

MAKING BAD JOBS GOOD



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MIT

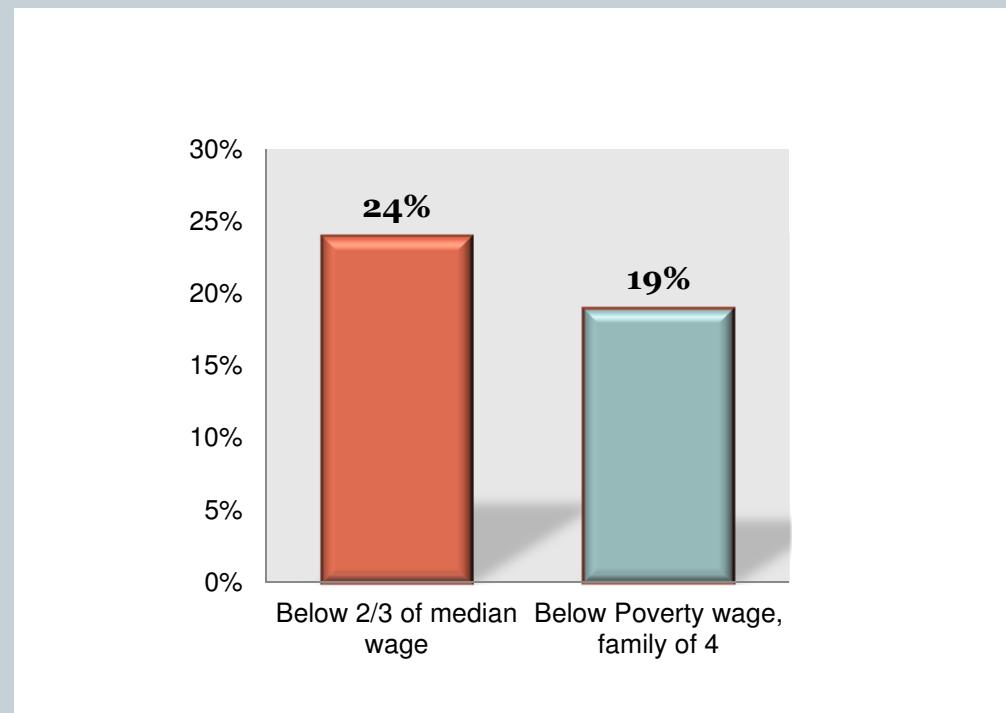
GOOD JOBS AMERICA

MAKING WORK BETTER FOR EVERYONE



PAUL OSTERMAN and BETH SHULMAN

EXTENT OF LOW WAGE WORK, 2010



MOBILITY OUT OF LOW WAGE SECTOR IS LOW

In a longitudinal study of employees in the 1990s—a very strong economy—only 27% of low wage workers were able to consistently raise their earnings above the poverty line for a family of four

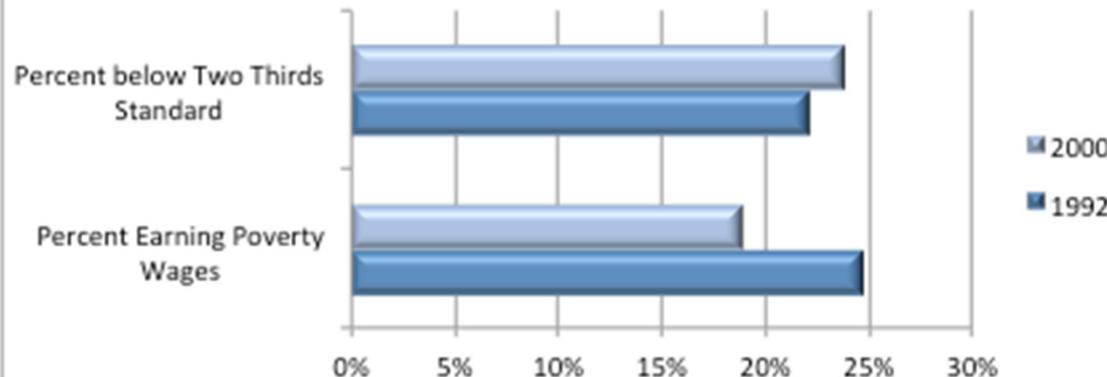
PLAN OF THIS TALK

- Exam the two most common strategies: a strong economy and improving education
 - conclude these are important but inadequate
- Argue that directly working with firms is key and is often overlooked
- Describe strategies for working with firms

WILL FULL EMPLOYMENT SOLVE THE PROBLEM? NO.



