearly \$300 billion to address water quality or water-quality-related public health problems.

THE POLICY

1. Invest \$220 billion annually for the next five years to rebuild America's critical infrastructure, which will create three-to-five million good jobs. Priorities should be increased funding for (a) public transit projects, which create twice as many jobs as highway projects, (b) repairing existing roads and bridges, which creates more jobs than building new ones, and (c) clean water funds, which support cities struggling to provide clean water to their residents.
2. Provide states with \$50 billion for each of the next two years to rehire and avert layoffs of 500,000 public sector workers who provide vital public services such as education, medical care, and public safety.

THE IMPACT

- + An overall annual infrastructure investment of **\$220 billion** for five years will create between three-to-five million jobs, based on estimates developed by the Political Economy Research Institute.
- + **\$100 billion** in new spending to modernize transportation infrastructure results in about 1.1 million new jobs over two years, including significant numbers of high-wage, unionized jobs.
- + For every \$1 billion spent on public transportation capital and operations, nearly **65,000** jobs are created.
- + Every job created in the local water and sewer industry creates an additional **3.68** indirect and induced jobs, e.g., in manufacturing tools used to build the infrastructure, or in selling the goods and services these workers buy with their earnings.
- + Repairing our infrastructure now is also the fiscally responsible thing to do: the American Association of State Highway and Transportation Officials found that spending \$1 to maintain a current road saves **\$7** in reconstruction work later.
- + Reinstating financial aid to the states would save or create **500,000** jobs and help stop the public sector layoffs that continue to offset employment gains in the private sector. Bringing back some of the **220,000** laid-off teachers means that classrooms will become less crowded. Saving public sector jobs means ambulances will arrive more quickly to save lives, trash and waste will be picked up in a timely manner, and the streets will be safer with sufficient policing.

4

Raise the Minimum Wage

The federal minimum wage today is only \$7.25 an hour—roughly \$15,000 a year for a full-time worker—not nearly enough to support a family. The minimum wage for tipped workers has been frozen at a meager \$2.13 for more than 20 years.

The minimum wage is playing a bigger role than ever in our economy, as more workers rely on low-wage jobs to make ends meet: roughly one-fourth of U.S. workers earn less than the federal poverty line for a family of four. And contrary to stereotypes, most low-wage workers are adults, not teens: 87.9 percent of workers who would benefit from raising the minimum wage are adults 20 years or older.

Over the last few decades, families have seen middle-class jobs replaced with low-wage work in the service sector: 6 of the 10 occupations projected to grow the most by 2020 will be low-wage occupations.

Businesses can afford a wage increase. Last year, corporate profits reached the largest share of GDP since 1950, while wages and salaries are now the lowest share of GDP since 1955. The majority of low-wage workers (66 percent) are employed by large corporations, not small businesses.

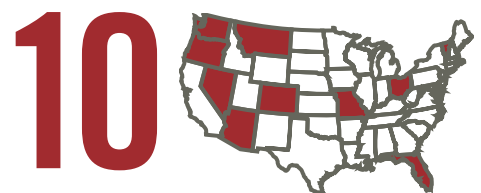
THE POLICY

Congress should pass legislation similar to the Harkin-Miller Fair Minimum Wage Act of 2012.

The legislation should (a) raise the federal minimum wage to at least \$10 an hour by 2015; (b) automatically adjust the minimum wage annually to keep pace with the rising cost of living, as 10 states currently do; and (c) raise the minimum wage for tipped employees to 70 percent of the regular minimum wage.

THE IMPACT

- + A minimum wage increase would generate more than \$25 billion in GDP, and create the equivalent of more than **100,000** full-time jobs, according to the Economic Policy Institute's analysis of the Fair Minimum Wage Act of 2012.
- + More than **28 million** Americans working in low-wage jobs would get a badly needed raise.
- + Increasing the tipped minimum wage to \$5.08 per hour — **70%** of the current regular minimum wage — would benefit nearly **837,200** tipped workers and their families. It would also be a major step toward reducing gender pay inequity, given that 71 percent of servers are female.
- + In addition to helping workers and their families make ends meet, raising wages for the lowest-paid workers helps sustain the consumer spending needed to spur economic recovery.



10 Number of states that index minimum wage to keep up with inflation

5

Strengthen Enforcement of Workplace and Civil Rights

The Great Recession and continued high unemployment have left many more workers vulnerable to wage theft, unsafe working conditions and discrimination, as well as retaliation when they try to speak up about unfair treatment on the job. But enforcement of basic workplace and civil rights is badly underfunded, leaving millions of America's workers without recourse to protect their core workplace rights.

- **Wage and hour.** Between 1980 and 2007, the number of federal wage-and-hour investigators declined by 31 percent, and the number of enforcement actions fell by 61 percent. Although the U.S. Department of Labor (USDOL) has added investigators under the Obama administration, current staffing levels remain below their 1980 watermark.
- **Health and Safety.** At current staffing levels, it would take the U.S. Occupational Safety and Health Administration (OSHA) 129 years to inspect each workplace under its jurisdiction just once, according to the AFL-CIO.
- **Equal Opportunity.** Between 2000 and 2008, U.S. Equal Employment Opportunity Commission (EEOC) staffing levels dropped by nearly 30 percent while the agency's jurisdiction expanded and the number of EEOC charges reached historic levels.

THE POLICY

Strengthen enforcement of minimum wage, overtime, health and safety, and anti-discrimination laws by:

1. Increasing the number of investigators enforcing minimum wage and overtime laws at the USDOL by 500 over four years (or by about 50 percent over current staffing levels).
2. Increasing the number of OSHA inspectors by 500 over four years (or by about 50 percent over current staffing levels), and provide similar increases in funding for state OSHA enforcement, the whistleblower program, and legal support for these programs.
3. Increase EEOC staffing by 650 investigators, mediators, attorneys, and support staff over four years (or by about 25 percent over current levels).

THE IMPACT

- + A 50 percent increase in wage-and-hour investigators over four years would enable the USDOL to investigate wage theft claims for an additional **137,500** workers, yielding an additional \$112 million won in back wages.
- + An increase of **500** additional OSHA investigators over four years would enable **20,000** more workplaces to be inspected and made safe for America's workers.
- + An increase of **650** EEOC staff over four years would strengthen a broad range of EEOC enforcement programs, including litigation, mediation, education, and outreach, enabling the agency to help an additional 1.4 million workers.

129 

Number of years it would take OSHA to inspect each workplace just once