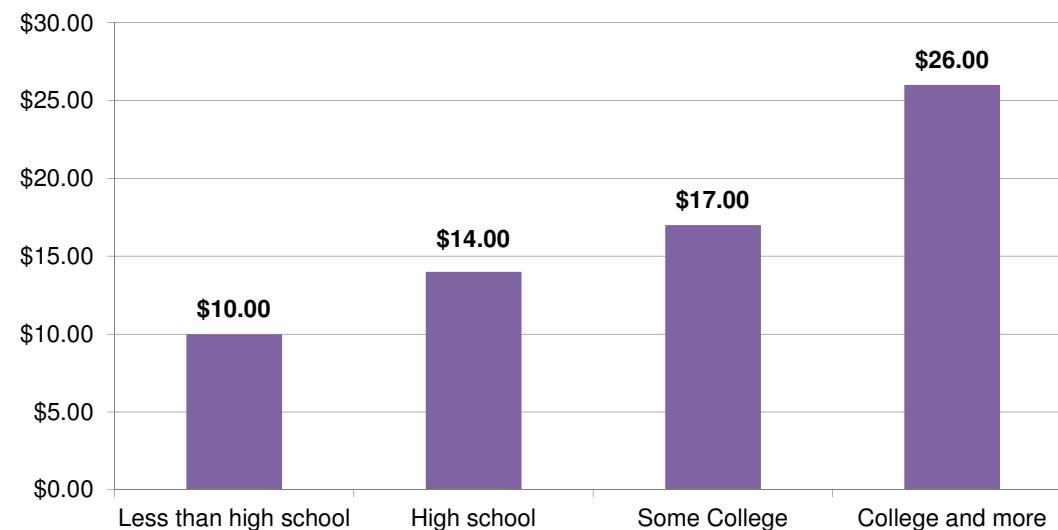
Wages, Inequality, and Full Employment, Trough to Peak



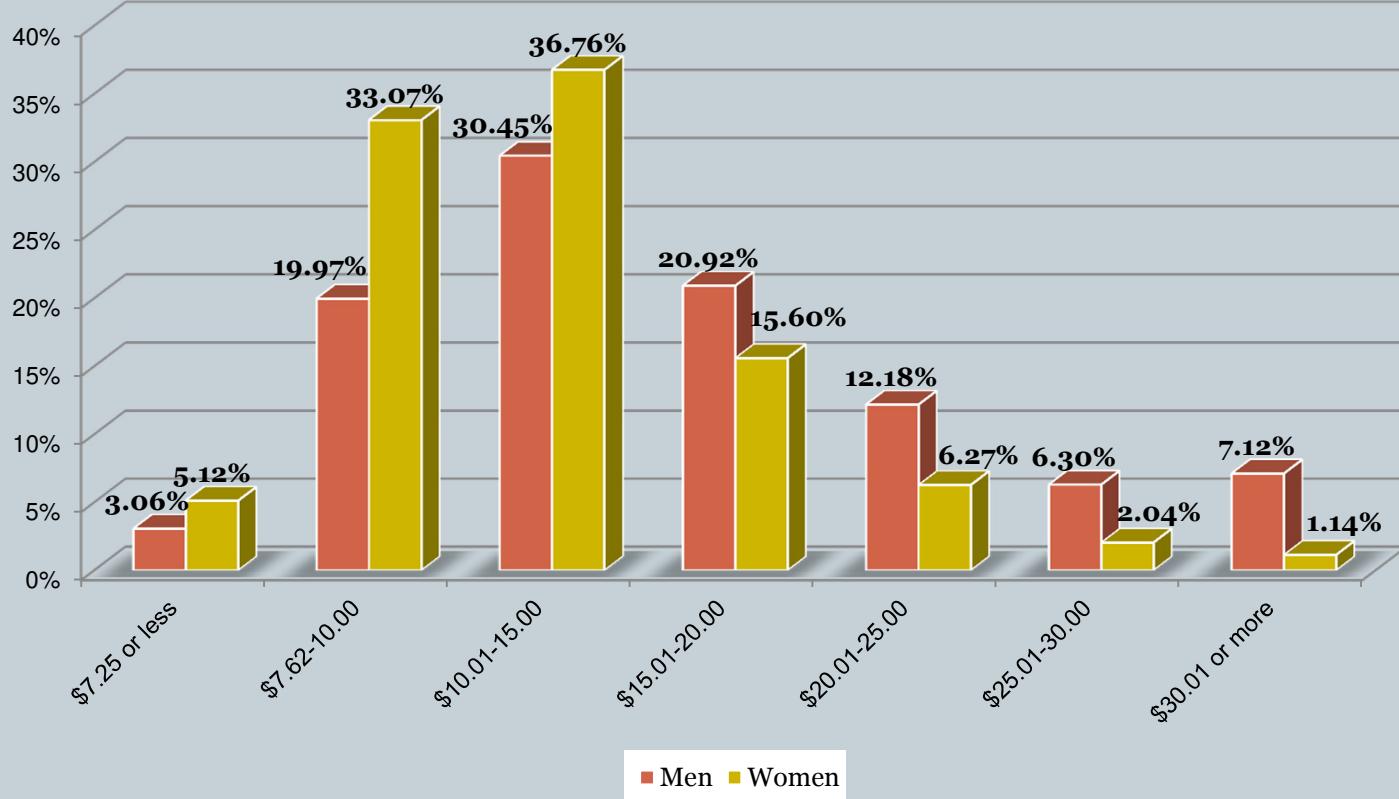


WILL INCREASING EDUCATIONAL ATTAINMENT SOLVE THE PROBLEM?

THERE IS A STRONG RELATIONSHIP OF EDUCATION AND EARNINGS



BUT: THERE IS ALSO CONSIDERABLE DISPERSION EARNINGS: HIGH SCHOOL DEGREE AND AGES 31-39



BOTTOM LINE: WE NEED A MORE COMPLETE STRATEGY

- Improving the skills of the workforce
- Pressuring firms to improve job quality
- Helping firms improve job quality

IN ORDER TO:

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- Making bad jobs good
- Improving access to good jobs
- Creating more good jobs

PUSHING FRIMS TO IMPROVE



- Standards
- Voice

STANDARD SETTING

- Minimum Wage
- Living Wage campaigns
- Community Benefit Agreements
- Tax incentive policy

VOICE



- Unions
- Community Groups
- Worker Centers

HELPING FIRMS IMPROVE

- The role of intermediaries, career ladders, and technical assistance

PROGRAMATIC TERMS OF ART

- Intermediaries
- Sectoral programs

ELEMENTS OF BEST PRACTICE

- The dual client idea
- Develop industry expertise
- Act as a surrogate HR department
- Provide substantial support to trainees
- Long term training
- Maintain contact after placement

AUSPICES

- Business Associations
- Unions
- Community organizations
- Other non-profits

FUNDING

- Foundations
- Federal demonstration funds
- State training funds
- Private: firms, unions, business groups

PROGRAMATIC STRATEGIES



Build Internal Labor Markets

HOTEL PROJECTS

CERTIFIED NURSING ASSISTANTS

Change Industry Structure

COOPERATIVE HOME HEALTH CARE

Provide incentives to increase training of low wage incumbent workers

Cooperative Home Healthcare Associates CHCA works with low paid home health care aides and has sought to transform the nature of their work by creating a workers' cooperative, providing more training and skill than is typical, and leveraging this to charge a higher than average wage/benefit package and create a larger proportion of full-time work than is the norm. The model has been successful in New York City and is replicated in other locations by the Paraprofessional Health Care Institute.

Boston SkillWorks Several regions have pulled together funding streams and established intermediaries to work with firms to upgrade low-wage workers. One example in the Bay Area is San Francisco Works and another is Boston SkillWorks. SkillWorks has received funding from public sources and several local and national foundations and is a five year, \$15 million dollar effort. Managed by a local intermediary, Jobs for the Future, it has established career ladder programs in several local hospitals and is working to do the same in the hotel/hospitality industry and in building services. Its goal is to upgrade roughly two thousand incumbent workers and to provide pre-employment training to roughly five hundred new hires.

Project QUEST QUEST is a training program in San Antonio Texas aimed at working poor with high school degrees. The program works with firms in San Antonio to identify job openings and to identify the skills required. The firms then make a good-faith pledge to hire program graduates and may redesign their jobs to create ladders. The jobs must meet living wage standards. The training is provided by local community colleges and typically lasts one and a half years. The program provides modest financial support and extensive counseling to the clients. The program is organized and managed by a non-profit organization that is closely linked to a community based organization. Over 2,000 people have gone through QUEST.

THE QUANTITATIVE EVALUATION EVIDENCE OF INTERMEDIARIES

- Project QUEST evaluation: more than \$10,000/year gain
- Smaller pre/post evaluations show gains of \$1-\$5 an hour
- Large scale random assignment evaluations now underway

INCENTIVES TO INCREASE TRAINING FOR LOW WAGE WORKERS

- For example, state training funds, tax incentives
- Requires less organizing
- But: are there net increments in training?
- Few evaluations available

POLICY CHALLENGES

- Scale
- Sustainability
- Employer participation
- Lack of political support

CHALLENGES OF WORKING WITH FIRMS

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- Small/medium firms do not have time or resources
 - General distrust of government
 - Many large firms lack appropriately shaped ladders
 - CEOs may support but it is low on their list of priorities
 - Weak HR Departments and lack of internal advocates

THE COMPLETE PACKAGE

- Full Employment
- Standards
- Voice
- Programs to assist firms